

ROAD LINK (A69) LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2023



REPORT AND FINANCIAL STATEMENTS 2022

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J K Fowler
G Geddo
S A Carr
D L Littlewood

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
100 Queen Street
Glasgow
G1 3DN

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2023.

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 2023 is the 27th 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 4 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. As anticipated traffic levels increased as anticipated following the shortfall in revenue due to the Covid 19 pandemic in 2020 and 2021.

RESULTS AND FUTURE PROSPECTS

The results for the financial year are set out in detail in the Statement of Comprehensive Income on page 8. The financial position of the company at 31 March 2023 is shown in the Statement of Financial Position on page 9.

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 2023, actual results were above management's forecasts for both revenue and operating profit, by £1.5 million and £1.5 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 AND COVID-19

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 and for a period of at least twelve months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

As part of the going concern assessment, the directors have considered the company's principal risk areas that they consider material to the assessment of going concern. Having completed this assessment, the directors believe that preparing the annual report and financial statements on the going concern basis is appropriate. The contract will continue to run with ongoing income not at risk given the contract is with Highways England, which is a government-owned body with significant funding.

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

Darren Littlewood

Director

22 September 2023

DIRECTORS' REPORT

DIRECTORS

J K Fowler, G Geddo, S A Carr, D L Littlewood 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 Directors' 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 £1,250,000 (2022 - £nil) in respect of the prior year and interim dividends of £5,500,000 (2022 - £2,750,000) in respect of the current year.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, the directors proposed and paid a final dividend of £2,750,000 (2021 - £1,250,000).

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

Darren Littlewood

DL Littlewood
Director

22 September 2023

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.

Darren Littlewood

D L Littlewood

Director

22 September 2023

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 2023 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 2023 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Craig Maxwell
 Craig Maxwell (Sep 25, 2023 13:00 GMT+1)

Craig Maxwell (Senior Statutory Auditor) for and on behalf of Mazars LLP
 Chartered Accountants and Statutory Auditor
 100 Queen Street
 Glasgow
 G1 3DN

Sep 25, 2023

ROAD LINK (A69) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2023

	Note	2023 £	2022 £
TURNOVER		13,507,444	12,336,384
Cost of sales		<u>(4,777,359)</u>	<u>(6,354,059)</u>
GROSS PROFIT		8,730,085	5,982,325
Administrative expenses		<u>(525,926)</u>	<u>(499,930)</u>
OPERATING PROFIT	4	8,204,159	5,482,395
Finance income		99,239	3,307
Finance costs	5	<u>(307,917)</u>	<u>(329,845)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,995,481	5,155,857
Tax on profit on ordinary activities	6	<u>(1,519,144)</u>	<u>(979,607)</u>
PROFIT FOR THE FINANCIAL YEAR	14	6,476,337	4,176,250
Other comprehensive income for the year		<u> -</u>	<u> -</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>6,476,337</u></u>	<u><u>4,176,250</u></u>

All amounts derive from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

ROAD LINK (A69) LIMITED

STATEMENT OF FINANCIAL POSITION As at 31 March 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible fixed assets	8	<u>1,550,738</u>	<u>2,123,064</u>
CURRENT ASSETS			
Debtors	9	4,390,259	2,867,159
Cash and cash equivalents		<u>4,039,529</u>	<u>6,177,900</u>
		8,429,788	9,045,059
CREDITORS: amounts falling due within one year	10	<u>(1,580,215)</u>	<u>(1,740,907)</u>
NET CURRENT ASSETS		<u>6,849,573</u>	<u>7,304,152</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,400,311	9,427,216
CREDITORS: amounts falling due after more than one year	11	(1,256,600)	(1,614,625)
PROVISIONS FOR LIABILITIES	12	<u>(1,612,033)</u>	<u>(2,007,250)</u>
NET ASSETS		<u>5,531,678</u>	<u>5,805,341</u>
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Retained earnings	14	<u>5,531,676</u>	<u>5,805,339</u>
SHAREHOLDER'S FUNDS		<u>5,531,678</u>	<u>5,805,341</u>

The financial statements of Road Link (A69) Limited, registered number 3125840, were approved by the Board of Directors and authorised for issue on 22 September 2023.

The notes on pages 12 to 20 form part of these financial statements.

Signed on behalf of the Board of Directors

Darren Littlewood

D L Littlewood
Director

ROAD LINK (A69) LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 March 2023

	Called up Share Capital £	Retained Earnings £	Total Equity £
At 1 April 2021	2	4,379,089	4,379,091
Total comprehensive income for the year	-	4,176,250	4,176,250
Dividends: Equity capital	-	(2,750,000)	(2,750,000)
At 31 March 2022	2	5,805,339	5,805,341
Total comprehensive income for the year	-	6,476,337	6,476,337
Dividends: Equity capital	-	(6,750,000)	(6,750,000)
At 31 March 2023	2	5,531,676	5,531,678

The notes on pages 12 to 20 form part of these financial statements.

ROAD LINK (A69) LIMITED

STATEMENT OF CASH FLOWS Year ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	6,476,337	4,176,250
Adjusted for:		
Depreciation of tangible assets	572,326	599,495
Increase in debtors	(1,523,100)	(1,837,981)
Decrease in creditors	(840,336)	(2,483,022)
(Decrease)/Increase in provisions	(395,217)	171,853
Finance costs	307,917	329,845
Finance income	(99,239)	(3,307)
Corporation tax expense	1,519,144	979,607
	<hr/>	<hr/>
Cash generated from operating activities	6,017,832	1,932,741
Corporation tax paid	(1,505,442)	(958,636)
	<hr/>	<hr/>
Net cash generated from operating activities	4,512,390	974,105
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	99,239	3,307
Payments to acquire tangible fixed assets	-	(174)
	<hr/>	<hr/>
Net cash generated from investing activities	99,239	3,133
	<hr/>	<hr/>
Cash flows from financing activities		
Equity dividends paid	(6,750,000)	(2,750,000)
	<hr/>	<hr/>
Net cash outflow from financing activities	(6,750,000)	(2,750,000)
	<hr/>	<hr/>
Net increase/(decrease) in cash in the year	(2,138,371)	(1,772,762)
Cash and cash equivalents at 1 April	6,177,900	7,950,662
Cash and cash equivalents at 31 March	<u>4,039,529</u>	<u>6,177,900</u>

The notes on pages 12 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

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 is Stocksfield Hall, Stocksfield, Northumberland, NE43 7TN.

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 and for a period of at least twelve months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

As part of the going concern assessment, the directors have considered the company's principal risk areas that they consider material to the assessment of going concern. Having completed this assessment, the directors believe that preparing the annual report and financial statements on the going concern basis is appropriate. The contract will continue to run with ongoing income not at risk given the contract is with Highways England, which is a government-owned body with significant funding.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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 ¹ / ₃ % per annum

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

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 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 reporting 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 reporting 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 reporting 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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

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

	2023	2022
	No.	No.
Average number of persons employed (including directors)		
Directors	4	4
Company secretary	1	1
Administration	5	5
	<u>10</u>	<u>10</u>
	£	£
Staff costs		
Wages and salaries	317,624	302,734
Social security costs	36,576	36,384
Other pension costs	32,349	30,774
	<u>386,549</u>	<u>367,892</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 another group company for their services and it is considered that the amount receivable in respect of qualifying services to this company is £nil (2022 - £nil).

4. OPERATING PROFIT

	2023	2022
	£	£
Operating profit is stated after charging		
Depreciation of tangible fixed assets	572,326	599,495
Operating lease rentals	28,387	28,387
Auditor's remuneration	15,000	12,500
– as auditors	15,000	12,500
– tax compliance/other services	3,450	2,952
	<u>623,163</u>	<u>643,334</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

5. FINANCE COSTS AND SIMILAR CHARGES

	2023 £	2022 £
Fair value adjustment on creditors	<u>307,917</u>	<u>329,845</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2023 £	2022 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 19% (2022 – 19%)	1,519,300	979,626
Adjustment in respect of prior year	<u>156</u>	<u>19</u>
Total current tax	<u>1,519,144</u>	<u>979,607</u>

Subsequent to the reporting date, it was announced in the Budget on 3 March 2021 that the rate of corporation tax would be increased to 25% with effect from 1 April 2023 and was substantively enacted 24 May 2021. It would not be practical for the Company to assess the impact on deferred taxes due to uncertainties around the expected date of reversal of the timing differences.

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:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>7,995,481</u>	<u>5,155,857</u>
Tax on profit on ordinary activities before tax at 19% (2021 – 19%)	1,519,141	979,613
Factors affecting charge for the year		
Expenses not deductible for tax purposes	324	191
Depreciation in excess of capital allowances	(165)	(138)
Adjustment in respect of prior year	<u>(156)</u>	<u>(19)</u>
Current tax charge for the year	<u>1,519,144</u>	<u>979,647</u>

7. DIVIDENDS

	2022 £	2021 £
Final paid - £625,000 (2022 - £nil) per share	1,250,000	-
First interim paid - £625,000 (2022 - £1,375,000) per share	1,250,000	2,750,000
Second interim paid - £1,125,000 (2022 - £nil) per share	2,250,000	-
Third interim paid - £1,000,000 (2022 - £nil) per share	<u>2,000,000</u>	<u>-</u>
	<u>6,750,000</u>	<u>2,750,000</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

8. TANGIBLE FIXED ASSETS

	A69 Haltwhistle by-pass £	A69 Improve- ments £	Plant and equipment £	Total £
Cost				
At 1 April 2022	16,983,000	8,707,149	193,002	25,883,151
Additions	-	-	-	-
At 31 March 2023	<u>16,983,000</u>	<u>8,707,149</u>	<u>193,002</u>	<u>25,883,151</u>
Accumulated depreciation				
At 1 April 2022	16,982,999	6,591,377	185,711	23,760,087
Charge for the year	-	567,806	4,520	572,326
At 31 March 2023	<u>16,982,999</u>	<u>7,159,183</u>	<u>190,231</u>	<u>24,332,413</u>
Net book value				
At 31 March 2023	<u>1</u>	<u>1,547,966</u>	<u>2,771</u>	<u>1,550,738</u>
At 31 March 2022	<u>1</u>	<u>2,115,772</u>	<u>7,291</u>	<u>2,123,064</u>

9. DEBTORS

	2023 £	2022 £
Trade debtors	2,207,332	1,522,724
Prepayments and accrued income	2,182,927	1,344,435
	<u>4,390,259</u>	<u>2,867,159</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	139,655	337,203
Amounts owed to related parties (see note 17)	1,499	8,966
Corporation tax	67,968	54,266
Other creditors including taxation and social security	437,080	538,500
Accruals and deferred income	934,013	801,972
	<u>1,580,215</u>	<u>1,740,907</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

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

	2023	2022
	£	£
Deferred income	<u>1,256,600</u>	<u>1,614,625</u>

12. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Life cycle provision		
At 1 April	2,007,250	1,835,397
Charged to Statement of Comprehensive Income	330,121	1,968,681
Utilised in the year	<u>(725,338)</u>	<u>(1,796,828)</u>
At 31 March	<u>1,612,033</u>	<u>2,007,250</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

	2023	2022
	£	£
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 less dividends paid.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

15. FINANCIAL INSTRUMENTS

	2023 £	2022 £
Financial assets		
Financial assets measured at amortised cost	<u>4,119,181</u>	<u>6,246,414</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>2,329,174</u>	<u>2,925,100</u>

Financial assets measured at amortised cost comprise cash, cash equivalents and trade 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:

	2023 £	2022 £
Within 1 year	9,770	14,659
Between 2 and 5 years	-	23,206
	<u>9,770</u>	<u>37,865</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 2023 £	Balance owed at 31 March 2023 £	Costs 2022 £	Balance owed at 31 March 2022 £
Henry Boot Construction Limited	667	-	746	-
Henry Boot PLC	39,328	1,499	39,195	8,966
	<u>39,995</u>	<u>1,499</u>	<u>39,941</u>	<u>8,966</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

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 £2,750,000 (2022 - £1,750,000).