

AUTOLINK HOLDINGS (M6) LIMITED
REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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COMPANIES HOUSE

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Registered in England and Wales No. 3319443

AUTOLINK HOLDINGS (M6) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015

Directors: N J E Crowther
J Graham
R J W Wotherspoon
J G Neill (alternate to R J W Wotherspoon)
J M Linney (resigned 22 July 2015)
D R Bradbury (appointed 22 July 2015)

Secretary: K J Pearson

The directors present their report together with the audited financial statements of Autolink Holdings (M6) Limited ("the company") and subsidiary company Autolink Concessionaires (M6) Plc, together "the group", for the year ended 31 December 2015.

1. DIRECTORS

The directors, as set out above, served throughout the year and remain in office.

2. DIVIDENDS

The company paid an interim dividend during the year of £17,030,000 (2014: £4,825,000). The directors do not recommend payment of a final dividend (2014: £Nil).

3. DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director 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 group's auditor is aware of that information.

In accordance with Section 489 of the Companies Act 2006 a resolution to reappoint KPMG LLP, as auditor will be put to the forthcoming annual general meeting.

This information is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

By Order of the Board



K J Pearson
Secretary

Registered Office:
Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR

14th June 2016

AUTOLINK HOLDINGS (M6) LIMITED

STRATEGIC REPORT

1. RESULTS FOR THE YEAR

The group profit for the year on ordinary activities after taxation was £4,366,000 (2014: £4,228,000).

The company paid an interim dividend during the year of £17,030,000 (2014: £4,825,000). The directors do not recommend payment of a final dividend (2014: £Nil).

2. REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The company was incorporated in 1997 and is a holding company. The main asset of the company is its investment in Autolink Concessionaires (M6) Plc, which on the 29 April 1997 entered into a Private Finance Initiative ("PFI") contract (the "Contract") with The Secretary of State for Scotland to Design, Build, Finance and Operate a motorway link between the existing A74(M) and the M74 and an extension to the existing M6 Motorway, linking it to the existing A74(M) (together "the Road"). The company's subsidiary commenced operation and maintenance of the Road on 29 July 1997. On 1 July 1999 the Contract was assigned to The Scottish Ministers under The Scotland Act 1998.

The operation of the Contract is the principal activity of the group. There have not been any significant changes in the group's principal activities during the year, and no major changes are anticipated in the next year.

The company made few transactions during the year. These related to the interest receivable accruing on bank balances, and also receipt of dividends and fees from its subsidiary together with payment of dividends to its shareholders. The company will remain the holding company of Autolink Concessionaires (M6) Plc for the foreseeable future.

The group continues to meet its contractual obligations to The Scottish Ministers whilst also working to improve its efficiency in controlling costs. As shown in the group's profit and loss account on page 6 the group made a profit in the year. Revenue for the year was £15,422,000 (2014: £12,961,000) on operating costs of £14,385,000 (2014: £11,647,000). The increase in operating costs was driven by an increased programme of major maintenance works in 2015. The group balance sheet on page 7 of the financial statements shows that the group's financial position at the year end remains robust, and that the group has sufficient funds to cover its liabilities as they fall due.

The directors have modelled the anticipated financial performance of the group's concession across its full term. The directors monitor its actual performance against the anticipated performance. At 31 December 2015 the group's performance against this measure was satisfactory.

The revenue of the group is dependent upon the income receivable from the authority and the expected costs over the lifetime of the project. The income receivable from the authority is dependent on traffic flows on the Road with the charge varying with reference to the traffic flow bands within the Contract. The nature of the bands means that traffic flows can vary significantly without changing the banding and hence the income receivable from the authority. The group measures the actual traffic volumes and forecasts future traffic flows, and compares to the original traffic expectations. At 31 December 2015 the group's performance against this measure was satisfactory.

The group's operations are managed under the supervision of its directors in accordance with its funding arrangements. These operations are largely determined by the detailed terms of the Contract. For this reason, the group's directors consider that further Key Performance Initiatives (KPI) for the group are not necessary or appropriate for an understanding of the performance or position of the business.

3. PRINCIPAL RISKS AND UNCERTAINTIES

The group's principal activities, now the design and build stage of the project is complete, are the finance and operation of the Road. It carries out these activities within the framework of contracts with its funders and sub-contractors to meet its obligations to The Scottish Ministers. Its main exposure is to financial risks as detailed in the following section.

AUTOLINK HOLDINGS (M6) LIMITED

STRATEGIC REPORT (CONTINUED)

4. FINANCIAL RISK MANAGEMENT

The group has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the group's performance. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The majority of the group's debt is at a fixed rate thereby minimising its interest rate risk.

Inflation risk

The group's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

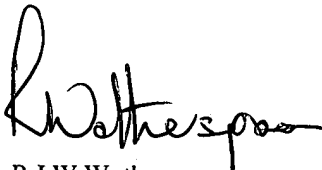
Liquidity risk

The group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its forecast obligations. The nature of the project is such that cash flows are reasonably predictable.

Credit risk

The group receives the majority of its revenue from The Scottish Ministers in the form of a unitary payment, and therefore it is not exposed to significant credit risk.

Approved by the Board and signed on its behalf by:



R J W Wotherspoon
Director

Registered Office:
Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR

14th June 2016

AUTOLINK HOLDINGS (M6) LIMITED

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

The directors are responsible for preparing the Directors' Report, the Strategic 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK 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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK HOLDINGS (M6) LIMITED

We have audited the financial statements of Autolink Holdings (M6) Limited for the year ended 31 December 2015 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 auditors

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. 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 web-site 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 group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK 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 and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Huw Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Arlington Business Park
Theale
Reading RG7 4SD

23 June 2016

AUTOLINK HOLDINGS (M6) LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2015**

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
		£000	£000
Turnover	1	15,422	12,961
Operating costs		(14,385)	(11,647)
Operating profit		1,037	1,314
Other interest receivable and similar income	2	13,078	13,517
Interest payable and similar charges	3	(8,350)	(9,124)
Profit on ordinary activities before taxation	4	5,765	5,707
Taxation on profit on ordinary activities	6	(1,399)	(1,479)
Total comprehensive income for the year		4,366	4,228

All of the group's activities during the year were continuing operations, and all turnover is generated within the United Kingdom.

The group has no recognised gains or losses other than those included in the profit above, and therefore no separate statement of Other Comprehensive Income has been presented.

Movements on reserves are shown in the Statement of Changes in Equity.

The notes on pages 11 to 21 form part of these financial statements.

AUTOLINK HOLDINGS (M6) LIMITED

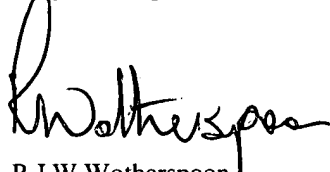
CONSOLIDATED BALANCE SHEET
at 31 December 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
		£000	£000
CURRENT ASSETS			
Work in progress		7,349	10,125
Debtors: Amounts falling due within one year	8	10,515	8,855
Debtors: Amounts falling due after more than one year	9	100,442	105,103
Investments	10	23,071	26,321
Cash at bank and in hand		1,279	1,682
		<hr/>	<hr/>
		142,656	152,086
 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 11	 (13,370)	 (11,606)
		<hr/>	<hr/>
NET CURRENT ASSETS		129,286	140,480
 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	 12	 (104,858)	 (103,116)
 PROVISIONS FOR LIABILITIES AND CHARGES	 14	 (303)	 (575)
		<hr/>	<hr/>
NET ASSETS		24,125	36,789
		<hr/>	<hr/>
 CAPITAL AND RESERVES			
Called up share capital	15	40	40
Share premium account		374	374
Capital redemption reserve		37	37
Profit and loss account		23,674	36,338
		<hr/>	<hr/>
Shareholders' funds		24,125	36,789
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors and authorised for issue on 14th June 2016.

The notes on pages 11 to 21 form part of these financial statements.

They were signed on its behalf by:



R J W Wotherspoon
Director

AUTOLINK HOLDINGS (M6) LIMITED

COMPANY BALANCE SHEET at 31 December 2015

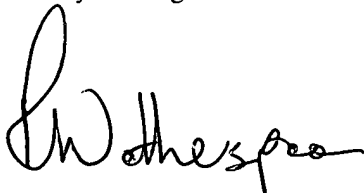
	<u>Notes</u>	<u>2015</u>	<u>2014</u>
		£000	£000
FIXED ASSETS			
Investments	7	79	79
CURRENT ASSETS			
Debtors	8	378	378
Cash at bank and in hand		3	2
		<hr/>	<hr/>
		381	380
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	-	-
		<hr/>	<hr/>
NET CURRENT ASSETS		381	380
		<hr/>	<hr/>
NET ASSETS		460	459
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	15	40	40
Share premium account		374	374
Capital redemption reserve		37	37
Profit and loss account		9	8
		<hr/>	<hr/>
Shareholders' funds		460	459
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors and authorised for issue on 2016.

14th June

The notes on pages 11 to 21 form part of these financial statements.

They were signed on its behalf by:



R J W Wotherspoon
Director

Company registration number: 3319443

AUTOLINK HOLDINGS (M6) LIMITED
STATEMENT OF CHANGES IN EQUITY

Group	Called up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total £000
At 1 January 2014	40	374	37	36,935	37,386
Profit for the financial year	-	-	-	4,228	4,228
Interim dividends paid of £12.20 per Ordinary share	-	-	-	(4,825)	(4,825)
At 31 December 2014	40	374	37	36,338	36,789

	Called up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total £000
At 1 January 2015	40	374	37	36,338	36,789
Profit for the financial year	-	-	-	4,366	4,366
Interim dividends paid of £43.05 per Ordinary share	-	-	-	(17,030)	(17,030)
At 31 December 2015	40	374	37	23,674	24,125

Company	Called up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total £000
At 1 January 2014	40	374	37	8	459
Profit for the financial year	-	-	-	4,825	4,825
Interim dividends paid of £12.20 per Ordinary share	-	-	-	(4,825)	(4,825)
At 31 December 2014	40	374	37	8	459

	Called up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total £000
At 1 January 2015	40	374	37	8	459
Profit for the financial year	-	-	-	17,031	17,031
Interim dividends paid of £43.05 per Ordinary share	-	-	-	(17,030)	(17,030)
At 31 December 2015	40	374	37	9	460

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the parent company is presented. The profit on ordinary activities after taxation of the company for the year was £17,031,000 (2014: £4,825,000).

AUTOLINK HOLDINGS (M6) LIMITED**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2015**

<u>Note</u>	<u>2015</u>	<u>2014</u>
	£000	£000
Cash flows from operating activities		
Profit for the year	4,366	4,228
Adjustments for:		
Interest receivable and similar income	(13,078)	(13,517)
Interest payable and similar charges	8,350	9,124
Taxation	1,399	1,479
	<u>1,037</u>	<u>1,314</u>
Decrease/(increase) in debtors	3,001	(468)
Decrease in work in progress	2,776	1,550
Increase in creditors	12,121	4,024
Decrease in provisions	-	(1,750)
	<u>18,935</u>	<u>4,670</u>
Equity dividends paid	(17,030)	(4,825)
Interest paid	(7,787)	(8,530)
Corporation tax paid	(1,477)	(1,511)
	<u>(7,359)</u>	<u>(10,196)</u>
Net cash flows from operating activities		
Cash flows from investing activities		
Interest received	13,076	13,485
	<u>13,076</u>	<u>13,485</u>
Net cash flows from investing activities		
Cash flows from financing activities		
Repayment of long term loans	(9,370)	(8,644)
	<u>(9,370)</u>	<u>(8,644)</u>
Net cash flows from financing activities		
Net decrease in cash and cash equivalents	(3,653)	(5,355)
Cash and cash equivalents at 1 January	28,003	33,358
	<u>24,350</u>	<u>28,003</u>
Cash and cash equivalents at 31 December		

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

1. ACCOUNTING POLICIES

Autolink Holdings (M6) Limited is a company limited by shares and incorporated and domiciled in the UK.

The financial statements have been prepared in accordance with applicable United Kingdom law and Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates. The accounting policies have been applied consistently throughout the current and preceding years under the historical cost convention.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

In the transition to FRS 102 from old UK GAAP, the group has made 1 measurement and recognition adjustment. An explanation of how the transition to FRS 102 has affected financial position and financial performance is provided in note 18.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Service concession arrangements – The Company's subsidiary entered into its service concession arrangement before the date of transition to this FRS. Therefore the Company's subsidiary's service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

The particular accounting policies adopted by the directors are described below.

(a) Going concern

The group has considerable financial resources together with a long term contract with The Scottish Ministers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully.

The directors have reviewed the group's projected profits and cash flows by reference to a financial model covering accounting periods up to June 2027. Having examined the current status of the group's principal contracts and likely developments in the foreseeable future, the directors consider that the group will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis. Further information regarding the group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Principal Activities on page 2.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. The acquisition method of accounting has been adopted. Under this method, the results and cash flows of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account and cash flow statement from the date of acquisition or up to the date of disposal.

(c) Finance debtor

The Company's subsidiary is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the company's subsidiary under old UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with The Scottish Ministers.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Costs comprise direct payments to the contractor, attributable initial project costs and interest costs incurred over the construction period on borrowings to fund construction. Upon becoming operational, the costs were transferred to the finance debtor.

During the operational phase income is allocated between the capital repayment of the finance debtor and interest receivable using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover and is described in more detail in the turnover accounting policy.

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

(d) Turnover

A margin is applied to costs incurred to calculate the turnover credited to the profit and loss account. This margin is calculated as total income forecast to be receivable over the concession, less amounts applied to the finance debtor as set out above, less all major maintenance, routine maintenance and other operating costs forecast to be payable over the concession. Management model these costs over the lifetime of the project to estimate the likely total costs.

(e) Maintenance

An accrual for major maintenance was established at the inception of the project based on projected lifecycle costs expected over the lifetime of the concession. As a result, a balance corresponding to the major maintenance provision was recorded as work in progress in the balance sheet. A charge to the profit and loss account to the extent that there is a difference between the calculation of the annual major maintenance obligation and those maintenance costs actually incurred is made.

The accrual for major maintenance on the project road is based on evaluations of expenditure required over the whole life of the concession in order to maintain the project road in the condition laid down by the Contract. Assessments as to the total expenditure required are made every six months. The calculation of the annual major maintenance obligation takes account of such assessments and any changes in the relevant price index over the period.

Routine maintenance costs are charged to the profit and loss account as incurred.

(f) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

(g) Basic financial instruments

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the group are as follows:

Trade debtors

Trade receivables are initially measured at transaction price, less any impairment.

Finance debtor

The finance debtor is initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

1. ACCOUNTING POLICIES (CONTINUED)

Current asset investments

Current asset investments are short term deposits of cash which are initially recognised at fair value and then are stated at amortised cost.

Cash at bank and in hand

Cash at bank and in hand is carried in the balance sheet at nominal value.

Trade creditors

Trade payables are initially measured at transaction price, less any impairment.

Loans

Debenture and bank loans are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Interest on the loans is recognised as it accrues using the effective interest method.

2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2015</u> £000	<u>2014</u> £000
Finance debtor interest receivable	12,786	13,236
Other interest receivable	292	281
	<u>13,078</u>	<u>13,517</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2015</u> £000	<u>2014</u> £000
Debenture loans	8,323	9,094
Bank loan	27	30
	<u>8,350</u>	<u>8,124</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2015</u> £000	<u>2014</u> £000
Profit on ordinary activities is stated after charging:		
Fees paid to the auditor for audit services to the group	24	19

The cost of the audit of the company has been borne by the company's subsidiary in both current and prior years.

The group incurred non-audit fees payable to the auditor in respect of accounting advisory services of £10,000 (2014: £Nil) and taxation services of £5,000 (2014: £Nil).

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The group had no employees during the year (2014: None) and therefore no staff costs (2014: £Nil) and no emoluments were paid to key management personnel or the directors for their services (2014: £Nil). £74,000 was paid to the controlling shareholders for directors' services (2014: £73,000).

AUTOLINK HOLDINGS (M6) LIMITED**Notes to the financial statements for the year ended 31 December 2015****6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

On the results for the year at 20.25% (2014: 21.49%):

	<u>2015</u> £000	<u>2014</u> £000
Current year tax:		
United Kingdom corporation tax	1,671	1,492
Total United Kingdom corporation tax	<u>1,671</u>	<u>1,492</u>
Deferred taxation		
Origination/reversal of timing differences (note 14)	(238)	(13)
Effects of changes in tax rates (note 14)	(34)	-
Total deferred taxation	<u>(272)</u>	<u>(13)</u>
Tax on profit on ordinary activities	<u>1,399</u>	<u>1,479</u>

Factors affecting the tax charge for the current period:

	<u>2015</u> £000	<u>2014</u> £000
Profit on ordinary activities before tax	5,765	5,707
Tax at 20.25% (2014: 21.49%)	1,167	1,226
Expenses not deductible for tax purposes	245	231
Accelerated capital allowances	(13)	(13)
Reduction in tax rate on deferred tax balances	(57)	-
Other timing differences	(215)	(13)
Transition adjustments	272	48
	<u>1,399</u>	<u>1,479</u>

7. FIXED ASSET INVESTMENTS

	Company <u>2015</u> £000	Company <u>2014</u> £000
Interest in subsidiary undertakings:		
Shares at cost	79	79
	<u>79</u>	<u>79</u>

The investment consists of a 100% ownership of the ordinary shares of Autolink Concessionaires (M6) plc, which is incorporated in Great Britain and registered in England and Wales. The activity of the company's subsidiary is the operation and maintenance of the road which is discussed in the Report of the Directors.

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group <u>2015</u> £000	Group <u>2014</u> £000	Company <u>2015</u> £000	Company <u>2014</u> £000
Trade debtors	5,669	4,494	-	-
Amounts owed by subsidiary undertaking	-	-	378	378
Finance debtor (note 9)	4,661	4,155	-	-
Other taxation	-	-	-	-
Other debtors	5	5	-	-
Prepayments and accrued income	180	201	-	-
	<u>10,515</u>	<u>8,855</u>	<u>378</u>	<u>378</u>

9. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group <u>2015</u> £000	Group <u>2014</u> £000
Finance debtor	100,442	105,103
	<u>100,442</u>	<u>105,103</u>

10. INVESTMENTS

	Group <u>2015</u> £000	Group <u>2014</u> £000
Short term deposits	23,071	26,321
	<u>23,071</u>	<u>26,321</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group <u>2015</u> £000	Group <u>2014</u> £000	Company <u>2015</u> £000	Company <u>2014</u> £000
Secured debenture loans (note 12)	9,421	8,644	-	-
Secured bank loan (note 12)	347	346	-	-
Trade creditors	51	107	-	-
Taxation	2,411	1,474	-	-
Accruals and deferred income	1,140	1,035	-	-
	<u>13,370</u>	<u>11,606</u>	<u>-</u>	<u>-</u>

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

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

	Group <u>2015</u> £000	Group <u>2014</u> £000
Secured debenture loans (a)	69,672	78,879
Secured bank loan (b)	1,906	2,251
Accruals and deferred income	33,280	21,986
	<u>104,858</u>	<u>103,116</u>

- (a) The secured debenture loans are secured by a fixed and floating charge on the assets of the company's subsidiary. The loans are repayable by instalments from 15 December 2007 to 15 June 2022.
- (b) The bank loan is secured by a financial guaranty policy, and is repayable by equal semi-annual instalments from 15 June 2004 to 15 June 2022. The interest rate is variable and determined quarterly in advance in accordance with the standard procedures of the lending bank.

The loans are repayable as follows:

	<u>2015</u> £000	<u>2014</u> £000
Within one year:		
A1 secured debenture loan at 8.39% per annum	8,848	8,150
B1 secured debenture loan at 11.27% per annum	974	871
Secured bank loan	349	349
	<u>10,171</u>	<u>9,370</u>
Between one and two years:		
A1 secured debenture loan at 8.39% per annum	9,597	8,848
B1 secured debenture loan at 11.27% per annum	1,085	974
Secured bank loan	349	349
	<u>11,031</u>	<u>10,171</u>
Between two and five years:		
A1 secured debenture loan at 8.39% per annum	33,946	31,287
B1 secured debenture loan at 11.27% per annum	4,064	3,644
Secured bank loan	1,046	1,046
	<u>39,056</u>	<u>35,977</u>
In more than five years:		
A1 secured debenture loan at 8.39% per annum	20,342	32,598
B1 secured debenture loan at 11.27% per annum	2,592	4,097
Secured bank loan	525	874
	<u>23,459</u>	<u>37,569</u>
	<u>83,717</u>	<u>93,087</u>
Less: unamortised fees and effective interest rate adjustments	(2,371)	(2,967)
	<u>81,346</u>	<u>90,120</u>
Less: included in creditors: amounts falling due within one year	(9,768)	(8,989)
	<u>71,578</u>	<u>81,131</u>

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

13. FINANCIAL INSTRUMENTS

Financial Assets

The company's only financial asset is its £3,000 cash at bank and in hand (2014: £2,000) which matures within one year. The cash balances are sterling denominated and receive interest at a variable rate with reference to the Bank of England base rate.

The carrying amount of the income-earning financial assets of the group are as follows:

	<u>2015</u> £000	<u>2014</u> £000
Assets measured at amortised cost		
- Trade debtors	5,669	4,494
- Finance debtor	105,103	109,258
- Current asset investments	23,071	26,321
- Cash at bank and in hand *	1,279	1,682
	<u>135,122</u>	<u>141,755</u>

The finance debtor has a carrying value of £105,103,000 (2014: £109,258,000). The fair value of the finance debtor is £149,931,000 (2014: £160,989,000). This has been calculated using the discounted cash flows used to repay the finance debtor. The discount rate is based upon the gilt yield reflecting the unexpired term of the concession, which is published by the Bank of England, and a 1.5% premium is added to reflect the market rate. The directors have not made a provision for diminution in value of the financial asset as it is not impaired.

The fair value of the finance debtor will fluctuate in line with market rates. The effects of a change in market rate on the fair value are as follows:

	<u>2015</u> £000	<u>2014</u> £000
At market rate 4.66% (2014: 4.51%)	149,931	160,989
At market rate plus 1%	142,359	152,239
At market rate less 1%	158,142	170,535

The directors perceive little financial or liquidity risk in respect of the finance debtor. The forecast revenue receipts from The Scottish Ministers comfortably exceed the value of the finance debtor. Credit risk is considered to be negligible given that income receipts are from a low risk public sector body. Future changes in interest rates would not affect the future income receivable for the finance debtor, and therefore the financial asset is not directly exposed to interest rate risk.

* All cash balances are sterling denominated and receive interest at a variable rate with reference to the Bank of England base rate.

AUTOLINK HOLDINGS (M6) LIMITED**Notes to the financial statements for the year ended 31 December 2015****13. FINANCIAL INSTRUMENTS (CONTINUED)****Financial Liabilities**

The carrying amount of the financial liabilities of the group are as follows:

	<u>2015</u> £000	<u>2014</u> £000
Liabilities measured at amortised cost		
- Listed debenture loans	81,448	90,468
- Secured bank loans	2,267	2,616
	<u>83,715</u>	<u>93,084</u>

Listed debenture loans were issued to provide funding to finance the construction phase of the Contract. As part of the group's risk-averse funding policy the company's subsidiary issued fixed interest rate bonds at inception in order to mitigate the risk of sudden and unexpected changes in financing costs.

The debenture loans are repayable as follows:

	<u>2015</u> £000	<u>2014</u> £000
Within one year	9,822	9,020
Between one and two years	10,682	9,822
Between two and five years	38,010	34,931
In more than five years	22,934	36,695
	<u>81,448</u>	<u>90,468</u>

The debenture loans are at a fixed rate of interest, denominated in sterling and have a carrying value of £79,093,000 (2014: £87,522,000). The weighted average interest rate is 8.7% (2014: 8.70%) and the weighted average period for which the borrowing is fixed at 31 December 2015 is 6.5 years (2014: 7.5 years).

The fair value of the secured debenture loans has been calculated to be £95,331,000 (2014: £109,060,000) based upon market values. There is no obligation or present intention to repay the debt, other than on maturity, when the redemption would be made at book value.

The secured bank loans are at a floating rate of interest, denominated in sterling, and have a carrying value of £2,252,000 (2014: £2,597,000). The difference between the carrying amount and the fair value is not considered to be material. The loans are repayable as follows:

	<u>2015</u> £000	<u>2014</u> £000
Within one year	349	349
Between one and two years	349	349
Between two and five years	1,046	1,046
In more than five years	523	872
	<u>2,267</u>	<u>2,616</u>

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

14. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred Tax £000	Total £000
At 1 January 2015	575	575
Credited to the profit and loss account	(272)	(272)
Utilised during the year	-	-
At 31 December 2015	<u>303</u>	<u>303</u>

The deferred tax liability is provided for at a rate of 20% and is recognised in the accounts as follows:

	Group 2015 £000	Group 2014 £000
Accelerated capital allowances	502	575
Short term timing differences	(199)	-
	<u>303</u>	<u>575</u>

The United Kingdom Corporation Tax rate was reduced from 21% to 20% with effect from 1 April 2015. The enacted rate will reduce again from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. It has since been announced that the rate would reduce to 17% from 1 April 2020. The deferred tax liability has been calculated at 18% as this was the rate substantively enacted at the balance sheet date. The deferred tax liability calculated at 17% is £286,000 and the difference of £17,000 has not been reflected in the financial statements.

Group and Company

There were no unprovided deferred tax assets or liabilities at the year end (2014: £Nil).

15. CALLED UP SHARE CAPITAL

	2015 No.	2014 No.	2015 £000	2014 £000
Allotted, called up and fully paid:				
Ordinary 'A' shares of 10p each	77,138	77,138	7	7
Ordinary 'B' shares of 10p each	77,138	77,138	7	7
Ordinary 'C' shares of 10p each	77,138	77,138	7	7
Ordinary 'D' shares of 10p each	25,713	25,713	3	3
Ordinary 'E' shares of 10p each	138,453	138,453	16	16
			<u>40</u>	<u>40</u>

16. RELATED PARTY TRANSACTIONS

The group has entered into the following material transactions with related parties:-

On 29 July 2013 the company's subsidiary entered into a four year Routine Operating and Maintenance contract with Sir Robert McAlpine Limited, a subsidiary of one of the company's current controlling shareholders. A total of £4,752,000 (2014: £4,720,000) was paid during the year under this contract.

At the financial year end £459,000 (2014: £461,000) was owed to Sir Robert McAlpine Limited, and included in creditors due within one year.

The group paid subsidiaries of its controlling shareholders a total of £525,000 (2014: £518,000) for the provision of staff and other services.

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

17. ULTIMATE CONTROLLING PARTY

Autolink Holdings (M6) Limited represents both the smallest and largest group to prepare consolidated accounts which include the results of this entity.

The company is jointly owned and controlled by:

Innisfree M&G PPP LP, Innisfree PFI Secondary Fund, Newarthill Limited, John Laing Infrastructure Fund Limited and The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme.

18. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP

Reconciliation of equity

	Note	1 January 2014			31 December 2014		
		UK GAAP	Effect of transition to FRS102	FRS 102	UK GAAP	Effect of transition to FRS 102	FRS 102
		£000	£000	£000	£000	£000	£000
Current assets							
Work in progress		11,675	-	11,675	10,125	-	10,125
Debtors (due within one year)		4,197	-	4,197	8,855	-	8,855
Debtors (due after more than one year)		109,258	-	109,258	105,103	-	105,103
Investments		29,107	-	29,107	26,321	-	26,321
Cash at bank and in hand		4,251	-	4,251	1,682	-	1,682
		<u>158,488</u>	<u>-</u>	<u>158,488</u>	<u>152,086</u>	<u>-</u>	<u>152,086</u>
Creditors: amounts due within one year	a	(10,810)	241	(10,569)	(11,823)	218	(11,605)
Net current assets		<u>147,678</u>	<u>241</u>	<u>147,919</u>	<u>140,263</u>	<u>218</u>	<u>140,481</u>
Creditors: amounts due after more than one year	a	(109,518)	1,323	(108,195)	(104,242)	1,125	(103,117)
Provisions for liabilities and charges		(2,338)	-	(2,338)	(575)	-	(575)
Net assets		<u>35,822</u>	<u>1,564</u>	<u>37,386</u>	<u>35,446</u>	<u>1,343</u>	<u>36,789</u>
Capital and reserves							
Called up share capital		40	-	40	40	-	40
Share premium account		374	-	374	374	-	374
Capital redemption reserve		37	-	37	37	-	37
Profit and loss account	a	35,371	1,564	36,935	34,995	1,343	36,338
Shareholders' funds		<u>35,822</u>	<u>1,564</u>	<u>37,386</u>	<u>35,446</u>	<u>1,343</u>	<u>36,789</u>

Notes to the reconciliation of equity

a) Section 11 of FRS 102 requires that the amortised cost of the secured debenture loans be calculated using the effective interest method. The effective interest rate is determined on the basis of the carrying amount of the financial instrument at initial recognition.

AUTOLINK HOLDINGS (M6) LIMITED

Notes to the financial statements for the year ended 31 December 2015

18. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (CONTINUED)

Reconciliation of profit for the year ended 31 December 2014

			2014 Effect of transition to	
	Note	UK GAAP £000	FRS 102 £000	FRS 102 £000
Turnover		12,961	-	12,961
Operating costs		(11,647)	-	(11,647)
Operating profit		1,314	-	1,314
Other interest receivable and similar income		13,517	-	13,517
Interest payable and similar charges	a	(8,903)	(221)	(9,124)
Profit on ordinary activities before taxation		5,928	(221)	5,707
Taxation on profit on ordinary activities		(1,479)	-	(1,479)
Profit on ordinary activities after taxation		4,449	(221)	4,228

a) See above regarding the effective interest method.

19. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 revision and future periods if the revision affects both current and future periods.

Critical judgements

Certain critical accounting judgements in applying the group's accounting policies are described below:

Service concession accounting

Accounting for the service concession contract and finance debtors requires an estimation of service margins, which are based on forecasted revenues and costs of the PFI contract.

Debtors

The recoverability of the company's debtors has been assessed by the directors and, where any uncertainty has been identified, sufficient provisions have been posted to reflect uncertainty.

Major maintenance accrual

Accounting for major maintenance costs requires an estimate of future maintenance costs of the pavement and other structures. The maintenance costs have been profiled through to the end of the PFI's concession.