

# **UK HIGHWAYS MANAGEMENT SERVICES LIMITED**

## **REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED  
31 MARCH 2002**



Company Registration No: 3310620

# **UK HIGHWAYS MANAGEMENT SERVICES LIMITED**

## **Directors**

F R Herzberg  
E R Sharples  
A C Roper  
A J H Ewer  
A E Friend  
P G Shell  
D Potts (alternate to A C Roper)

## **Joint Company Secretaries**

P G Shell  
Asset Management Solutions Ltd.

## **Auditors**

KPMG  
8 Salisbury Square  
London EC4Y 8BB

## **Principal Bankers**

National Westminster Bank PLC  
PO Box 237  
72/74 High Street  
Watford  
Herts WD1 2BQ

## **Lawyers**

CMS Cameron McKenna  
Mitre House  
160 Aldersgate Street  
London EC1A 4DD

## **Registered office**

29 Bressenden Place  
London  
SW1E 5EQ

# **UK HIGHWAYS MANAGEMENT SERVICES LIMITED**

## **REPORT OF THE DIRECTORS**

The Directors submit their report together with financial statements for the year ended 31 March 2002.

## **PRINCIPAL TRADING ACTIVITIES**

The principal activity of the Company is to carry on the business of bidding for and managing companies which design, build, finance and operate (DBFO) roads projects in the United Kingdom as part of the Private Finance Initiative.

During the year the Company provided management services to UK Highways M40 Limited, which is responsible for the M40 DBFO project for junctions 1 to 15 of the M40 motorway, and UK Highways A55 Limited, which is responsible for the A55 DBFO project for a new trunk road in Anglesey, North Wales.

## **REVIEW OF THE YEAR**

The profit on ordinary activities after taxation for the year was £80,000 (2001: £128,000 loss).

## **DIVIDENDS**

The directors do not recommend the payment of a dividend.

## **SHARE CAPITAL**

Details of the authorised and issued share capital are shown in note 9.

## **DIRECTORS**

The following directors held office during the year: -

A C Roper	
E R Sharples	
F R Herzberg	
A J H Ewer	
A E Friend	(Appointed 16 <sup>th</sup> May 2001)
P G Shell	(Appointed 16 <sup>th</sup> May 2001)

### Alternate Director

F Barras	Alternate to A C Roper (Resigned 18 <sup>th</sup> October 2001)
D Potts	Alternate to A C Roper (Appointed 18 <sup>th</sup> October 2001)

## **DIRECTORS' INTERESTS**

No director has, or has held at any time during the year, any interest in the share capital of the Company, or in the share capital of the Company's parent Company, UK Highways plc.

No director has a service contract with, or receives any remuneration from, the Company. No director has, or had during the year, any personal interest in any significant or material contract with the Company.

## **UK HIGHWAYS MANAGEMENT SERVICES LIMITED**

### **REPORT OF THE DIRECTORS (Continued)**

#### **POLICY ON PAYMENT OF CREDITORS**

It is policy to comply with the terms of supply agreed with suppliers. Where payment terms are not negotiated the Company endeavours to adhere with the suppliers' standard terms. The average number of creditor days outstanding for the company was 53 days.

#### **AUDITORS**

Our auditors, KPMG, have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG LLP as auditors of the Company.

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

The Board is responsible to the Shareholders for all aspects of the Company's performance and meets on a regular basis to review the strategic direction of the Company and to monitor performance against an approved business plan and budget.

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

All directors have access to the advice and services of the Joint Company Secretaries, who are responsible for ensuring that Board procedures and all applicable rules and regulations are observed, and, where appropriate, to external advisors.

By Order of the Board



For and on behalf of Asset Management Solutions Ltd.  
Joint Company Secretary  
Registered Office: 29 Bressenden Place, London, SW1E 5EQ.

5 July 2002

# **UK HIGHWAYS MANAGEMENT SERVICES LIMITED INDEPENDENT AUDITORS' REPORT**

## **To the members of UK HIGHWAYS MANAGEMENT SERVICES LIMITED**

We have audited the financial statements on pages 6 to 10.

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

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG  
Chartered Accountants  
Registered Auditors  
8 Salisbury Square, London EC4Y 8BB

5 July

2002

# **UK HIGHWAYS MANAGEMENT SERVICES LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 £'000	2001 £'000
Other operating income	2	495	592
Administrative costs		(399)	(806)
Operating profit/ (loss)	3	96	(214)
Interest receivable		19	36
Profit/(loss) on ordinary activities before taxation		115	(178)
Taxation	5	(35)	50
Profit/(loss) for the financial year		80	(128)

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

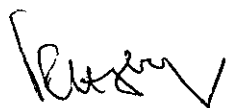
All items in the profit and loss account relate to continuing operations.

# UK HIGHWAYS MANAGEMENT SERVICES LIMITED

## BALANCE SHEET AS AT 31 MARCH 2002

	Note	2002 £'000	2001 £'000
<b>CURRENT ASSETS</b>			
Debtors due within one year	6	26	106
Cash at bank and in hand		292	637
		<u>318</u>	<u>743</u>
<b>CREDITORS :amounts falling due within one year</b>	7	<u>(237)</u>	<u>(742)</u>
<b>NET ASSETS</b>		<u>81</u>	<u>1</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital			
Allotted, called up and fully paid	9	-	-
Profit and loss account		81	1
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>81</u>	<u>1</u>

The financial statements on pages 6 to 10 were approved by the Board of Directors on 5 July 2002 and were signed on its behalf by:



Director

# UK HIGHWAYS MANAGEMENT SERVICES LIMITED

YEAR ENDED 31 MARCH 2002  
NOTES TO THE ACCOUNTS

## 1. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Accounting Standards in the United Kingdom and comply with the Companies Act 1985. A summary of the principal accounting policies, which have been consistently applied, is shown below.

The Company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with other group undertakings.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a Cashflow Statement as it qualifies as a small company.

## 2. OTHER OPERATING INCOME

Other operating income principally comprises charges to the shareholders for work involved in bidding for new DBFO roads projects and to UK Highways M40 Limited and UK Highways A55 Limited for managing the DBFO projects.

## 3. OPERATING PROFIT/(LOSS)

	2002 £'000	2001 £'000
Operating profit/(loss) is stated after charging:		
Fees paid to auditors:		
Audit service	3	3
	<hr/>	<hr/>

## 4. STAFF NUMBERS AND COSTS AND EMOLUMENTS OF DIRECTORS

The directors did not receive any remuneration during the year.

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2002	2001
Administration	2	-
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The aggregate payroll costs of these persons were as follows:

	2002 £'000	2001 £'000
Wages and salaries	27	-
Social Security costs	3	-
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# UK HIGHWAYS MANAGEMENT SERVICES LIMITED

YEAR ENDED 31 MARCH 2002

NOTES TO THE ACCOUNTS (Continued)

## 5. TAXATION

	2002 £'000	2000 £'000
UK Corporation Tax charge/(credit) at 30% based on the profit/(loss) for the year on ordinary activities	35	(50)
	<hr/>	<hr/>

## 6. DEBTORS

	2002 £'000	2001 £'000
<b>Due within one year:</b>		
Amounts due from related parties	11	56
Corporation tax recoverable	15	50
	<hr/>	<hr/>
	26	106
	<hr/>	<hr/>

## 7. CREDITORS

	2002 £'000	2001 £'000
<b>Amounts falling due within one year:</b>		
Trade creditors		
- related	11	25
- other	47	-
Accruals – related	-	648
- other	174	57
VAT payable	5	12
	<hr/>	<hr/>
	237	742
	<hr/>	<hr/>

## 8. CAPITAL COMMITMENTS

The Company had no capital commitments at 31 March 2002 or at 31 March 2001.

## 9. CALLED UP SHARE CAPITAL

	Number	£
Authorised, allotted, called up and fully paid		
- £1 Ordinary shares at 31 March 2002 and 31 March 2001	1	1
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## UK HIGHWAYS MANAGEMENT SERVICES LIMITED

YEAR ENDED 31 MARCH 2002

NOTES TO THE ACCOUNTS (Continued)

### 10. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit/(loss) for the financial year	80	(128)
Opening shareholders' funds	1	129
Closing shareholders' funds	<u>81</u>	<u>1</u>

### 11. RELATED PARTY TRANSACTIONS

The shareholders of the Company's immediate parent, UK Highways plc, are Carillion Private Finance Limited ("Carillion"), Laing Investments Limited ("Laing") and Hyder Investments Ltd ("Hyder"). These companies are also major shareholders in UK Highways M40 (Holdings) Limited and UK Highways A55 (Holdings) Limited. The Company has a management agreement with these companies to manage the DBFO projects. Amounts receivable in respect of management fees were £224,000 from UK Highways M40 Limited and £262,500 from UK Highways A55 Limited.

The shareholders of UK Highways plc provide staff and other services to the Company under management agreements to allow the Company to perform its obligations to UK Highways M40 Limited, UK Highways A55 Limited and for bidding for new DBFO Projects. £382,000 was charged in aggregate by the shareholders in the year (2001:- £465,000).

The balances outstanding at the year end to and from related parties under these arrangements are disclosed in notes 6 and 7.

### 12. COMPANY STATUS

The Company is a wholly owned subsidiary undertaking of UK Highways plc, a company registered in England and Wales. In December 2001, Laing sold shares to Carillion so that Carillion's shareholding was equalised with that of Laing and Hyder (a subsidiary of Laing). Copies of the accounts of the ultimate holding company, UK Highways plc, can be obtained from the company secretary, 29 Bressenden Place, London. SW1E 5EQ.