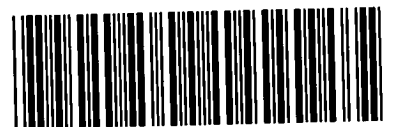


**UK HIGHWAYS
MANAGEMENT SERVICES LIMITED**

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 DECEMBER 2016**

Registered Number 3310620

WEDNESDAY



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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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DIRECTORS AND ADVISORS

Directors

S Yeatman

J Gardner

N Devoil

M Woodhead (appointed 30 November 2016)

D McCormack (appointed 30 November 2016)

Company secretary and registered office

D McCormack (appointed 30 November 2016)

8 White Oak Square

London Road

Swanley

Kent

BR8 7AG

United Kingdom

Auditor

KPMG LLP

15 Canada Square

London

E14 5GL

DIRECTORS' REPORT

The Directors submit their Directors' Report and the audited financial statements of UK Highways Management Services Limited ('the Company') for the period ended 31 December 2016.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

With effect from 1 April 2016 the reporting date for the Company has been changed to 31 December to align with the periodic reporting for the parent company. This report is for the nine month period 1 April 2016 to 31 December 2016. Comparative figures are for the 12 months to 31 March 2016.

PRINCIPAL TRADING ACTIVITIES

The principal activity of the Company is to provide comprehensive and innovative asset management solutions to companies with concessions under the UK Government's Private Finance Initiative ("PFI").

During the year the Company provided management services under long term contracts ("MSA's") to two highways companies.

REVIEW OF THE PERIOD

Business and Financial Performance

The Company performed in line with the Board's expectations. The profit after taxation for the period was £61,000 (March 2016: loss £4,000). The net assets of the Company increased from £93,000 to £154,000 during the period.

The Directors do not recommend the payment of a dividend (March 2016: £nil)

Going Concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. More information is provided in note 1 to the financial statements.

PRINCIPAL RISKS

The Company has sufficient available cash resources to meet its operational commitments and has no external debt obligations. Any risks and uncertainties arise from the commercial contracts, market environment, loss of key staff and the economic and financial environment.

Commercial contracts

The MSA's are long term agreements for the full concession period. Risks associated with the agreements include:

Scope of services

The agreements include obligations to provide a wide scope of services, failure to deliver these obligations may result in financial loss for the client and contractual termination of the agreement.

The Company manages these risks by investing in the development of its employees and services through the recruitment of professionally trained resource, the continued professional and commercial training of its employees, the development of new and innovative services, investment in IT, regular monitoring of its performance and by maintaining strong working relationships with all stakeholders.

Market environment

The difficult economic climate has significantly reduced the availability of new bidding opportunities in both the public and private sectors. New projects to the market are competitively tendered. The Company continues to develop its employees, its processes and service offering to meet the changing needs of its customers and the market in general to ensure that it is best placed to benefit from the opportunities presented.

Loss of key staff

A key contributor to the group's success reflects its strategy in recruiting experienced and professionally trained staff. The group seeks to ensure the retention of its key staff by offering a competitive remuneration package, career development opportunities, continuous professional development and the award of performance incentive payments.

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS (continued)

Economic and Financial environment

Inflation is important to the Company in so far that the fee income derived from the majority of its agreements is periodically adjusted against the index of inflation and can therefore impact on the profit margin obtained on each contract. The future uncertainties facing the Company in relation to this measure and the wider economic environment are continually reviewed. Through effective management and efficient deployment of resource the Company strives to minimise the impact of this risk and continue to provide a secure future for its employees whilst offering a value for money service to all its customers.

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until further clarity is known regarding terms on which the UK will exit, the directors are not able to fully assess the impact on the Company.

However, as the Company is not significantly exposed to international trade or exchange rate fluctuations the financial risks are unlikely to be significant. Any impacts should be limited to inflation risk and to the cost of implementing any wider regulatory and legal consequences of exiting the EU.

POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

DIRECTORS

The Directors who served throughout the period, except as noted, are shown on page 1.

DIRECTORS' INTERESTS

No Director has, or has held at any time during the period, any interest in the share capital of the Company, or in the share capital of the Company's parent company, UK Highways Limited (March 2016: none).

DISCLOSURE OF INFORMATION TO AUDITOR

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

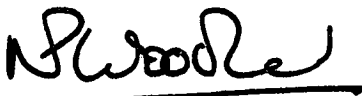
- As far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will continue in office.

On behalf of the Board



Mr M. Woodhead
Director
25 September 2017

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' 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 UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK HIGHWAYS MANAGEMENT SERVICES LIMITED

We have audited the financial statements of UK Highways Management Services Limited for the period ended 31 December 2016 set out on pages 6 to 14. 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 December 2016 and of its profit for the period 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 Directors' Report for the financial period is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors report:

- we have not identified any material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Ashley Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants.

26 September 2017

15 Canada Square
London E14 5GL

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2016

| | Notes | 9 months to 31 Dec 2016 £'000 | 12 Months to 31 Mar 2016 £'000 |
|---|-------|-------------------------------------|--------------------------------------|
| Turnover | 3 | 554 | 751 |
| Operating costs | 4 | <u>(479)</u> | <u>(756)</u> |
| Profit / (loss) before taxation | | 75 | (5) |
| Tax (charge) / credit on profit / (loss) | 7 | (14) | 1 |
| Total comprehensive income / (loss) for the period | | <u>61</u> | <u>(4)</u> |

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

The notes on pages 9 to 14 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

| | Notes | 31 Dec 2016 £'000 | 31 Mar 2016 £'000 |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible fixed assets | 8 | 25 | 3 |
| Current assets | | | |
| Debtors - due within one year | 9 | 10 | 46 |
| Cash at bank and in hand | | 262 | 281 |
| | | <u>272</u> | <u>327</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 10 | (143) | (237) |
| Net current assets | | <u>129</u> | <u>90</u> |
| Total assets less current liabilities | | 154 | 93 |
| Net assets | | <u>154</u> | <u>93</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Profit and loss account | | 154 | 93 |
| Shareholders' funds | | <u>154</u> | <u>93</u> |

The financial statements of UK Highways Management Services Limited, registered number 3310620, were approved by the Board of Directors and authorised for issue on 25 September 2017. They were signed on its behalf by:



Mr M. Woodhead
Director
25 September 2017

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

| | Share Capital £'000 | Profit and Loss Account £'000 | Total Equity £'000 |
|---|------------------------------------|--|-----------------------------------|
| Balance at 1 April 2015 | <u>-</u> | <u>97</u> | <u>97</u> |
| Period ended 31 March 2016 | | | |
| Total comprehensive income for the period | - | (4) | (4) |
| Balance as at 31 March 2016 | <u>-</u> | <u>93</u> | <u>93</u> |
| Period ended 31 December 2016 | | | |
| Total comprehensive income for the period | - | 61 | 61 |
| Balance as at 31 December 2016 | <u>-</u> | <u>154</u> | <u>154</u> |

Notes to the financial statements for the period ended 31 December 2016

1 ACCOUNTING POLICIES

UK Highways Management Services Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with FRS 102 "The Financial reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

With effect from 1 April 2016 the reporting date for the Company has been changed to 31 December to align with the periodic reporting for the parent company. These financial statements are for the nine month period 1 April to 31 December 2016. The reported financial position and financial performance for the previous period are not affected by the change in reporting date.

The basic financial instruments held by the Company are disclosed in accordance with FRS 102 Section 11 Basic Financial Instruments. The Company has considered the requirements of Section 12 Other Financial Instruments Issues and does not hold any financial instruments which would require disclosure under this section.

The financial statements are prepared on the historical cost basis.

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Company is exempt from the requirement to prepare a Strategic Report as it qualifies as a small company.

The Company's ultimate parent undertaking, HCP Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of HCP Holdings Limited are available to the public and may be obtained from 8 White Oak Square, London Road, Swanley, Kent BR8 7AG, United Kingdom. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Related party transactions between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Directors have reviewed the Company's cash flow forecasts and profit projections. The Directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost. Depreciation is calculated on a straight line basis in order to write down the cost of assets to their estimated residual value over their expected useful lives as follows:

- Office Equipment – 5 years
- Computer Hardware and Software – 5 years
- Motor vehicles – 5 years

Notes to the financial statements for the period ended 31 December 2016 (continued)

1 ACCOUNTING POLICIES (continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Cash

Cash and cash equivalents comprises cash at bank and in hand and short term deposits with original maturity of less than three months.

Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on that initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Notes to the financial statements for the period ended 31 December 2016 (continued)

1 ACCOUNTING POLICIES (continued)

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using rates that have been enacted or substantially enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Notes to the financial statements for the period ended 31 December 2016 (continued)

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the accounts.

3 TURNOVER

| | 9 months to 31 Dec 2016 £'000 | 12 Months to 31 Mar 2016 £'000 |
|--|-------------------------------------|--------------------------------------|
| Turnover in the year is analysed as follows: | | |
| Management charges | 554 | 751 |
| | <u>554</u> | <u>751</u> |

4 OPERATING COSTS

| | 9 months to 31 Dec 2016 £'000 | 12 Months to 31 Mar 2016 £'000 |
|---|-------------------------------------|--------------------------------------|
| Operating profit / (loss) is stated after charging: | | |
| Fees payable to the Company's auditor for the audit of the annual accounts | 5 | 5 |
| Fees payable to the Company's auditor and its associates for other services – Taxation services | 4 | 4 |
| Depreciation of fixed assets | <u>5</u> | <u>10</u> |

5 DIRECTORS' REMUNERATION

One director received remuneration for his services to the Company as General Manager during the period of £74,000 (March 2016: £113,000).

The remaining directors are seconded from other group undertakings and do not allocate specific time to the Company. As such an accurate apportionment of their remuneration is not made.

6 STAFF NUMBERS

The average number of persons employed by the Company during the period, analysed by category, was as follows:

| | Number of Employees | |
|---|-------------------------------------|--------------------------------------|
| | 9 months to 31 Dec 2016 | 12 Months to 31 Mar 2016 |
| Administration | 4 | 4 |
| General Manager | <u>1</u> | <u>1</u> |
| | 5 | 5 |
| | | |
| | 9 months to 31 Dec 2016 £'000 | 12 Months to 31 Mar 2016 £'000 |
| The aggregate payroll costs of these persons were as follows: | | |
| Wages and salaries | 192 | 254 |
| Social Security costs | 23 | 26 |
| Other pension costs | <u>7</u> | <u>10</u> |
| | <u>222</u> | <u>290</u> |

Notes to the financial statements for the period ended 31 December 2016 (continued)

7 TAX ON PROFIT / (LOSS)

| | 9 months to 31 Dec 2016 £'000 | 12 Months to 31 Mar 2016 £'000 |
|---|-------------------------------------|--------------------------------------|
| <u>Analysis of tax (charge) / credit for the year</u> | | |
| Current tax | (14) | - |
| Deferred tax (note 11) | - | 1 |
| Total tax (charge)/credit included in profit or loss | (14) | 1 |

Factors affecting tax charge for the current year

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provided a further reduction in the main rate of corporation tax to 17% effective 1 April 2020, was subsequently enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The differences between the total tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before tax are as follows:

| | 9 months to 31 Dec 2016 £'000 | 12 Months to 31 Mar 2016 £'000 |
|--|-------------------------------------|--------------------------------------|
| Total tax reconciliation | | |
| Profit / (loss) before taxation | 75 | (5) |
| Profit / (loss) multiplied by the rate of corporation tax in the UK of 20% (March 2016: 20%) | (15) | 1 |
| Group relief received without charge | 1 | - |
| Total tax (charge)/credit included in profit or loss | (14) | 1 |

8 TANGIBLE FIXED ASSETS

| | Motor Vehicles £'000 | Office Equipment £'000 | Computer Equipment £'000 | Total £'000 |
|----------------------------|-------------------------|------------------------------|--------------------------------|----------------|
| Cost | | | | |
| At 1 April 2016 | 33 | 6 | 46 | 85 |
| Additions | - | - | 27 | 27 |
| At 31 December 2016 | 33 | 6 | 73 | 112 |
| Depreciation | | | | |
| At 1 April 2016 | (32) | (6) | (44) | (82) |
| Charge for the period | (1) | - | (4) | (5) |
| At 31 December 2016 | (33) | (6) | (48) | (87) |
| Net book value | | | | |
| At 31 December 2016 | - | - | 25 | 25 |
| At 31 March 2016 | 1 | - | 2 | 3 |

9 DEBTORS

| | 31 Dec 2016 £'000 | 31 Mar 2016 £'000 |
|------------------------------|----------------------|----------------------|
| Due within one year | | |
| Trade debtors | 3 | 28 |
| Deferred tax asset (note 11) | 3 | 3 |
| Prepayments | 4 | 15 |
| | 10 | 46 |

Notes to the financial statements for the period ended 31 December 2016 (continued)

10 CREDITORS

| | 31 Dec 2016 £'000 | 31 Mar 2016 £'000 |
|--|----------------------|----------------------|
| Amounts falling due within one year | | |
| Trade creditors | 1 | 76 |
| Amounts owed to parent undertaking | 44 | 7 |
| Corporation tax | 14 | - |
| Other taxation and social security | 33 | 27 |
| Accruals | 51 | 127 |
| | <u>143</u> | <u>237</u> |

11 DEFERRED TAX

| | 31 Dec 2016 £'000 | 31 Mar 2016 £'000 |
|---------------------------|----------------------|----------------------|
| Deferred tax asset | | |
| At beginning of period | 3 | 2 |
| Additions in period | - | 1 |
| At end of period (note 9) | <u>3</u> | <u>3</u> |

Full provision has been made for deferred taxation as follows:

Deferred tax balance provided at 17% (March 2016: 18%):

| | | |
|--|----------|----------|
| Difference between accumulated depreciation and capital allowances | 3 | 3 |
| | <u>3</u> | <u>3</u> |

The deferred tax liability in relation to timing differences set out above is expected to reverse in future years and relates to a difference in accounting and taxation treatment of certain expenses.

12 CALLED UP SHARE CAPITAL

| | 31 Dec 2016 £ | 31 Mar 2016 £ |
|--|------------------|------------------|
| Allotted, called up and fully paid: | | |
| 1 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

13 ULTIMATE PARENT UNDERTAKING AND PARENT UNDERTAKING OF LARGER GROUP

The Company is a wholly owned subsidiary undertaking of UK Highways Limited. The accounts of that company can be obtained from 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.

The ultimate controlling party is HCP Holdings Limited, a company incorporated in Great Britain. The largest group in which the results of the company are consolidated is that headed by HCP Holdings Limited. The consolidated financial statements of this group are available to the public and may be obtained from 8 White Oak Square, London Road, Swanley, Kent BR8 7AG.