



# **Tollway Holdings Limited**

**Registered number 03724230**

## **Financial Report 31 December 2013**



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## Directors' Report

The Directors of Tollway Holdings Limited (the "Company" or "THL") submit the following report and audited financial statements in respect of the year ended 31 December 2013.

### Principal activity

The principal activity of the Company consists of investment in infrastructure projects and associated activities as part of the Macquarie Atlas Roads International Limited ("MARIL") group, being MARIL and its subsidiaries (the "Group"). The Group forms part of Macquarie Atlas Roads ("MQA").

The Company does not envisage any changes in activity for the foreseeable future.

### Results and dividends

The Company's loss for the financial year ended 31 December 2013 of £16.8 million (2012: profit of £18.7 million) was transferred to reserves.

The results for the year ended 31 December 2013 are summarised in the profit and loss account on page 9.

No dividend has been proposed or paid to ordinary shareholders for the year ended 31 December 2013 (2012: £nil).

### Business review and future developments

#### *Group restructure*

In December 2013, there was a reorganisation of the equity share capital of Macquarie Motorways Group Limited ("MMG"), a 100% owned subsidiary of THL. Pursuant to the reorganisation, all equity in MMG is held by Peregrine Motorways Limited ("PML") and all equity in PML is held by THL. THL's equity interest in PML has nominal economic value as it does not expect to be exposed to the variable returns from PML or any of its underlying subsidiaries.

#### *Principal risks and uncertainties*

As at 31 December 2013, the Company had net current liabilities of £196.0 million (2012: £179.2 million) and a net deficiency of shareholders' funds of £196.0 million (2012: £179.2 million). The Company had current liabilities payable as follows:

- MARIL (ultimate parent undertaking)	£172.6 million	(2012: £153.7 million)
- Tipperhurst Limited ("Tipperhurst")	£23.9 million	(2012: £26.1 million)
- Macquarie Midland Holdings Limited ("MMHL")	£9,799	(2012: £9,799)
- European Transport Investments (UK) Limited ("ETIUK")	£2,022	(2012: £1,976)

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL group and Tipperhurst remains in the THL group:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors; and
- it is not currently their intention to require repayment of the loan and interest accrued thereon, beyond that time.

to the extent that any such repayment would place THL in a position where it would be unable to pay its debts as and when they become due and payable.

## Directors' Report (continued)

### Business review and future developments (continued)

#### *Principal risks and uncertainties (continued)*

The business risks that affect the Company are principally the risks that affect the infrastructure project that the Company has invested in. These are considered to be:

- the continued ability to collect tolls over the life of the concession, and not being discriminated against by the change in government policy;
- increased competition from other routes as a result of the fiscal stimulus measures being applied;
- rising fuel prices;
- the general downturn in the economy; and
- the safety and security of road infrastructure and tolling facilities.

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

Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the reproduction of KPIs in the Directors' Report is not necessary for an understanding of the development, performance or position of the business. KPIs are monitored at a Group level.

### Creditor payment policy

The Company seeks to treat all of its suppliers fairly. It is the Company's policy to agree the terms of payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

### Indemnification and insurance of officers

During the year, MARIL, the ultimate parent of the Company, paid a premium to insure the directors and officers of MARIL and its subsidiaries. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of MARIL and its subsidiaries and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to MARIL or its subsidiaries. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. So long as the directors and officers of MARIL and its subsidiaries act in accordance with the relevant company constitutions and the law, the directors and officers remain indemnified out of the assets of the Group, parent and subsidiaries against any losses incurred while acting on behalf of MARIL and its subsidiaries.

### Environment policy

The Company's only operational subsidiary (through the Company's indirect subsidiary Macquarie Motorways Group Limited ("MMG")), Midland Expressway Limited ("MEL"), is a limited Company set up exclusively to construct, operate and maintain the M6 Toll motorway over a concession period expiring in 2054. MEL recognises that its activities impact on the environment to some degree, therefore it aims to secure the positive advantages and reduce the negative impacts through a system of active environmental management, which will in many cases contribute positively to its future performance.

MEL aims to:

- comply with current and future legislative requirements, encourage best environmental practice and commit to continual improvement;
- fulfil applicable landscape and ecological commitments;
- minimise pollution from its activities;
- plan the contingency/emergency response for major incidents, with other environmental stakeholders, to minimise environmental impact;
- develop, implement and audit an Environmental Management System to support these aims;
- maintain certification to ISO 14001 'Environmental Management Systems' gained on 15 December 2006; and
- promote its environmental-friendly credentials as widely as possible.

## Directors' Report (continued)

### Health and safety policy

MEL is committed to complying with applicable health and safety legislation and to continual improvement in achieving a high standard of health, safety and welfare for its operating environments and for all those in the organisation and others who may be affected by its activities.

MEL achieved certification to the Occupational Health and Safety Standard OHSAS 18001 in July 2005 and has signed up to a partnership agreement with Lichfield District council on safety and health.

### Directors

The following persons held office as Directors of the Company during the year and up to the date of signing this report:

- Steve Barth
- Richard Abel
- Peter Trent

### Secretary

Steven Smith has been the sole company secretary of the Company during the year ended 31 December 2013 and up to the date of signing this report.

### Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements 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 judgements 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 responsible for ensuring the maintenance and integrity of any website that may disclose the financial statements and note that UK legislation may differ from other jurisdictions with regard to electronic publication of financial statements. 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.

## Directors' Report (continued)

### Statement of disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the Directors' report is approved, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Financial risk management objectives and policies

The Company is exposed to financial risks in the form of foreign exchange risk and cash flow interest rate risk.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is different from the currency in which the entity normally operates. The Company does not hedge the foreign exchange exposure on investments due to their long-term horizon.

The Company has interest bearing assets consisting of short term deposits and cash balances. The Company has a policy of maximising finance income from short term deposits via the monitoring of cash balances to ensure working capital requirements are at an appropriate level to fund its operations.

### Going concern

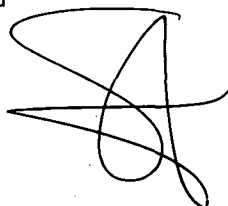
An assessment of going concern has been carried out by the Directors during the year. They have considered the solvency of the Company and do not intend to liquidate the Company in the foreseeable future. As such, the financial results have been prepared on a going concern basis, which assumes that THL will be able to meet its liabilities as and when they fall due for the foreseeable future.

### Independent auditors

In accordance with S487(2) of the Companies Act 2006 the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed.

On behalf of the Board

Director  
*STEVE BARTH*  
23 July 2014  
Ropemaker Place  
28 Ropemaker Street  
London EC2Y 9HD  
United Kingdom



# **Independent auditors' report to the members of Tollway Holdings Limited**

## **Report on the financial statements**

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### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

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### **What we have audited**

The financial statements, which are prepared by Tollway Holdings Limited, comprise:

- Balance Sheet as at 31 December 2013;
- Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Report (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditors' report to the members of Tollway Holdings Limited (continued)

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

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#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Jonathan Hinchliffe (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

23 July 2014



## Profit and Loss Account

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Administrative expenses		(35)	(234)
Other income		2,198	608
Operating profit	2	2,163	374
<b>Exceptional items</b>			
Reversal of impairment of fixed assets investment		-	1,742
Extraordinary income	3	-	33,748
		2,163	35,864
Interest payable and similar charges	4	(18,991)	(17,127)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(16,828)</b>	<b>18,737</b>
Tax on (loss)/profit on ordinary activities	5	-	-
<b>(Loss)/profit for the financial year</b>	12	<b>(16,828)</b>	<b>18,737</b>

The above Profit and Loss Account should be read in conjunction with the accompanying notes on pages 11 to 18.

The (loss)/profit on ordinary activities before taxation for current and prior year relates wholly to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

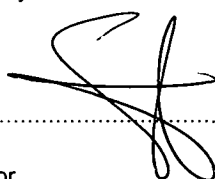
The Company has not recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented for current and prior year.

## Balance Sheet

	Note	31 December 2013 £'000	31 December 2012 £'000
<b>Current assets</b>			
Debtors	9	578	632
Cash at bank and in hand		13	15
<b>Total current assets</b>		<b>591</b>	<b>647</b>
<b>Non-current assets</b>			
Investments	8	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>591</b>	<b>647</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(196,594)	(179,822)
<b>Total liabilities</b>		<b>(196,594)</b>	<b>(179,822)</b>
<b>Net current liabilities</b>		<b>(196,003)</b>	<b>(179,175)</b>
<b>Net liabilities</b>		<b>(196,003)</b>	<b>(179,175)</b>
<b>Capital and Reserves</b>			
Called up share capital	11	39,998	39,998
Profit and loss account	12	(236,001)	(219,173)
<b>Total shareholders' deficit</b>	13	<b>(196,003)</b>	<b>(179,175)</b>

The above Balance Sheet should be read in conjunction with the accompanying notes on pages 11 to 18.

These financial statements were approved by the Board of Directors on 23 July 2014 and were signed on its behalf by:

  
 .....  
 Director  
 STEVE BARTH

## Notes to the Financial Statements

### 1 Principal accounting policies

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of the Tollway Holdings Limited (the "Company" or "THL") group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Atlas Roads International Limited ("MARIL"), which are publicly available.

#### (a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Certain captions such as turnover and cost of sales, as prescribed in the Companies Act 2006, do not have meaningful equivalents for the business of the Company and are not specified in the financial statements. Accordingly, the precise format requirements of the Companies Act 2006 have been varied as, in the opinion of the Directors, this is necessary in order to show a more appropriate view of the Company's position.

As at 31 December 2013, the Company had net current liabilities of £196.0 million (2012: £179.2 million) and a net deficiency of shareholders' funds of £196.0 million (2012: £179.2 million). The Company had current liabilities payable as follows:

- MARIL	£172.6 million	(2012: £153.7 million)
- Tipperhurst Limited ("Tipperhurst")	£23.9 million	(2012: £26.1 million)
- Macquarie Midland Holdings Limited ("MMHL")	£9,799	(2012: £9,799)
- European Transport Investments (UK) Limited ("ETIUK")	£2,022	(2012: £1,976)

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL group and Tipperhurst remains in the THL group, being the Company and its subsidiaries:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors; and
- it is not currently their intention to require repayment of the loan and interest accrued thereon, beyond that time.

to the extent that any such repayment would place the Company in a position where it would be unable to pay its debts as and when they become due and payable. For this reason, the Directors of the THL continue to adopt the going concern basis in preparing the financial statements of the Company.

#### (b) Cash flow statement

The Company has taken advantage of the exemption under the rules of Financial Reporting Standard (FRS) 1 "Cash Flow Statements" (revised) not to produce a cash flow statement. The results are included in the consolidated financial statements of MARIL, which are publicly available.

#### (c) Related party transactions

The Company's ultimate parent undertaking, MARIL, prepares consolidated financial statements which are publicly available. Accordingly, the Company has taken advantage of the exemptions available in FRS 8 "Related Party Disclosures" for disclosure of transactions with entities that are part of the group or investees of group entities as related parties in these financial statements.

## Notes to the Financial Statements

### 1 Principal accounting policies (continued)

#### (d) Taxation and deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses at the reporting date, the anticipated reversal of which will result in a change in future liability to tax.

The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted.

#### (e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### (f) Fixed asset investments

Fixed asset investments are stated at cost less provisions for impairment.

#### (g) Impairment of assets

At each balance sheet date, the carrying amount of fixed asset investments is assessed to determine whether there are any indications of impairment. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount. The impairment of fixed asset investment is recognised as an expense in the profit and loss account. Also, investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment. When the recoverable amount of such an asset subsequently increases because of a change in economic conditions or in the expected use of the asset, the amount of impairment recognised in previous periods is reversed.

The recoverable amount of the asset is the higher of the net realisable value and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets.

#### (h) Borrowings

Borrowings are recognised when issued at the amount of the net proceeds received and carried at this amount plus any interest accrued on it until the liabilities are settled. Interest on the borrowings is recognised as an expense as it accrues over the period of the loan.

#### (i) Interest

Interest receivable and payable is brought to account on an accruals basis.

#### (j) Cash at bank and in hand

Cash at bank, call deposits and other short-term highly liquid investments are disclosed within cash at bank.

#### (k) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## Notes to the Financial Statements

### 2 Operating profit

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Operating profit is stated after crediting/(charging):		
Administrative expenses	(35)	(234)
Foreign exchange gains	2,198	608
	<b>2,163</b>	<b>374</b>

Administrative expenses include the audit fee of £14,380 for the audit of 2013 financial statements, of which £9,529 relates to the Company and the remaining £4,851 to the Company's wholly owned subsidiaries (2012: £30,673, of which £5,493 related to the Company, and the remaining £25,180 to the Company's wholly owned subsidiaries.)

It also includes non-audit remuneration of £8,395 for the 2013 tax return, of which £3,490 relates to the Company and the remaining £4,905 to the Company's wholly owned subsidiaries (2012: £25,000, of which £3,490 related to the Company and the remaining £21,510 to the Company's wholly owned subsidiaries).

### 3 Extraordinary income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Gain on debt waiver from Potamus Infrastructure (UK) Limited ("PIUK")	-	182,121
Loss on cancellation of investment in PIUK	-	(148,373)
	-	<b>33,748</b>

### 4 Interest payable and similar charges

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Interest payable to ultimate parent undertaking	<b>(18,991)</b>	<b>(17,127)</b>

## Notes to the Financial Statements

### 5 Tax on (loss)/profit on ordinary activities

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
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**Current taxation:**

UK corporation tax at 23.25% (2012: 24.5%)

-	-
-	-

The rate at which tax for the year has been assessed is higher (2012: higher) than the standard rate of corporation tax in the UK, which is 23% at 31 December 2013 (2012: 24%).

Factors affecting the current tax charge for the year are as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
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**Reconciliation of current tax charge**

(Loss)/profit on ordinary activities before taxation	(16,828)	18,737
(Loss)/profit on ordinary activities multiplied by the applicable rate of corporation tax of 23.25% (2012: 24.5%)	(3,913)	4,591
Timing Difference - impairment (gains)/losses	-	(427)
Transfer pricing adjustment non-interest bearing loans	(97)	(118)
Other non-assessable income	-	(4,072)
Other non-deductible expense	4,415	-
Losses carried forward	-	26
Losses claimed through group relief	(405)	-

**Current tax charge for the year**

-	-
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The UK Government's Emergency Budget on 22 June 2010, the Budget on 23 March 2011, the Budget on 21 March 2012, the Budget on 20 March 2013 and the Budget on 19 Mar 2014 announced changes in relation to a reduction in the main corporation tax rate. The Chancellor announced a reduction in the main corporation tax rate by 2% commencing from 1 April 2011, a reduction by an additional 2% from 1 April 2012, a reduction by 1% from 1 April 2013, a reduction of 2% from 1 April 2014 and a further reduction of 1% from 1 April 2015. On this basis the main rate of corporation tax was reduced from 24% at 31 March 2013 to 23% from 1 April 2013. The further reductions will result in a corporation tax rate of 21% as of 1 April 2014 and 20% as of 1 April 2015.

The effective tax rate used for the year ended 31 December 2013 was 23.25% (24% from 1 January 2013 to 31 March 2013 and 23% from 1 April 2013 to 31 December 2013) (2012: 24.5%).

## Notes to the Financial Statements

### 5 Tax on (loss)/profit on ordinary activities (continued)

#### Deferred Tax

A deferred tax asset should only be recognised where it can be regarded as more likely than not that there will be suitable taxable profits from which a future reversal of the underlying timing differences can be deducted. In the opinion of the Directors this is currently not the case and therefore no asset is recognised in the financial statements. The Company has no carried forward tax losses at 31 December 2013 and therefore no deferred tax asset has been recognised (2012: nil).

TIOPA Part 7 legislation, 'the interest cap', restricts the deduction of financing expenses by reference to the gross financing expense at a consolidated group level. The Company has ascertained that adjustment will be required under this legislation. Whilst there will be no impact on the Balance Sheet, Profit and Loss Account or Current/deferred tax charge for the year, the Company's unrecognised potential deferred tax asset may be reduced and there may be a corresponding adjustment to the tax reconciliation disclosure to reflect this non-deductible financing expense.

### 6 Dividends paid and proposed

No dividend has been proposed or paid in the year ended 31 December 2013 (2012: nil).

### 7 Employees and directors

There are no employees engaged in the Company's principal activity (2012: nil).

During the year ended 31 December 2013 and the year ended 31 December 2012, all Directors were employed by and received remuneration from subsidiaries of Macquarie Group Limited ("MGL"), the ultimate parent of Macquarie Fund Advisers Pty Limited, the adviser of MARIL. The Directors perform director duties for multiple entities in connection with their employment by members of the Macquarie Group (being MGL and its subsidiaries) as well as their employment duties within the Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

### 8 Investments

	31 December 2013 £'000	31 December 2012 £'000
<b>Current</b>		
Loans to Subsidiary Undertakings	-	865,441
Provision for impairment (cumulative)	-	(865,441)
As at the end of the year	-	-
<b>Non-current</b>		
Investments in Subsidiary Undertakings	-	222,000
Provision for impairment (cumulative)	-	(22,000)
Cancellation of investment in preference shares of PIUK <sup>(1)</sup>	-	(200,000)
As at the end of the year	-	-

(1) Refer below for further details on the cancellation of THL's PIUK preference shares.

During the year ended 31 December 2013, interest receivable on loan to subsidiary undertaking, Macquarie Motorways Group Limited ("MMG") amounting to £27.3 million has not been recognised since the principal balance of this loan (including any capitalised interest up to the date of impairment) has already been impaired in prior year.

## Notes to the Financial Statements

### 8 Investments (continued)

On 28 August 2012, PIUK, an entity indirectly owned by the Company through MMG, cancelled 20,000,000 Series B Redeemable Preference Shares of £10.0 each held by the Company in consideration of:

- (a) a payment by PIUK to the Company of £0.5 million;
- (b) the assignment of debt to the Company owed to PIUK by MARIL (£0.6 million), MMHL (£9,535) and MMG (£0.6 million); and
- (c) the cancellation by PIUK of debts totalling £50 million owed by the Company to PIUK.

The cancellation resulted in the loss of £148.3 million as detailed in Note 3 above.

				31 December 2013	31 December 2012
Direct Subsidiary Undertaking	Country of Incorporation	Principal activities	Year end	Class and percentage of shares held	Class and percentage of shares held
Direct Subsidiaries					
Tipperhurst Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
Macquarie Midland Holdings Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
Macquarie Infrastructure US Pty Limited	AUS	Infrastructure Investment	31 December	100% ordinary	100% ordinary
Macquarie Motorways Group Limited	UK	Infrastructure Investment	31 December	-	100% ordinary
Greenfinch Motorways Limited	UK	Infrastructure Investment	31 December	100% ordinary	-
Peregrine Motorways Limited <sup>(1)</sup>	UK	Infrastructure Investment	31 December	100% ordinary	-

- (1) In December 2013, there was an reorganisation of the equity share capital of MMG, a 100% owned subsidiary of THL. Pursuant to the reorganisation, all equity in MMG is held by Peregrine Motorways Limited ("PML") and all equity in PML is held by THL. THL's equity interest in PML has nominal economic value as it does not expect to be exposed to the variable returns from PML or any of its underlying subsidiaries - MMG, PIUK and Midland Expressway Limited.

On 2 August 2013, THL invested £100 in equity share capital of PML.

				31 December 2013	31 December 2012
Indirect Subsidiary Undertaking	Country of Incorporation	Principal activities	Year end	Class and percentage of shares held by Direct Subsidiary	Class and percentage of shares held by Direct Subsidiary
Indirect Subsidiaries					
Macquarie Motorways Group Limited	UK	Infrastructure Investment	31 December	100% ordinary	-
Potamus Infrastructure (UK) Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
Midland Expressway Limited	UK	Toll road	31 December	100% ordinary	100% ordinary
Macquarie 125 Holdings Inc <sup>(1)</sup>	US	Dormant	31 December	100% ordinary	100% ordinary

Indirect subsidiaries are subsidiaries of THL's direct subsidiaries.

- (1) Macquarie 125 Holdings Inc is a direct subsidiary of Macquarie Infrastructure US Pty Limited.



## Notes to the Financial Statements

### 9 Debtors

	31 December 2013 £'000	31 December 2012 £'000
Amounts owed by ultimate parent undertaking	577	569
VAT debtor	1	1
Prepayments	-	2
Amounts owed by group undertakings	-	632
Provision for impairment <sup>(1)</sup>	-	(572)
	<b>578</b>	<b>632</b>

(1) The 2012 provision for impairment balance relates to the amount recoverable from MMG (£0.6 million - included in 'Amounts owed by related entities'). During the year ended 31 December 2013 the residual amount owing from Macquarie Autoroutes de France SAS has been received in full.

### 10 Creditors: amounts falling due within one year

	31 December 2013 £'000	31 December 2012 £'000
Trade creditors	53	89
Amounts owed to group undertakings <sup>(1)</sup>	23,900	26,083
Loan from MARIL	172,641	153,650
	<b>196,594</b>	<b>179,822</b>

(1) Amounts owed to group undertakings are non interest bearing.

The loan from MARIL (ultimate parent undertaking) is interest bearing at a fixed rate of 12.0% per annum and repayable on demand.

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL Group and Tipperhurst remains in the THL group, being THL and its subsidiaries:

- MARIL and Tipperhurst will not require the repayment of their loans to THL for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors; and
- it is not currently their intention to require repayment of the loans beyond that time

### 11 Called up share capital

	31 December 2013 £'000	31 December 2012 £'000
<b>Allotted and fully paid</b>		
1,936,940,676 (2012: 1,936,940,676) Ordinary shares of £0.02065 each	39,998	39,998
	<b>39,998</b>	<b>39,998</b>

Each fully paid share confers an equal right to vote at the meetings of the shareholders.

## Notes to the Financial Statements

### 12 Profit and loss account

	Profit and loss account £'000
As at the beginning of the year	(219,173)
Retained loss for the year	(16,828)
As at the end of the year	(236,001)

### 13 Reconciliation of movements in shareholders' deficit

	31 December 2013 £'000	31 December 2012 £'000
Shareholders' deficit at the beginning of the year	(179,175)	(197,912)
(Loss)/profit for the financial year	(16,828)	18,737
Shareholders' deficit at the end of the year	(196,003)	(179,175)

### 14 Commitments

As part of the debt refinancing of the M6 Toll in August 2006, the Company undertook to procure that MEL shall contribute up to a maximum of £70.0 million towards a road enhancement project which would provide a link to the M6 Toll. This commitment amount is indexed according to the Road and Construction Tender Index from May 2006. As the contribution is conditional upon the possible undertaking of the project at a future date, no provisions are believed to be necessary in the financial statements at 31 December 2013.

### 15 Related party transactions

The Company has taken advantage of the exemptions available under FRS 8 for disclosure of transactions with entities that are 100% owned within the Group as related parties in these financial statements.

The Company does not have any related party other than the parties covered under the above mentioned exemption.

The Company does not have any transactions with the Directors during the year.

### 16 Immediate and ultimate parent company

The immediate parent undertaking of the Company is MQA Investments Limited (formerly MIG Investments Limited), a company incorporated in Bermuda having registered office, 26 Burnaby Street, Hamilton HM11, Bermuda.

The ultimate parent undertaking and controlling party is MARIL, a mutual fund company incorporated in Bermuda, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements which include the results of the Company can be obtained from the 26 Burnaby Street, Hamilton HM11, Bermuda.