

# **HUNGARY M6 LIMITED**

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

**SATURDAY**



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COMPANIES HOUSE

**Registered Number 04140633**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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**DIRECTORS AND ADVISORS**

**Directors**

C T Cattermole

P Naylor

D Potts (resigned 31 March 2017)

**Company secretary and registered office**

P Naylor

1 Kingsway

London

WC2B 6AN

**Auditor**

Deloitte LLP

Statutory Auditor

London

United Kingdom

**Principal banker**

National Westminster Bank Plc

Brecon Branch

27 High Street

Powys

LD3 7LF

## DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2016.

The Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The Company is a wholly owned subsidiary of John Laing Investments Limited.

## BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company had been to hold the John Laing group's 30% shareholding in MAK Mecsek Autópálya Koncessziós Zrt, a road concession operator in Hungary. On 29 March 2017, the Company disposed of its entire investment in MAK Mecsek Autópálya Koncessziós Zrt. for proceeds of €26.2 million. The disposal proceeds received took account of the upstream loan payable by the Company.

During the year ended 31 December 2016, the upstream loan from MAK Mecsek Autópálya Koncessziós Zrt to the Company increased by a further €2,407,762, but reduced by €1,106,249 from the offset of dividends payable by MAK Mecsek Autópálya Koncessziós Zrt. The balance on the upstream loan at 31 December 2016 was €7,655,230 (2015 - €6,353,717).

Following the disposal of the Company's sole investment in 2017, it is the intention of the Directors to wind up the Company. Accordingly the financial statements have been prepared on a basis other than going concern.

No dividends were paid during the year (2015 - €nil) . The Directors do not recommend payment of a final dividend.

No Strategic report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

## FINANCIAL RISK MANAGEMENT

During the year ended 31 December 2016, the main risks faced by the Company were liquidity, credit price and price risk. The Company's exposure to liquidity risk was mitigated by the financial support given by John Laing Investments Limited, its immediate parent company. The Company's sole investment was in MAK Mecsek Autópálya Koncessziós Zrt which received revenue from a local authority client (the majority of which is fixed). As a result, the project and the Company's investment was not exposed to significant credit or price risk.

## DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

## DIRECTORS

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

## EMPLOYEES

Details of the number of employees and related costs can be found in note 4 of the financial statements on page 9.

## AUDITOR

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

On behalf of the Board



P Naylor  
Director

26 June 2017

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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; 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNGARY M6 LIMITED**

We have audited the financial statements of Hungary M6 Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of changes in equity, the balance sheet, the cash flow statement, the related notes 1 to 16 and the list of principal joint ventures. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "Financial Reporting Standard applicable in the UK and the Republic of Ireland".

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

**Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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 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.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the 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.

**Emphasis of matter - Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

**Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Directors' Report.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

D. Winstone

Daryl Winstone (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
26 June 2017

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 €	2015 €
Administrative credit / (expenses)		2,742,655	(751,337)
<b>Operating profit / (loss)</b>	2	<b>2,742,655</b>	<b>(751,337)</b>
Income from shares in joint venture undertakings	5	1,106,249	947,341
<b>Operating profit on ordinary activities before interest</b>		<b>3,848,904</b>	<b>196,004</b>
Net interest payable	6	(557,379)	(797,895)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>3,291,525</b>	<b>(601,891)</b>
Tax on profit / (loss) on ordinary activities	7	(437,055)	198,560
<b>Profit / (loss) for the financial year and total comprehensive profit / (loss) for the year</b>		<b>2,854,470</b>	<b>(403,331)</b>

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

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents.

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Called up Share Capital €	Profit and loss account €	Total equity €
Balance at 1 January 2016	2	(2,262,307)	(2,262,305)
Profit and total comprehensive income for the year	-	2,854,470	2,854,470
Balance at 31 December 2016	2	592,163	592,165

	Called up Share Capital €	Profit and loss account €	Total equity €
Balance at 1 January 2015	2	(1,858,976)	(1,858,974)
Loss and total comprehensive income for the year	-	(403,331)	(403,331)
Balance at 31 December 2015	2	(2,262,307)	(2,262,305)

The profit and loss account represents accumulated profit and loss.

HUNGARY M6 LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 €	2015 €
<b>Fixed assets</b>			
Investments	8	26,529,999	26,529,999
<b>Current assets</b>			
Debtors - due within one year	9	2	751,796
Cash at bank and in hand		12,090	12,008
		<u>12,092</u>	<u>763,804</u>
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	10	(25,949,926)	(29,556,108)
<b>Net current liabilities</b>		<u>(25,937,834)</u>	<u>(28,792,304)</u>
<b>Net asset / (liabilities)</b>		<u>592,165</u>	<u>(2,262,305)</u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account		592,163	(2,262,307)
<b>Shareholder's surplus / (deficit)</b>		<u>592,165</u>	<u>(2,262,305)</u>

The financial statements of Hungary M6 Limited, registered number 04140633, were approved by the Board of Directors and authorised for issue on 7 June 2017. They were signed on its behalf by:



P Naylor  
Director  
7 June 2017



Hungary M6 Limited

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 €	2015 €
Operating profit / (loss)	2,742,655	(751,337)
Foreign exchange (gains) / losses	(2,748,318)	1,142,193
Operating cash (outflow) / inflow before movements in working capital	(5,663)	390,856
(Increase) in creditors	(570)	(395,001)
Taxation	-	(27,805)
Net cash outflow from operating activities	<u>(6,233)</u>	<u>(31,950)</u>
Returns on investments and servicing of finance		
Upstream loan receipt	2,407,762	2,256,184
Net cash flow from returns on investments and servicing of finance	<u>2,407,762</u>	<u>2,256,184</u>
Net cash flow before financing	<u>2,401,529</u>	<u>2,224,234</u>
Financing		
Repayment of loan from parent undertaking	(2,405,000)	(2,250,000)
Loan receipt from parent undertaking	-	1,014,485
Interest and other financing costs paid	-	(979,993)
Net cash outflow from financing	<u>(2,405,000)</u>	<u>(2,215,509)</u>
(Decrease) / increase in cash in the year	(3,471)	8,725
Balance as at 1 January	12,008	3,247
Effect of foreign exchange rate changes	3,553	36
Balance as at 31 December	<u>12,090</u>	<u>12,008</u>

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

1 ACCOUNTING POLICIES

a) General information

Hungary M6 Limited (the "Company") is a Private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office of the Company is given in the Directors and Advisors section on page 1. The nature of the Company's operations and its principal activities is set out in the Director's Report on page 2.

These financial statements are presented in Euros, the functional currency and the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

b) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council ('FRC').

c) Going concern

The Company sold its sole investment on 29 March 2017 and it is the intention of the Directors to now wind up the Company. Accordingly, the financial statements have been prepared on a basis other than going concern.

d) Basis of accounting for joint ventures

As the Company does not have subsidiaries, it is not required to produce consolidated financial statements. The Company investment in its joint venture is recorded at cost less provision for impairment. Losses in excess of the Company's interest are recognised only to the extent that the Company has incurred a legal or constructive obligation or made payments on behalf of the JV.

e) Foreign currency translation

The Company's functional currency is the Euro as all returns from the investments are in Euros. Transactions in other foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the balance sheet date. Exchange differences arising on translation for presentational purposes are recognised in other comprehensive income.

f) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with section 29 of FRS 102: Deferred tax, deferred taxation is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net 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 from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

g) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The Company does not use derivative financial instruments.

h) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. These estimates and assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from estimates.

The critical accounting estimate in the preparation of the accounts is impairment of the investment in MAK Mecsek Autopalya Koncesszios Zrt. Impairment is assessed based on the valuation of the investment in MAK Mecsek Autopalya Koncesszios Zrt. The valuation is carried out on a fair value basis assuming that forecast cash flows are received until maturity of the project. A base case discount rate is derived from secondary market information and other available data points. The base case discount rate is then adjusted to reflect project-specific risks. The cash flows on which the discounted cash flow valuation is based are those forecast to be distributable to the Company at each balance sheet date. These incorporate assumptions reflecting the Company's expectations of likely future cash flows including value enhancements.

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

**2 OPERATING PROFIT / (LOSS)**

Operating profit / (loss) is stated after crediting / (charging):

	2016	2015
	€	€
Fees payable to the Company's auditor for the audit of the Company	(3,821)	(4,032)
Foreign exchange gains / (losses)	2,748,318	(1,142,193)

The foreign exchange gains / (losses) primarily arise on the retranslation of a Sterling loan from the parent undertaking.

**3 DIRECTORS' REMUNERATION**

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholder.

**4 STAFF NUMBERS**

The Company had no employees during the year (2015 - nil).

**5 INCOME FROM SHARES IN JOINT VENTURE UNDERTAKINGS**

	2016	2015
	€	€
Dividend from shares in joint venture undertakings	1,106,249	947,341

**6 NET INTEREST PAYABLE**

	2016	2015
	€	€
Interest payable and similar charges		
Interest payable to parent undertakings	(557,379)	(797,895)
	(557,379)	(797,895)
Net interest payable	(557,379)	(797,895)

**7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES**

	2016	2015
	€	€
<u>Analysis of tax (charge) / credit for the year</u>		
Group relief (payable) / receivable	(437,055)	313,720
Adjustments in respect of previous periods	-	(115,160)
Total current tax	(437,055)	198,560
Total tax (charge) / credit on profit / (loss) on ordinary activities	(437,055)	198,560

*Factors affecting the tax credit for the current year*

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

	2016	2015
	€	€
Profit / (loss) on ordinary activities before taxation	3,291,525	(601,891)
Profit / (loss) on ordinary activities multiplied by the blended rate of corporation tax in the UK of 20% (2015 - 20.25%)	(658,305)	121,883
Effects of:		
Non-taxable income	221,250	191,837
Adjustments in respect of previous years	-	(115,160)
Total tax (charge) / credit on profit / (loss) on ordinary activities	(437,055)	198,560

For the year ended 31 December 2016 a tax rate of 20.0% has been applied (2015 - 20.25%). The UK Government has announced its intention to reduce the main corporation tax rate by 1% to 19% from 1 April 2017 and by a further 2% to 17% from 1 April 2020.

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

## 8 INVESTMENTS

	Investment in Joint Venture €
Cost	
At 1 January 2016 and 31 December 2016	<u>26,529,999</u>
Net book value	
At 31 December 2016 and 31 December 2015	<u>26,529,999</u>

The Company's sole investment is in MAK Mecsek Autópálya Koncessziós Zrt. For further details see page 12. In the opinion of the Directors the aggregate value of the investment in joint venture is not less than the amount stated in the balance sheet. Profit for the year of investment MAK Mecsek Autópálya Koncessziós Zrt. under Hungarian GAAP was € 4,523,886 (2015 - € 3,250,853). The net assets as per balance sheet date 31 December 2016 are € 68,920,757 (2015 - € 64,396,871). Numbers disclosed are based on 100% share (the Company holds 30% share). The effect of including this investment as if it had been accounted for using the equity method would be to show the investment on the balance sheet at €20,676,227 (2015 - € 19,319,061).

## 9 DEBTORS

	2016 €	2015 €
Due within one year		
Amounts owed from parent undertaking	2	2
Group relief receivable	-	751,794
	<u>2</u>	<u>751,796</u>

## 10 CREDITORS

	2016 €	2015 €
Amounts falling due within one year		
Amounts owed to parent undertaking	18,120,186	23,194,126
Amounts owed to joint venture undertaking	7,655,230	6,353,717
Group relief payable	166,815	-
Accruals and deferred income	3,234	3,804
Amounts owed to group undertakings	4,461	4,461
	<u>25,949,926</u>	<u>29,556,108</u>

The amounts owed to parent undertaking comprise sterling and Euro denominated loans from John Laing Investments Limited and are payable on demand. Interest is charged on the loans at 2.5% above base rate from January 2016 to December 2016 (2015 - 3.5% above base rate from January 2015 to February 2015 and 2.75% above base rate from March 2015 to December 2015). The base rate used is Libor or Euribor, or equivalent rates, for the sterling and Euro denominated loans respectively.

The amounts owed to joint venture undertaking comprised a non-interest bearing loan with MAK Mecsek Autópálya Koncessziós Zrt which is to be paid back via set off of future dividend receivable from MAK Mecsek Autópálya Koncessziós Zrt.

The amounts owed to group undertakings comprise audit fees paid on the Company's behalf.

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

**11 CALLED UP SHARE CAPITAL**

	2016	2015
	€	€
Allotted, called up and fully paid:		
2 ordinary shares of €1 each	<u>2</u>	<u>2</u>

**12 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS**

At 31 December 2016, the Company was a guarantor of an uncommitted bonding facility from Zurich entered into by John Laing Limited. At 31 December 2016 the total amount utilised under the Zurich facility, and hence guaranteed by the Company, was £ nil (2015 - £4.0 million).

**13 TRANSACTIONS WITH RELATED PARTIES**

The Company has taken the exemption under Financial Reporting Standard 102 from the requirement to disclose related party transactions with other wholly owned subsidiaries of John Laing Group plc.

The Company has had related party transactions with MAK Mecsek Autópálya Koncessziós Zrt. During the year, the upstream loan from MAK Mecsek Autópálya Koncessziós Zrt to the Company increased by a further €2,407,762, but reduced by €1,106,249 from the offset of a dividend payable by MAK Mecsek Autópálya Koncessziós Zrt. The balance on the upstream loan at 31 December 2016 was €7,655,230 (2015 - €6,353,717).

**14 FINANCIAL INSTRUMENTS**

The carrying values of the Company's financial assets and liabilities are summarised below:

	2016	2015
	€	€
<b>Financial assets</b>		
Investments	26,529,999	26,529,999
Debtors	2	2
Cash at hand	<u>12,090</u>	<u>12,008</u>
	<u>26,542,091</u>	<u>26,542,009</u>
	2016	2015
	€	€
<b>Financial liabilities</b>		
Amounts owed to group, joint venture and parent undertakings measured at amortised cost	(25,779,877)	(29,552,304)
Accruals and deferred income	<u>(3,234)</u>	<u>(3,804)</u>
	<u>(25,783,111)</u>	<u>(29,556,108)</u>

Details on interest cost on financial liabilities is set out in note 6.

**15 ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent company is John Laing Investments Limited, a company incorporated in Great Britain.

The Company's ultimate parent and controlling entity is John Laing Group plc, a company incorporated in Great Britain and registered office as set out on page 1.

No Group consolidates the results of the Company.

**16 EVENTS AFTER BALANCE SHEET DATE**

On 29 March 2017, the Company disposed of its investment in MAK Mecsek Autópálya Koncessziós Zrt. for proceeds of €26.2 million. The disposal proceeds received took account of the upstream loan payable by the Company.

## HUNGARY M6 LIMITED

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### PRINCIPAL JOINT VENTURE

Company name	Class and percentage of shares held	Principal activity	Registered office and country of incorporation
MAK Mecsek Autópálya Koncessziós Zrt	HUF 25,000.00 Ordinary Series "A" Shares (30%)	Road concession operator	H-1117 Budapest, Budafoki ut 91-93, Hungary