

Registered Company No: 3679991

CountyRoute Limited

Report & Accounts for the year ended 31 March 2001



Registered Office:
133 Page Street
Mill Hill
London
NW7 2ER

**Directors' report and financial statements
for the year ended 31 March 2001**

Contents	Page
Directors & advisors	1
Report of the directors	2
Report of the auditors	5
Principal accounting policies	7
Consolidated profit and loss account	8
Balance sheets	9
Consolidated cashflow statement	11
Reconciliation of movements in shareholders' funds	12
Notes to the accounts	13

Directors & Advisors

Directors

The directors of the Company are shown in the Directors' Report on Page 2.

Joint Company Secretaries and Registered Office:

Asset Management Solutions Limited
Mr Roger Keith Miller

133 Page Street
Mill Hill
London
NW7 2ER

Auditors

PKF
Registered Auditors
London

Solicitors

CMS Cameron McKenna
London

Principal bankers

Dresdner Bank AG
London Branch

Report of the directors for the year ended 31 March 2001

The directors submit their report together with financial statements for the year ended 31 March 2001. Comparative figures are shown for the period 28 September 1999 to 31 March 2000.

Principal trading activities and business review

The principal activity of the Group is to design, build, finance and operate that section of the A130 dual carriageway road covered by a Concession Agreement between CountyRoute (A130) plc and Essex County Council, dated 20 October 1999.

The directors do not recommend the payment of a dividend.

Future developments

The transactions for the period were in line with expectations. The directors are confident that the Company is well prepared for the future.

Directors

The following directors held office during the period:

M Mercer-Deadman

A C Roper

Y Dee Resigned 04/04/01

SN Jones Resigned 04/04/01

P G Shell Appointed 24/04/01

Directors' Interests

No director has, or has held at any time during the year, any interest in the share capital of the Company.

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

Report of the directors for the year ended 31 March 2001 (continued)

Policy on Payment of Creditors

It is policy to comply with the payment terms agreed with suppliers. Where payment terms are not negotiated the Group endeavours to adhere with the suppliers standard terms. The Group had no trade creditors at 31 March 2001 and accordingly no average payment period is disclosed.

Share capital

Details of the authorised and issued share capital are shown on page 16.

Corporate Governance & Directors' Responsibilities

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

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

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 March 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are also responsible for keeping proper accounting records and for safeguarding the assets of the Company and Group to enable them to ensure that the financial statements of the Company and Group comply with the Companies Act 1985 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures and all applicable rules and regulations are observed.

Contributions for Charitable & Political Purposes

The Group made no political or charitable donations during the year.

CountyRoute Limited

**Report of the directors
for the year ended 31 March 2001 (continued)**

Auditors

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and will sign its audit report in its new name. PKF have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985 a resolution to reappoint PKF as auditors will be proposed at the Annual General Meeting.

By Order of the Board



**Asset Management Solutions Limited
Mr Roger Keith Miller**

Joint Company Secretaries

[15] August 2001

Auditors' Report to the Shareholders of CountyRoute Limited

We have audited the financial statements of CountyRoute Limited for the year ended 31 March 2001 which comprise the Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Cashflow Statement and the related notes which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibility for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Report of the Directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Auditors' Report to the Shareholders of CountyRoute Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2001 and of the Group's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF

PKF
Registered Auditors
London

(5/9) 2001

Principal accounting policies

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

Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention.

Basis of consolidation

The Group financial statements comprise a consolidation of the financial statements of CountyRoute Limited and its subsidiary CountyRoute (A130) plc. The financial statements of the holding company and its subsidiary company are prepared to 31 March. Uniform accounting policies are adopted throughout the group. The financial statements have been consolidated using the acquisition method of accounting.

Tangible Fixed Assets and Depreciation

Tangible fixed assets comprise infrastructure assets in the course of construction, being that section of the A130 Dual Carriageway road covered by the Concession Agreement between CountyRoute (A130) plc and Essex County Council.

Assets in the course of construction are not depreciated until commissioned.

Capitalised Interest

Interest costs on borrowings used to fund the construction of road infrastructure assets are capitalised during the construction period. Capitalisation ceases on commissioning.

Operating Costs

Operating costs are capitalised during the construction period. Following commissioning, regular operating and maintenance costs and CountyRoute central costs will be expensed to the Profit & Loss Account as incurred.

Consolidated Profit and Loss Account for the year ended 31 March 2001

	Note	2001 £'000	2000 £'000
Net operating costs	2 - 4	916	4,130
Own costs capitalised		(916)	(4,130)
Operating profit		<u>-</u>	<u>-</u>
Interest payable and similar charges	5	2035	151
Interest costs capitalised		(2035)	(151)
Profit on ordinary activities before and after taxation being retained profit for the year		<u>-</u>	<u>-</u>

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

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

CountyRoute Limited

Balance sheet
As at 31 March 2001

	Note	Group 2001 £'000	Group 2000 £'000
Fixed assets			
Tangible assets	7	41,481	17,470
Fixed asset investment	8	-	-
		<u>41,481</u>	<u>17,470</u>
Current assets			
Debtors	9	907	1,235
Cash at bank and in hand		463	865
Current liabilities			
Creditors: amounts falling due within one year	10	(2,611)	(5,930)
Net current liabilities		<u>(1,241)</u>	<u>(3,830)</u>
Total assets less current liabilities		40,240	13,640
Creditors: amounts falling due after more than one year	10	(39,740)	(13,140)
Net assets		<u>500</u>	<u>500</u>
Capital & reserves			
Called up Share Capital	12	500	500
Reserves		-	-
Equity shareholders' funds		<u>500</u>	<u>500</u>

The financial statements on pages 7 to 13 were approved by the Board of Directors on [15] August 2001 and were signed on its behalf by:

AC Roper
Director

A. C. Roper

P G Shell
Director

P. G. Shell

(15) August 2001

CountyRoute Limited

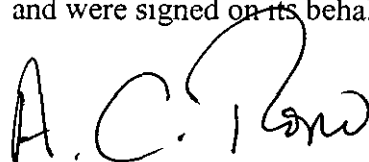
Balance sheet

As at 31 March 2001


	Note	Company 2001 £'000	Company 2000 £'000
Fixed assets			
Tangible assets	7	-	-
Fixed asset investment	8	500	500
		<u>500</u>	<u>500</u>
Current assets			
Debtors	9	-	-
Cash at bank and in hand		-	-
Current liabilities			
Creditors: amounts falling due within one year	10	-	-
Net current liabilities		<u>-</u>	<u>-</u>
Total assets less current liabilities		500	500
Creditors: amounts falling due after more than one year	10	-	-
Net assets		<u>500</u>	<u>500</u>
Capital & reserves			
Called up Share Capital	12	500	500
Reserves		-	-
Equity shareholders' funds		<u>500</u>	<u>500</u>

The financial statements on pages 7 to 18 were approved by the Board of Directors on [15] August 2001 and were signed on its behalf by:

AC Roper
Director



P G Shell
Director



(15) August 2001

Consolidated Cash Flow Statement for the year ended 31 March 2001

	Note	2001 £'000	2000 £'000
Net cash inflow from operating activities	14	340	-
Returns on investments and servicing of finance:			
Interest received		37	3
Interest paid		(2,068)	(137)
Sub Total of Returns on investments and servicing of finance		<u>(1,691)</u>	<u>(134)</u>
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(25,311)	(12,641)
		<u> </u>	<u> </u>
Net cash outflow before financing		(27,002)	(12,775)
Financing			
Issue of ordinary share capital		-	500
Loans		26,600	13,140
		<u> </u>	<u> </u>
(Decrease)/Increase in cash		(402)	865
		<u> </u>	<u> </u>
Reconciliation of net cashflow to movement in net debt			
		2001 £'000	2000 £'000
(Decrease)/Increase in cash in the period		(402)	865
Increase in debt		(26,600)	(13,140)
		<u> </u>	<u> </u>
Increase in net debt		(27,002)	(12,275)
Net debt at start of year		(12,275)	-
Net debt at end of year	13	<u>(39,277)</u>	<u>(12,275)</u>

Reconciliation of Movements in Shareholders' Funds for the year ended 31 March 2001

Group	2001 £'000	2000 £'000
Profit attributable to ordinary shareholders	-	-
New ordinary share capital issued	-	500
Net increase in shareholders' funds	<u>-</u>	<u>500</u>
At 1 April 2000	500	-
At 31 March 2001	<u>500</u>	<u>500</u>

Company	2001 £'000	2000 £'000
Profit attributable to ordinary shareholders	-	-
New ordinary share capital issued	-	500
Net increase in shareholders' funds	<u>-</u>	<u>500</u>
At 1 April 2000	500	-
At 31 March 2001	<u>500</u>	<u>500</u>

Notes to the financial statements for the year ended 31 March 2001

1. Company profit & loss account

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company has not been included in the financial statements. The profit after taxation dealt with in the financial statements of the company was £nil.

2. Net operating costs

	2001 £'000	2000 £'000
Profit on ordinary activities before taxation is stated after charging :		
Auditor's remuneration for:		
Audit services	11	10
Other services	3	44

3. Emoluments of directors

The Directors did not receive any remuneration during the period.

4. Staff numbers & costs

The company had no employees during the period.

5. Interest payable

	2001 £'000	2000 £'000
Amounts payable on bank loans and overdrafts	2,072	154
Less interest received	(37)	(3)
	<u>2,035</u>	<u>151</u>

6. Taxation

The Group made neither a profit nor a loss during the year, hence there is no taxation charge.

Notes to the financial statements for the year ended 31 March 2001 (continued)

7. Tangible fixed assets

Group	Assets in the Course of Construction
	£'000
Cost and Net Book Value	
At 1 April 2000	17,470
Additions:	
Construction contract costs	20,550
Land purchase costs	501
Own costs capitalised	916
Interest capitalised	2,035
Site Vehicle	9
At 31 March 2001	<u>41,481</u>

8. Fixed asset investments

Company	Interests in Group Undertakings £'000
Cost	
At 1 April 2000	500
Additions	-
At 31 March 2001	<u>500</u>

Subsidiary undertakings:

	Shareholding	Nature of Business
CountyRoute (A130) plc	99.9998%	Special purpose company to fulfil obligations under PFI contract

Notes to the financial statements for the year ended 31 March 2001 (continued)

9. Debtors	Group 2001 £'000	Group 2000 £'000
Due within one year:		
Other debtors	-	40
Prepayments and accrued income	284	143
Amounts due from HM Customs & Excise	623	1,052
	<hr/> 907	<hr/> 1,235
	<hr/>	<hr/>

10. Creditors

Amounts falling due within one year:		
	Group 2001 £'000	Group 2000 £'000
Other creditors	7	66
Accruals and deferred income	2,604	5,864
	<hr/> 2,611	<hr/> 5,930
	<hr/>	<hr/>

Amounts falling due after more than one year:		
	Group 2001 £'000	Group 2000 £'000
Bank loans and overdrafts (see Note 11)	39,740	13,140
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 March 2001 (continued)

11. Loans

Group

The Group has a loan facility of £107m and a guarantee facility of £4m provided by a syndicate of banks in order to finance the construction of the A130 road as contracted in the concession agreement. The loan is repayable in instalments based on an agreed percentage amount of the total facility per annum over the next 25 years.

The loan is secured by a charge over the shares and assets of CountyRoute (A130) plc. Of the group's gross borrowings £38.7 million is due in more than 5 years. An amount of £1 million is due between two and five years.

Interest on the facility is charged at rates linked to LIBOR. The group has entered into fixed interest rate SWAPS to mitigate its interest rate exposure. The fixed interest rate under the Northern Scheme SWAP arrangements is 6.71% and the Southern Scheme is 5.86%.

12. Share capital

	2001	2000
	£'000	£'000
Authorised 500,000 ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	2001	2000
	£'000	£'000
Allotted Issued & Fully Paid 500,000 ordinary shares of £1 each	500	500
	<hr/>	<hr/>

13. Analysis of net debt

	31 March	Cashflow	31 March
	2000		2001
Cash at bank and in hand	865	(402)	463
Debt due after one year	(13,140)	(26,600)	(39,740)
Total	<hr/> (12,275) <hr/>	<hr/> (27,002) <hr/>	<hr/> (39,277) <hr/>

Notes to the financial statements for the year ended 31 March 2001(continued)

14. Reconciliation of operating profit to net cash inflow

	Group 2001 £'000	Group 2000 £'000
Operating profit	-	-
Decrease in debtors	328	-
Increase in creditors	12	-
Net cash flow	<u>340</u>	<u>-</u>

15. Capital commitments

	Group 2001 £'000	Group 2001 £'000
Contracts placed for future capital expenditure Not provided in the financial statements	38,875	67,980
	<u> </u>	<u> </u>

The Southern Scheme Commencement Certificate was signed by Essex County Council on 19th December 2000.

16. Company status

During the year the company was owned and jointly controlled by Hyder Investments Limited and Laing Investments Limited, until 24 January 2001 when Hyder Investments Limited transferred it's shareholding to Hyder Plc. On 4 April 2001 Laing Investments Limited became the company's controlling party and John Laing plc became the company's ultimate controlling party.

Notes to the financial statements for the year ended 31 March 2001(continued)

17. Related party transactions

The directors consider the material transactions undertaken by the group during the period with parties related to the group were as follows:

Name of Party	Relationship	Nature of Transaction	Transaction Amount £'000	Amount due (to)/from related party at 31 March 2001 £'000
Hyder Investments Limited	Shareholder	Cost recharge	162	(30)
Laing Limited	Services Provider	Cost recharge	55	-
Laing Limited	Contractor	Construction Costs	19,172	(2,377)
Laing Services Limited	Services Provider	Cost Recharges	20	-

There were no provisions at 31 March 2001 in respect of amounts due to or from related parties and no amounts were written off in the period in respect of transactions with related parties.