

**EASTTRAX LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

**The Company's Registered Number is: 3565430**

MONDAY



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COMPANIES HOUSE

FASTTRAX LIMITED



FASTTRAX LIMITED

MISSION STATEMENT

Fasttrax, in **partnership** with the UK MoD, is **dedicated** to providing the Heavy Equipment Transporter capability **effectively** and **safely**.

# **FASTTRAX LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2017**

### **Contents**

#### **Reports**

Strategic report	3
Directors' report	5
Statement of directors responsibilities	6
Independent auditor's report	7

#### **Accounts**

Income statement and statement of comprehensive income for the year	10
Balance sheet	11
Statement of changes in equity	12
Statement of cash flows	13
Notes forming part of the financial statements	14

## **FASTTRAX LIMITED**

### **STRATEGIC REPORT**

#### **BUSINESS REVIEW**

The Company continues to perform well and in line with the Business Plan. Performance is measured by monthly Key Performance Indicators (KPIs) across a range of service measurables. For 2017 and the project to date, Fasttrax has again exceeded all service targets.

The business has reached maturity in terms of development of the main contract deliverables. However, the Company has regenerated several vehicles which have returned from Operational service.

Financial performance in terms of cash flow was better than planned and the outlook is to continue exceeding the plan. Repayments of the Bonds were made in line with the Agreements. Costs are in line or below model, especially Insurance where upside is shared with the Authority. Reported profits were better than planned for the year.

During 2017, Fasttrax generated £24.2m of contract revenues against a plan of £16.9m. The additional revenue, is due to repairs of operational equipment and support to US Forces in Europe.

Cash balances of £14.3m are better than modelled (£6.3m) due to working capital management, interest earned and Insurance cost savings.. Furthermore, the expenditure modelled in 2005 of £2.7m from the Change in Law Reserve has been avoided. The cash reserve accounts are fully funded. Debt Service Cover Ratios are within the prescribed limits.

#### **RISKS AND UNCERTAINTIES**

The business reviews risks on a regular basis and identifies mitigations. Due to the nature of the project and sub contract structure, risks continue to be managed effectively. Other than Insurance costs and Interest Rates, risks are generally flowed to sub-contractors. The Board of Directors receives quarterly confirmation from the Senior Management Team of the status of the Joint Risk Register which is shared and reviewed with the Client.

Inflation is mitigated by matching revenue and cost escalation applicable to contractual rates which are fixed for the contract duration. There is no exposure to risk of changes to inflation.

The Company has a comprehensive Health and Safety strategy, measured by Zero Harm Statistics. Zero Harm is a strategy managed by the principal operating company to reduce incidents to nil by 2021. In May 2017, the Project was awarded a ROSPA Gold Medal, the seventh year running.

## **FASTTRAX LIMITED**

### **STRATEGIC REPORT (Cont'd)**

#### **PERFORMANCE**

The period under review, 2017, is the 16th year of the project.

After sixteen years of trading, net revenues from operations after charging operating costs (before debt service and construction costs) were £10.1m above the financial close model of £123m, based on gross fee revenues of £266m compared to £211m modelled.

#### **Key Performance Indicators (KPIs)**

Performance is monitored by contractual KPIs. These include:-

- Execution of the Tasking Service
- Vehicle Reliability
- Staff Turnover
- Training Service Delivery
- Management and Information Services
- General Contract Performance

During the year under review, the Company exceeded all KPIs, consistent with the contract to date.

**Registered Office**  
Hill Park Court  
Springfield Drive  
Leatherhead  
Surrey  
KT22 7NL

BY ORDER OF THE BOARD



R Card  
Director

Dated: 11 July 2018

## **FASTTRAX LIMITED**

### **DIRECTORS' REPORT**

The directors present their report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2017.

### **PRINCIPAL ACTIVITY**

The company's principal activity is the provision of a Heavy Equipment Transporter, (HET) Service to the Ministry of Defence (MoD).

### **BUSINESS REVIEW**

The business review can now be found in the Strategic Report on Page 3.

### **RESULTS AND DIVIDENDS**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend payment to the shareholders for the results of the 2017 year no dividend was paid during the 2017 year, in connection with the results for the 2016 year.

The profit after taxation for the financial year amounted to £3,335,000 (2016 – profit £2,812,000), which is to be transferred to reserves.

The audited financial statements for the year ended 31 December 2017 are set out on pages 10 to 23.

There are no known future events of a material nature likely to impact performance. Some regeneration of vehicles is expected in the next year after which trading levels will be in line with original models.

### **DIRECTORS**

The directors of the company during the year were:

L Henry  
R Card  
P Ashbrook  
J Cavill

### **FINANCIAL INSTRUMENTS**

The company does not undertake financial instrument transactions which are speculative or unrelated to the company's trading activities. The company's funding has been arranged using the principles of project finance with the terms of the financial instruments, and the resulting profile of the debt service costs, tailored to match the expected revenues arising from the contract with the MoD. The company's exposure to the price risk of financial instruments is therefore minimal.

The company does not use hedge accounting. The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

## **FASTTRAX LIMITED**

### **DIRECTORS' REPORT (Cont'd)**

#### **POLITICAL CONTRIBUTIONS**

There were no political contributions made during the year (2016 - £Nil).

#### **PROVISION OF INFORMATION TO THE AUDITOR**

As far as each of the Directors is aware, at the time this report was approved:

- There is no relevant available information of which the auditor is unaware; and
- They have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditor, BDO LLP UK, Statutory Audit Firm, and have indicated their willingness to continue in office and a resolution to reappoint BDO LLP UK will be proposed at the next annual general meeting.

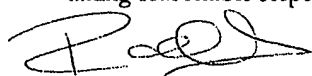
#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the strategic report, 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, which comprise the balance sheet, the income statement and statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related notes, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 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.



R Card  
Director

BY ORDER OF THE BOARD

Dated: 11 July 2018

## **FASTTRAX LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASTTRAX LIMITED**

#### **Opinion**

We have audited the financial statements of Fasttrax Limited for the year ended 31 December 2017 which comprise the Income Statement and Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, 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 Financial Reporting Standard 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 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

The 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. 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.



## **FASTTRAX LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASTTRAX LIMITED (Cont'd)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the 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 6, 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.

## **FASTTRAX LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASTTRAX LIMITED (Cont'd)**

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **Use of our 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.

BDO LLP

Colin Turnbull  
For and on behalf of BDO LLP, statutory auditor  
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Date: 2 July 2018

**FASTTRAX LIMITED**

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Year to 31/12/17 £'000	Year to 31/12/16 £'000
Turnover	1	24,166	21,731
Cost of sales		(16,874)	(15,063)
<b>GROSS PROFIT</b>		<b>7,292</b>	<b>6,668</b>
Administrative expenses (net)		(521)	(521)
<b>OPERATING PROFIT</b>	3	<b>6,771</b>	<b>6,147</b>
Interest received	2	21	51
Interest paid	2	(2,752)	(2,675)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,040</b>	<b>3,523</b>
Tax on profit on ordinary activities	4	(705)	(711)
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>3,335</b>	<b>2,812</b>
Other comprehensive income for the year		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,335</b>	<b>2,812</b>

The accompanying notes are an integral part of these financial statements.

All amounts relate to continuing activities

**FASTTRAX LIMITED**

**COMPANY NUMBER 3565430**

**BALANCE SHEET**

**AT 31 DECEMBER 2017**

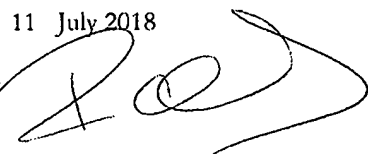
	Notes	31/12/17 £'000	31/12/16 £'000
<b>FIXED ASSETS</b>			
Tangible assets	5	25,471	29,389
		<b>25,471</b>	<b>29,389</b>
<b>CURRENT ASSETS</b>			
Debtors – falling due within one year	6(i)	4,779	2,445
Debtors – falling due after one year	6(ii)	162	192
Cash at bank and in hand	7	14,300	15,348
		<b>19,241</b>	<b>17,985</b>
Creditors – amounts falling due within one year	8(i)	(11,274)	(9,810)
<b>NET CURRENT ASSETS</b>		<b>7,967</b>	<b>8,175</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>33,438</b>	<b>37,564</b>
Creditors – amounts falling due after one year	8(ii)	(23,124)	(30,496)
Provisions – deferred taxation	4(c)	(1,493)	(1,582)
<b>NET ASSETS</b>		<b>8,821</b>	<b>5,486</b>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital – equity	11	1,000	1,000
Retained Earnings		7,821	4,486
<b>EQUITY SHAREHOLDER FUNDS</b>		<b>8,821</b>	<b>5,486</b>

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorized by the Board and were signed on its behalf on

Date: 11 July 2018

Signed:



R Card - Director

**FASTTRAX LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**31 DECEMBER 2017**

	Share Capital £000's	Retained Earnings £000's	Total Equity £000's
<b>1 January 2016</b>	<b>1,000</b>	<b>2,674</b>	<b>3,674</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,812	2,812
<b>Total comprehensive income</b>	<b>-</b>	<b>2,812</b>	<b>2,812</b>
<b>Contributions by and distributions to owners</b>			
Dividend paid	-	(1,000)	(1,000)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>(1,000)</b>	<b>(1,000)</b>
<b>31 December 2016</b>	<b>1,000</b>	<b>4,486</b>	<b>5,486</b>
<b>1 January 2017</b>	<b>1,000</b>	<b>4,486</b>	<b>5,486</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,335	3,335
<b>Total comprehensive Income</b>	<b>-</b>	<b>3,335</b>	<b>3,335</b>
<b>Contributions by and distributions to owners</b>			
Dividend paid	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2017</b>	<b>1,000</b>	<b>7,821</b>	<b>8,821</b>

The accompanying notes are an integral part of these financial statements.

# FASTTRAX LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year to 31/12/17 £000's	Year to 31/12/16 £000's
<b>Cash flows from operating activities</b>			
Operating profit		6,771	6,147
(Increase)/decrease in debtors		(2,334)	659
Increase/(decrease) in creditors		90	(321)
Depreciation		3,918	3,918
Amortisation of other debtor balance		30	30
UK Corporation Tax Paid		(132)	(11)
<b>Cash from operations</b>		<b>8,343</b>	<b>10,422</b>
Interest received		21	51
Interest paid		(2,104)	(2,360)
<b>Net cash generated from operating activities</b>		<b>6,260</b>	<b>8,113</b>
<b>Cash flows from financing activities</b>			
Dividend paid		-	(1,000)
Repayment of senior debt		(6,829)	(6,492)
Repayment of sub debt		(479)	(475)
<b>Net cash outflow from financing</b>		<b>(7,308)</b>	<b>(7,967)</b>
<b>Net (decrease) /increase in cash and cash equivalents</b>		<b>(1,048)</b>	<b>146</b>
Cash and cash equivalents at the beginning of the year		15,348	15,202
<b>Cash and cash equivalents at the end of the year</b>		<b>14,300</b>	<b>15,348</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		2,671	4,147
Cash held in restricted reserves	7	11,629	11,201
		<b>14,300</b>	<b>15,348</b>

Net non-cash transactions comprise bond indexation in the amount of £716,000 for the year ended 31 December 2017.

The accompanying notes are an integral part of these financial statement

## **FASTTRAX LIMITED**

### **ACCOUNTING POLICIES**

**For the year ended 31 December 2017**

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. These financial statements for the year ended 31 December 2017 comply with FRS 102.

Fasttrax Limited is a company incorporated in England & Wales under the Companies Act. The registered office is shown on page 4, the principal place of business is Wing House, Marlborough Road, Bulford, SP4 9LZ.

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding year, are set out below.

**i) Basis of Preparation:**

The financial statements have been prepared under the historical cost convention and on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the principal accounting policies.

These financial statements are prepared on the going concern basis. The Company operates in line with a financial model based on its contractual arrangements with the Ministry of Defence. This model forecasts that cash will be available to fund repayment of the Company's long and short term liabilities as they fall due.

**ii) Fixed Assets:**

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment. Historical costs 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. From July 2004, Full Service Date, depreciation has been charged on a straight line basis over the remaining contract life of 20 years.

**iii) Capitalised Interest and Fees:**

The interest cost of financing the Company's obligations under its contract with the MoD has been capitalised, as part of the tangible assets balance, during the construction phase.

**iv) Deferred Taxation:**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## **FASTTRAX LIMITED**

### **ACCOUNTING POLICIES (Cont'd)**

v) **Turnover:**

Turnover represents amounts receivable for the rendering of services and vehicle regeneration costs as stipulated under contract and provided in the normal course of business, net of trade discounts, VAT and other sales-related discounts. Turnover amounts receivable in respect of the provision of services is recognized when the service is rendered. Regeneration is the program of reinstating a vehicle, by repair, to its original condition after it has been utilized by the client outside of normal operating activities. Regeneration turnover amounts receivable are recognized on a percentage complete basis.

vi) **Functional and Presentation Currency:**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the Company's functional and presentation currency.

vii) **Financial Assets and Liabilities:**

The Company initially recognises receivables at the date that they are originated. All financial assets and financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets include trade debtors, accrued income, cash and the HET receivable.

Trade debtors represent short term receivables.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, on receipt of cash, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies its financial liabilities into several categories. Financial liabilities include trade payables, senior debt, loan note, sub debt and bonds.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, paid or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

viii) **Indexation:**

The carrying amount of bond liabilities subject to indexation is adjusted to reflect the applicable index at the year end. The adjustment is recognised in the profit and loss account as part of interest paid. Any gains arising on indexation are not recognised if it is clear that the gain has arisen from a temporary decrease in the underlying index, and that the decrease in the index has been reversed by the balance sheet date. The bond liabilities are initially recognised at fair value and then are stated at amortised cost.

ix) **Reserves**

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

x) **Dividends**

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



## **FASTTRAX LIMITED**

### **ACCOUNTING POLICIES (Cont'd)**

#### **xi) Estimates and Judgements:**

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 in 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

# **FASTTRAX LIMITED**

## **NOTES TO FINANCIAL STATEMENTS** **For the year ended 31 December 2017**

### **1. SEGMENTAL ANALYSIS**

The turnover and operating result were derived from the Company's principal activity and was carried out wholly in the UK.

### **2. INTEREST PAID / (RECEIVED)**

	Year to 31/12/17 £000's	Year to 31/12/16 £000's
Limited Price Index Bond Interest Payable	830	1,005
Limited Price Index Bond Indexation	715	373
Fixed Rate Bond Interest Payable	274	340
Junior Subordinated Debt Interest	933	957
	<u>2,752</u>	<u>2,675</u>
Interest paid	2,752	2,675
Interest received	(21)	(51)
	<u>2,731</u>	<u>2,624</u>

### **3. OPERATING PROFIT**

The operating profit is stated after charging the following:

	Year to 31/12/17 £000's	Year to 31/12/16 £000's
Auditor's remuneration		
- audit fees	17	17
- other (taxation services)	5	5
Depreciation	<u>3,918</u>	<u>3,918</u>

Fastrax has no employees other than Directors.

The amount of £224,000 (2016 - £215,000) has been paid to third parties in respect of making the services of the Directors available to Fastrax Limited. The Directors are considered to be the only key management personnel in the business.

# **FASTTRAX LIMITED**

## **NOTES TO FINANCIAL STATEMENTS (Cont'd)**

### **4. TAX ON LOSS ON ORDINARY ACTIVITIES**

#### **a) ANALYSIS OF CHARGE IN PERIOD**

	2017 £000's	2016 £000's
UK corporation tax on profit of the period	794	132
Total current tax	<u>794</u>	<u>132</u>
Origination and reversal of timing differences	(89)	578
Effect of reduced tax rate on opening asset	-	-
Deferred tax (Note 4(c))	<u>(89)</u>	<u>578</u>
Tax on profit on ordinary activities	<u><u>705</u></u>	<u><u>711</u></u>

#### **b) FACTORS AFFECTING TAX CHARGE FOR PERIOD**

The tax assessed for the period is other than the standard rate of corporation tax in the UK (20%).  
The differences are explained below:

	2017 £000's	2016 £000's
Profit on ordinary activities before taxation	4,040	3,523
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK at 19.25% (2016: 20%)	777	705
Effects of:		
Expenses not deductible for tax purposes	6	6
Differences in tax rates	(78)	-
Total tax charge for year	<u><u>705</u></u>	<u><u>711</u></u>

#### **c) PROVISION FOR DEFERRED TAXATION**

	2017 £000's	2016 £000's
Depreciation in advance of capital allowances	(1,491)	(1,438)
Accelerated tax relief for capitalised finance costs	2,984	3,020
Provision for deferred tax	<u><u>1,493</u></u>	<u><u>1,582</u></u>
Provision/(Asset) at start of period	1,582	1,004
Deferred tax charge in profit and loss account for period (Note 4(a))	<u>(89)</u>	<u>578</u>
Provision at end of period	<u><u>1,493</u></u>	<u><u>1,582</u></u>

# **FASTTRAX LIMITED**

## **NOTES TO FINANCIAL STATEMENTS (Cont'd)**

### **5. TANGIBLE FIXED ASSETS**

	HET's in Service(91)	Total Assets
	2016 £000's	2016 £000's
<b>Cost</b>		
At 01/01/17	80,195	80,195
At 31/12/17	<u>80,195</u>	<u>80,195</u>
<b>Depreciation</b>		
At 01/01/17	50,806	50,806
Charge for the year	3,918	3,918
At 31/12/17	<u>54,724</u>	<u>54,724</u>
<b>NET BOOK VALUE</b>		
AT 31/12/17	<u>25,471</u>	<u>25,471</u>
<b>NET BOOK VALUE</b>		
AT 31/12/16	<u>29,389</u>	<u>29,389</u>

The cost above includes net interest and other finance costs capitalised of £5,474,000.

During 2007 one of the 92 original HET's was destroyed during Operational Service. Under the concession contract the Ministry of Defence are responsible for the cost of its replacement and the Net Book Value (NBV) of this HET was transferred to other debtors (Note 6).

### **6. DEBTORS**

	31/12/17 £000's	31/12/16 £000's
(i) Amounts falling due within one year:		
Trade debtors	1,949	-
Prepayments	123	128
Accrued income	2,677	2,287
Other debtors - HET	30	30
	<u>4,779</u>	<u>2,445</u>
(ii) Amounts falling due after one year:		
Other debtors - HET	162	192
	<u>162</u>	<u>192</u>

Other debtors represents an amount due from the Ministry of Defence in respect of the replacement of the HET destroyed in service during 2007 (Note 5). No bad debt provision was recognised in 2017 or 2016.

## FASTTRAX LIMITED

### NOTES TO FINANCIAL STATEMENTS (Cont'd)

#### 7. CASH AT BANK

From FSD (Full Service Date) the release of funds from all bank accounts no longer requires authorisation from Ambac Assurance UK Limited as Bond Insurer.

Included in this balance is £11,629,000 (2016 - £11,201,000) held in reserve accounts as required under contract.

#### 8. CREDITORS

	31/12/17 £000's	31/12/16 £000's
(i) Amounts falling due within one year:		
Corporation Tax Payable	794	132
VAT	304	323
Accruals	1,584	1,477
Loan note	577	479
Senior debt	7,538	6,856
Bond interest payable	248	306
Sub debt interest payable	229	237
	11,274	9,810
(ii) Amounts falling due after one year:		
Other debtors - HET	162	192
	162	192
<u>Loan Note and Senior Debt</u>		
Due within 2-5 years	21,312	28,077
Due after more than 5 years	1,812	2,419
	23,124	30,496
(iii) Amounts falling due after one year:		
Loan Note	5,166	5,744
Senior Debt	17,958	24,752
	23,124	30,496

The senior debt balance is made up of Bond Certificates issued as follows:

Class A 3.459% Index Linked Bonds - £56,000,000 due 2021 Prudential Annuities Limited.

Class A Indexation rolled into the Bond for its term - for the year £715,000 (Cumulative £21,558,000).

Class B 5.91% Fixed Rate Bonds - £7,680,000 due 2021 Prudential Assurance Company Limited.

Class B 5.91% Fixed Rate Bonds - £9,000,000 due 2021 Prudential Retirement Income Limited.

All Classes of Bond are repayable by instalments between March 2005 and the due dates noted above.

All are entered in the register of The Bank of New York as the Registered Holders. Issue is subject to and with benefit of a trust deed dated 14 December 2001 between Fasttrax Limited (the Issuer), Ambac Assurance UK Limited and Law Debenture Trustees Limited as trustee for the holders of the Bonds. The Law Debenture Trust Corporation Plc has a fixed and floating charge over the undertaking and all property and assets present and future.

A Class B Bond - £4,000,000 is registered but not issued to The Bank of New York and is being held in reserve.

The amount of principal and indexation outstanding on the Class A Bonds as 31st December 2017 is £21,397,000.

The amount of principal outstanding on the Class B Fixed Rate Bonds as 31st December 2017 is £4,098,000.

## FASTTRAX LIMITED

### NOTES TO FINANCIAL STATEMENTS (Cont'd)

#### 8. CREDITORS (Cont'd)

##### Secured Loan Note

A Secured Loan Note 001 was issued in September 2005 to Fasttrax Holdings Limited to the value of £11,200,000.

Fasttrax Holdings Limited on the same date issued Loan notes to the respective Shareholders.

The Loan Notes are now held by the following respective Shareholders:

Secured Loan Note 001 - Kellogg Brown & Root Limited Secured - £5,600,000 (50% holding) Issued September 2005  
 Secured Loan Note 002 - Elbon Holdings (2) Limited - £2,800,000 (25% holding) Purchased from Barclays European Infrastructure Limited December 2005  
 Secured Loan Note 003 - Elbon Holdings (2) Limited - £2,800,000 (25% holding) Internal transfer from Noble PFI Fund II May 2006

All Loan Note conditions as issued have been transferred on both purchase and internal transfer.

All issues are subject to interest, at a rate of 11.25%. This rate rises under agreement in October 2008 - 11.50%, April 2011 - 13.50%, April 2012 - 13.75%, October 2013 - 14.25%, April 2016 - 15.25% to a maximum of 16% in April 2017 to March 2025.

Repayments are due by 6 monthly instalments from March 2006 to March 2025.

During 2017 the following schedule of payments is included:-

	Principal Paid		Interest Paid	
	2017	2016	2017	2016
	£000's	£000's	£000's	£000's
March	376	401	471	477
September	103	73	471	483
	479	474	942	960

The amount of principal outstanding on the Loan Notes as 31st December 2017 is £5,743,000.

Fasttrax Limited's Loan Note is secured by an Issuer Debenture with The Law Debenture Trust Corporation p.l.c. dated 14 December 2001. The Loan Notes are secured by a first fixed charge over all of the Company's assets, together with a floating charge over the whole of the Company's undertaking and assets.

Fasttrax Holdings Limited holds a Holdco Debenture with The Law Debenture Trust Corporation p.l.c. dated 14 December 2001 for the respective issue of Loan Notes to the Shareholders

#### 9. NOTES TO THE STATEMENT OF CASH FLOW

##### ANALYSIS OF CHANGES IN NET DEBT

	01/01/17	Cash Flows	Other non cash changes	31/12/17
	£000's	£000's	£000's	£000's
Cash in hand and in bank	15,348	(1,048)	-	14,300
Debt due within 1 year	(7,335)	7,308	(8,088)	(8,115)
Debt due after 1 year	(30,496)	-	7,372	(23,124)
	(22,483)	6,260	(716)	(16,939)

Net non cash transactions comprise Bond indexation.

## **FASTTRAX LIMITED**

### **NOTES TO FINANCIAL STATEMENTS (Cont'd)**

#### **10. PARENT UNDERTAKINGS**

Fastrax Limited is a wholly-owned subsidiary of Fastrax Holdings Limited registered in England and Wales.

There is no ultimate controlling party.

#### **11. CALLED-UP SHARE CAPITAL & DIVIDENDS**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

	2017 £000's	2016 £000's
Allotted, called-up and fully paid 1,000,000 ordinary shares of £1 each	1,000	1,000
Dividends paid	-	1,000

Dividends were approved and paid as follows:

Dividend of £1.1m paid in 2015 following 2014 closing results

Dividend of £1m paid in 2016 following 2015 closing results

No dividend has been approved subsequent to the balance sheet date following the 2017 closing results.

#### **12. FINANCIAL ASSETS AND LIABILITIES**

The Company's financial instruments may be analysed as follows:

	2017 £000's	2016 £000's
<b>Financial assets</b>		
Trade Debtors (Note 6)	1,951	-
Accrued income (Note 6)	2,677	2,287
Cash (Note 7)	14,300	15,348
Other debtors (Note 6)	192	222
	<u>19,120</u>	<u>17,857</u>
<b>Financial liabilities</b>		
Loan note short term (Note 8)	577	479
Senior debt short term (Note 8)	7,538	6,856
Sub debt interest payable (Note 8)	248	306
Bond interest payable (Note 8)	229	237
Accruals (Note 8)	1,584	1,474
Loan note long term (Note 8)	5,166	5,744
Senior debt long term (Note 8)	17,958	24,752
	<u>33,300</u>	<u>39,848</u>

Information regarding the financial instruments is included in the director's report.

## **FASTTRAX LIMITED**

### **NOTES TO FINANCIAL STATEMENTS (Cont'd)**

#### **13. RELATED PARTY TRANSACTIONS**

Related party transactions represented in these accounts consist of:

Fastrax Holdings Limited – the sole holding company.

A Loan Note principal of £5,744,000 (note 8) (2016 - £6,223,000) and associated interest paid of £942,000 (2016 - £960,000) with associated interest payable of £229,000 (2016 - £237,000).

Kellogg Brown & Root Limited (KBR) – 50% JV partner of Fastrax Holdings Limited and subcontracted for Vehicle Supply to Fastrax Limited.

Expensed Management & other fees £73,000 Exc. VAT (2016 – £70,000 Exc. VAT)

FTX Logistics Ltd (FTX) – subcontracted for the provision of a maintained service to Fastrax Limited and 100% subsidiary of KBR.

Expensed items include Management and Other Fees of £224,000 (Exc. VAT) (2016 – £224,000 Exc. VAT). Fees payable in respect of the HET Service of £12,208,000 (Exc. VAT) have been expensed in the year. (2016 - £11,196,000 Exc VAT).

Related Loan Note disclosure can be found in Note 8.

Sales for Third Party Guaranteed Revenue have been made to FTX to the value of £287,000 (Exc. VAT), (2016 - £356,000 Exc VAT) and £64,000 for insurance deductibles (2016 – Nil) in the year.

Elbon Holdings (2) Limited - 50% JV partner of Fastrax Holdings Limited and subcontracted for Vehicle Supply to Fastrax Limited.

Expensed Management & other fees £152,000 Exc. VAT (2016 – £146,000 Exc. VAT)

Related Loan Note disclosure can be found in Note 8.

No dividend were paid during the year, 2016 - £1,000,000 were received by the joint venture companies relating to 2016 performance.

#### **14. EVENTS AFTER THE REPORTING DATE**

There are no known events that have occurred after the reporting date that would affect the disclosures made within these financial accounts.