

ROAD LINK (A69) LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2018

THURSDAY



A25 *A7J9DV5U* #65
22/11/2018
COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2018

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J K Fowler
G Geddo
S A Carr
J T Sutcliffe

SECRETARY

C R Franklin

REGISTERED OFFICE

Stocksfield Hall
Stocksfield
Northumberland
NE43 7TN

BANKERS

Barclays Bank Plc

SOLICITORS

Pinsent Masons LLP
5 Old Bailey
London
EC4M 7BA

AUDITOR

Mazars LLP
Gelderd Road
Leeds
LS27 7JN

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

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 Highways England.

The financial year to 31 March 2018 is the 22nd 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 8 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 Statement of Comprehensive Income on page 7. The financial position of the company at 31 March 2018 is shown in the Statement of Financial Position on page 8.

Key performance indicators (KPIs) are used to provide a comprehensive analysis of the performance of the company. The KPIs used include revenues and operating profit. KPIs are evaluated by comparing the results to management forecasts. For the year ended 31 March 2018, actual results exceeded management's forecasts for both revenue and operating profit, by £2.3 million and £0.4 million respectively.

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 financial statements.

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. Risks are mitigated by the recruitment of appropriately qualified staff, along with ongoing training and development.

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


S A Carr
Director

10 September 2018

DIRECTORS' REPORT

DIRECTORS

J K Fowler, G Geddo, S A Carr and J T Sutcliffe held office as Directors of the company throughout the financial year and up to the date of signing these financial statements.

MATTERS COVERED IN THE STRATEGIC REPORT

Certain information is not shown in the Director's Report because it is shown in the Strategic Report on page 2 instead, under s414C(11) of the Companies Act 2006. The Strategic Report includes a fair review of the business along with a description of the principle risks and uncertainties faced, and information on the Company's key performance indicators..

DIVIDENDS

The directors paid a final dividend of £1,000,000 (2017 - £1,250,000) in respect of the prior year and interim dividends of £4,250,000 (2017 - £4,250,000) in respect of the current year.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, the directors have proposed a final dividend of £2,000,000 (2017 - £1,000,000).

AUDITOR

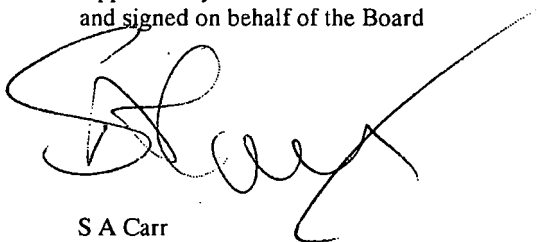
In the case of each of the persons who are directors of the company at the date when this report is approved:

- 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.

Mazars 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

10 September 2018

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 MEMBERS OF ROAD LINK (A69) LIMITED

Opinion

We have audited the financial statements of Road Link (A69) Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Ross Preston (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
Mazars House, Gelderd Road, Gildersome,
Leeds, LS27 7JN

Date 11 September 2018

ROAD LINK (A69) LIMITED

STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2018

	Note	2018 £	2017 £
TURNOVER		13,165,878	11,187,021
Cost of sales		(6,838,872)	(4,528,023)
GROSS PROFIT		6,327,006	6,658,998
Administrative expenses		(465,580)	(468,978)
OPERATING PROFIT	4	5,861,426	6,190,020
Finance income		4,400	3,958
Finance costs	5	(322,414)	(304,784)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,543,412	5,889,194
Tax on profit on ordinary activities	6	(1,053,208)	(1,178,714)
PROFIT FOR THE FINANCIAL YEAR	14	4,490,204	4,710,480
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,490,204	4,710,480

All amounts derive from continuing operations.

The notes on pages 11 to 19 form part of these financial statements.

ROAD LINK (A69) LIMITED

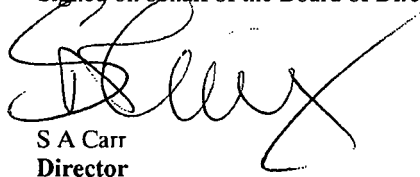
STATEMENT OF FINANCIAL POSITION As at 31 March 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	8	3,331,160	3,379,408
CURRENT ASSETS			
Debtors	9	1,594,297	989,359
Cash at bank and in hand		2,618,931	2,559,900
		4,213,228	3,549,259
CREDITORS: amounts falling due within one year	10	(2,362,335)	(1,612,260)
NET CURRENT ASSETS		1,850,893	1,936,999
TOTAL ASSETS LESS CURRENT LIABILITIES		5,182,053	5,316,407
CREDITORS: amounts falling due after more than one year	11	(2,031,097)	(1,989,247)
PROVISIONS FOR LIABILITIES	12	(2,200,131)	(1,616,539)
NET ASSETS		950,825	1,710,621
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Retained earnings	14	950,823	1,710,619
SHAREHOLDER'S FUNDS		950,825	1,710,621

The financial statements of Road Link (A69) Limited, registered number 3125840, were approved by the Board of Directors and authorised for issue on 10 September 2018.

The notes on pages 11 to 19 form part of these financial statements.

Signed on behalf of the Board of Directors


S A Carr
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2018

	Share Capital	Retained Earnings	Total Equity
	£	£	£
At 1 April 2016	2	2,500,139	2,500,141
Total comprehensive income for the year	-	4,710,480	4,710,480
Dividends: Equity capital	-	(5,500,000)	(5,500,000)
At 31 March 2017	2	1,710,619	1,710,621
Total comprehensive income for the year	-	4,490,204	4,490,204
Dividends: Equity capital	-	(5,250,000)	(5,250,000)
At 31 March 2018	2	950,823	950,825

The notes on pages 11 to 19 form part of these financial statements.

ROAD LINK (A69) LIMITED

STATEMENT OF CASH FLOWS Year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	4,490,204	4,710,480
Adjusted for:		
Depreciation of tangible assets	665,745	1,264,347
Increase in debtors	(604,938)	(172,653)
Increase/(decrease) in creditors	618,234	(46,355)
Increase/(decrease) in provisions	583,592	(97,597)
Finance costs	322,414	304,784
Finance income	(4,400)	(3,958)
Corporation tax expense	1,053,208	1,178,714
Cash generated from operating activities	7,124,059	7,137,762
Interest paid	-	(2)
Exchange rate variance	(2,329)	-
Corporation tax paid	(1,199,602)	(952,337)
Net cash generated from operating activities	5,922,128	6,185,423
Cash flows from investing activities		
Interest received	4,400	3,958
Payments to acquire tangible fixed assets	(617,497)	(436,509)
Proceeds from sale of tangible fixed assets	-	208
Net cash outflow from investing activities	(613,097)	(432,343)
Cash flows from financing activities		
Equity dividends paid	(5,250,000)	(5,500,000)
Net cash outflow from financing activities	(5,250,000)	(5,500,000)
Net increase in cash in the year	59,031	253,080
Cash and cash equivalents at 1 April	2,559,900	2,306,820
Cash and cash equivalents at 31 March	2,618,931	2,559,900

The notes on pages 11 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2018****1. ACCOUNTING POLICIES****General information**

Road Link (A69) Limited is a limited company incorporated in England and Wales. The address of its registered office and principal place of business are disclosed in the company information.

The principal activity of the company is the provision of road maintenance services.

These financial statements are presented in GBP Sterling which is also the functional currency of the company.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

Revenue

Turnover represents revenue due from Highways England 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 financial period.

Revenue 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 and is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. When the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes in effect a financing transaction, the fair value of the consideration is measured as the present value of all future receipts determined using an imputed rate of interest.

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 financial statements.

Tangible fixed assets

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

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

Depreciation is provided on the following bases:

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 $\frac{1}{3}$ % per annum

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income. At each reporting date the company assesses whether there is any indication of impairment. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount.

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 depreciated over the remaining life of the concession. Work of a revenue nature is written off in the year incurred.

Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Financial instruments

Financial assets or financial liabilities are recognised by the company in the Statement of Financial Position only when the company becomes a party to the contractual provisions of the instrument.

The principal financial instruments are:

- Trade and other debtors which are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, debtors are carried at amortised cost using the effective interest rate method (see Finance income and costs below). Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote;
- Cash and cash equivalents which comprise cash at bank and in hand; and
- Trade and other creditors which are on normal credit terms, are not interest bearing and are stated at their nominal values. Where the time value of money is material, creditors are carried at amortised cost using the effective interest rate method (see Finance income and costs below).

Finance income and costs

Finance income and costs are recognised in the Statement of Comprehensive Income using the effective interest method so that the amount recognised is at a constant rate on the carrying amount. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability.

Dividends

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

Defined contribution pension plan

The company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. Amounts

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2018****1. ACCOUNTING POLICIES (continued)**

paid in excess of the annual charge are shown as prepayments at the year-end. The assets of the plan are held separately from the company in independently administered funds.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Current and deferred taxation

The tax expense for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgements and key assumptions in applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements and that could have a material adjustment to the carrying amounts of assets and liabilities relate to those involving estimations (see below):

- Provisions: the amounts recognised in relation to provisions are based on assumptions in respect of cost estimates and the timing of cash flows.
- Fixed assets: their estimated useful life and depreciation rates.

3. EMPLOYEES

	2018 No.	2017 No.
Average number of persons employed (including directors)		
Directors	4	4
Company secretary	1	1
Administration	5	6
	<u>10</u>	<u>11</u>
	£	£
Staff costs		
Wages and salaries	271,699	266,935
Social security costs	35,823	35,015
Other pension costs	27,439	26,046
	<u>334,961</u>	<u>327,996</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 (2017 - £nil).

4. OPERATING PROFIT

	2018 £	2017 £
Operating profit is stated after charging		
Depreciation of tangible fixed assets	665,745	1,264,347
Operating lease rentals	28,387	28,387
Auditor's remuneration	7,200	6,750
– as auditors		
– tax compliance/other services	2,750	3,750
	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2018

5. FINANCE COSTS AND SIMILAR CHARGES

	2018 £	2017 £
Fair value adjustment on creditors	320,085	304,782
Other interest	-	2
Exchange rate variance	2,329	-
	<u>322,414</u>	<u>304,784</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2018 £	2017 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 19% (2017 – 20%)	(1,053,320)	(1,178,714)
Adjustment in respect of prior year	112	-
Total current tax	<u>(1,053,208)</u>	<u>(1,178,714)</u>

During 2015 reductions to the UK tax rate were announced. The reductions have seen a decrease in the corporation tax rate to 19% from 1 April 2017 which was substantively enacted on 26 October 2015. During 2016 it was announced that there would be a further reduction for the year starting 1 April 2020 to 17% which was substantively enacted on 6 September 2016. 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:

	2018 £	2017 £
Profit on ordinary activities before tax	5,543,412	5,889,194
Tax on profit on ordinary activities before tax at 19% (2017 – 20%)	(1,053,248)	(1,177,839)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	(196)	(662)
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	124	(213)
Adjustment in respect of prior year	112	-
Current tax charge for the year	<u>(1,053,208)</u>	<u>(1,178,714)</u>

7. DIVIDENDS

	2018 £	2017 £
Final paid - £500,000 (2017 - £625,000) per share	1,000,000	1,250,000
First interim paid - £1,375,000 (2017 - £1,250,000) per share	2,750,000	2,500,000
Second interim paid - £750,000 (2017 - £875,000) per share	1,500,000	1,750,000
	<u>5,250,000</u>	<u>5,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2018

8. TANGIBLE FIXED ASSETS

	A69 Haltwhistle by-pass £	A69 Improve- ments £	Plant and equipment £	Total £
Cost				
At 1 April 2017	16,983,000	7,042,122	189,140	24,214,262
Additions	-	614,991	2,506	617,497
At 31 March 2018	16,983,000	7,657,113	191,646	24,831,759
Accumulated depreciation				
At 1 April 2017	16,770,712	3,907,347	156,795	20,834,854
Charge for the year	212,287	446,969	6,489	665,745
At 31 March 2018	16,982,999	4,354,316	163,284	21,500,599
Net book value				
At 31 March 2018	1	3,302,797	28,362	3,331,160
At 31 March 2017	212,288	3,134,775	32,345	3,379,408

9. DEBTORS

	2018 £	2017 £
Trade debtors	172,655	-
Prepayments and accrued income	1,421,642	989,359
	<u>1,594,297</u>	<u>989,359</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	411,915	218,114
Amounts owed to related parties (see note 17)	3,060	3,863
Corporation tax	478,320	624,714
Other creditors including taxation and social security	415,045	413,880
Accruals and deferred income	1,053,995	351,689
	<u>2,362,335</u>	<u>1,612,260</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

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

	2018 £	2017 £
Deferred income	<u>2,031,097</u>	<u>1,989,247</u>

12. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Life cycle provision		
At 1 April	1,616,539	1,714,136
Charged to Statement of Comprehensive Income	1,791,264	689,358
Utilised in the year	<u>(1,207,672)</u>	<u>(786,955)</u>
At 31 March	<u>2,200,131</u>	<u>1,616,539</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.

The amounts recognised in relation to provisions are based on management assumptions in respect of cost estimates and the timing of cashflows.

13. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Called up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Ordinary shares carry one voting right per share, but no right to fixed income.

14. RETAINED EARNINGS

Retained earnings represent cumulative profits or losses of the company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

15. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through Statement of Comprehensive Income	2,618,931	2,559,900
Financial assets measured at amortised cost	<u>172,655</u>	<u>-</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>3,710,951</u>	<u>2,261,634</u>

Financial assets measured at fair value through Statement of Comprehensive Income comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

16. OPERATING LEASE COMMITMENTS

At 31 March, the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Within 1 year	24,237	18,489
Between 2 and 5 years	<u>27,525</u>	<u>11,526</u>
	<u>51,762</u>	<u>30,015</u>

17. 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 2018 £	Balance owed at 31 March 2018 £	Costs 2017 £	Balance owed at 31 March 2017 £
Henry Boot Construction Limited	3,177	-	2,748	-
Henry Boot PLC	<u>29,531</u>	<u>3,060</u>	<u>23,423</u>	<u>3,863</u>
	<u>32,708</u>	<u>3,060</u>	<u>26,171</u>	<u>3,863</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

18. 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 are publicly available from companies house.

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 61.2% 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.

19. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, the directors have proposed a final dividend of £2,000,000 (2017 - £1,000,000).