

Registered number: 05606089



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## **EM Highway Services Limited**

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**Annual Report and Financial Statement for the  
12-month period ended 30 September 2014**

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# OVERVIEW

## Headlines

EM IS COMMITTED TO DELIVERING A GREAT CUSTOMER EXPERIENCE TO OUR CLIENTS AND CUSTOMERS THROUGH COLLABORATION AND INNOVATION.

### Revenue £271.7m

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After another successful year, the Company generated revenue of £271.7m. Due to the prior year financial statements being prepared for a 14-month financial period, revenue decreased by 7.6%. However, on a like for like basis, revenue increased by 4.9% from £259.0m for the equivalent 12 months to September 2013. The Company's revenue has therefore increased for nine consecutive years since its formation in 2005.

### Operating Profit £16.8m

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Profitability was consistent with expectations with operating profit of £16.8m for the 12-month financial period compared with £21.4m in 2013, a 14-month financial period.

### Order Book £2,234m

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As at 30 September 2014, the order book stood at £2,234m (£3,346m including available contract extensions). This represents a 112% increase compared to 2013 (£1,054m) mainly as a consequence of securing a fourth Highways Agency contract.

In November 2014 EM was appointed to the Highways Agency Collaborative Delivery Framework Lot 2.

# Managing Director's Statement

IT HAS BEEN A YEAR OF CONTINUED GROWTH AND SUCCESS FOR EM AND WE HAVE DELIVERED EXCEPTIONAL PERFORMANCE FOR OUR CLIENTS AND CUSTOMERS ON ALL OUR CONTRACTS.

## Overview

It has been a year of continued growth and success for EM Highway Services Ltd (EM) and we have delivered exceptional performance for our clients and customers on all our contracts. We also continue to support our clients in managing the transformation of their services during austerity and more recently in gearing up for the significant investment in the UK's transport infrastructure planned through to 2020-21.

November 2013 was a tremendously successful month for EM, which saw our Highways Agency (HA) Area 3 Asset Support Contract (ASC) go live and also the award of the prestigious Area 9 ASC, the HA's largest maintenance area. This adds to our portfolio of maintenance contracts we have with the HA meaning we now maintain 28% of the motorways and trunk roads across England. Area 9 ASC is a five-year contract with extensions possible until 2022, and is worth up to £160m per annum. The contract was successfully mobilised during the early part of 2014 and went live in July 2014.

From commencement, both the HA Area 9 and HA Area 3 ASC contracts have delivered excellent service and have consistently topped the HA's performance league tables. This is testament to the hard work and dedication to delivering world-class service from all our employees and supply chain partners, and the "easy to do business with" approach we have established. In August 2014 we were successful in securing a two-year extension on our London Borough of Croydon contract. EM has been "Transforming Croydon's Highways" since October 2011, and the award of this extension is reward for the excellent service EM has provided and continues to provide in the London Borough of Croydon. We have built a strong relationship with the client and local community and are delighted to be given the opportunity to continue to build on this for a further two years to September 2017.

At EM, we believe that in business, as in other walks of life, teamwork can pay real dividends. We work seamlessly with our clients and partners to deliver customer focused outcomes. The seamless approach means a common culture, attitudes and demonstrable behaviours through the whole delivery process – it is all about collaborative working. EM is already seen by the industry as the leader in collaboration, all EM's contracts, except for Area 9, are BS11000 accredited. Area 9 will soon be working towards achieving the certification. In September 2014 we launched our new company-wide Process and Behaviour Correlation Model that will measure the impact collaboration has on results and will take collaboration to another level.

Our success was rewarded during the year by our clients and industry representatives. We received a HA Supplier Recognition Award for our environmental initiatives on our Area 1 contract and a CIHT Award for Sustainable Project of the Year for the work we do with our partner, Recycling Lives – a Queens award-winning commercial recycler whose commercial activities support its social welfare charity.

Safety remains our number one priority and we continue to work with our clients, employees and supply chain on initiatives and improvements to provide a safe environment for road users and road workers. In July 2014 we achieved a significant milestone as the only maintenance provider to have zero carriageway crossings on the HA network in Area 1.

Sustainability remains a key focus for us; EM is committed to playing its part in 'creating value within planetary limits' and leaving a positive legacy for future generations. So I was pleased to see us achieve the prestigious Carbon Trust Standard in December 2013, which provides independent and internationally recognised certification of our achievements in reducing carbon emissions and



provides tangible proof to our employees, shareholders as well as customers and suppliers that we are committed to making future reductions. Another notable success was the introduction of Euro 6 compliant winter maintenance vehicles, which again demonstrates our commitment to minimising the impact we have on the environment.

## **Performance**

EM delivered another strong financial performance in the year up to September 2014 despite a tough economic climate. We generated revenue of £271.7m for the 12-month financial period. On a like for like basis, revenue increased by 4.9% from £259.0m for the equivalent 12 months to September 2013.

Profitability was consistent with expectations with an operating profit of £16.8m for the 12-month financial period compared with £21.4m in 2013 (14-month financial period).

## **Order Book**

As at September 2014, the order book stood at £2,234m (£3,346m including available contract extensions). This represents a 112% increase compared to 2013 (£1,054m) following the award of the HA Area 9 ASC contract which commenced in July 2014. Post year end, EM was appointed to the Highways Agency Collaborative Delivery Framework Lot 2 in November 2014. Our business strategy remains the same; focusing on the retention and growth of market share within the HA market while working to grow market share within the local authority market.

## **Outlook**

The outlook for EM looks very promising with long-term contracts in place creating a strong order book. The pipeline of opportunities in our chosen markets is very large so the business remains committed to target and focus upon those opportunities which compliment our business and where we believe we can impact positively those targeted new clients and communities. We are also well placed to assist our clients in delivering the substantial capital investment in our transport infrastructure that will take place over the next few years and have been working closely with them and our supply chain partners to prepare ourselves to meet this challenge.

Working with our clients - local authorities, Transport for London and the Highways Agency - we need to raise collaboration to a new level to deliver smarter and more efficient ways of working if the industry is to successfully deliver the biggest investment in our roads since the 1970s.

EM will play its part by striving to find new ways to invest this once-in-a-generation level of funding wisely, efficiently and effectively.

Throughout all this, we are committed to putting customers first in the services we deliver and commit to achieving the Customer Service Excellence Standard during 2015, which will be a measure of our ability to deliver great customer experience.

EM is in a strong position, and with the support of our parent company, Mouchel, along with our talented and committed people and excellent collaborative relationships with our supply chain partners, we are well on the way to achieving our vision to be the public sector partner of choice for highways services.

## Our Contracts

EM IS COMMITTED TO KEEPING OUR CLIENTS' NETWORKS SAFE AND CONTINUOUSLY MOVING 24 HOURS A DAY, 365 DAYS A YEAR.

### Highways Agency - Area 1 MAC

- Start Date: July 2010
- Contract Duration: 5 years
- Extensions Available: 1+1 years (4 months awarded)
- Managing Agent Contractor Contract

### London Borough of Hillingdon

- Start Date: April 2007
- Contract Duration: 5 years
- Extension Awarded: 2 years
- Highways Works Term Contract
- Contract Completion: March 2014

### Highways Agency - Area 3 ASC

- Start Date: November 2013
- Contract Duration: 5 years
- Extensions available: 1+1+1 years
- Asset Support Contract

### LoHAC South

- Start Date: April 2013
- Contract Duration: 8 years
- London Highways Alliance Contract

### Highways Agency - Area 9 ASC

- Start Date: July 2014
- Contract Duration: 5 years
- Extensions available: 1+1+1
- Asset Support Contract

### City of Westminster

- Start Date: April 2014
- Contract Duration: 4 years
- Gully Services
- Extensions Available: 3 years

### Highways Agency - Area 13 MAC

- Start Date: July 2010
- Contract Duration: 5 years
- Extensions Available: 1+1 years (4 months awarded)
- Managing Agent Contractor Contract

### London Borough of Croydon

- Start Date: October 2011
- Contract Duration: 4 years
- Extension Awarded: 2 years
- Transforming Highways Maintenance Contract

### London Borough of Enfield

- Start Date: November 2011
- Contract Duration: 4 years
- Highways Engineering Works Contract
- Contract Completion: October 2014

# Overview of contracts held during 2013-2014

## Highways Agency Area 1 Managing Agent Contractor Contract (MAC)

In the previous financial year, the Area 1 contract delivered the first Pinch Point Project (PPP) nationally - the A30 Newtown roundabout in Cornwall. A further four PPPs have been designed in Area 1 and will be delivered in the first six months of the 2014-15 financial year. The Area 1 team has responded very positively to the Highways Agency Gearing for Growth Agenda, employing additional key staff to assist in delivering key elements and engaging the supply chain to help deliver both additional design and construction activities.

The 2013-2014 winter was the wettest in the south west since records began 250 years ago. 43 Severe Weather warnings were issued between December 2013 and February 2014, with wind gusts up to 90mph. EM in Area 1, through proactive and reactive management and maintenance, kept the network open at all times, a feat that was rewarded with the CIHT Asset Management Award in June 2014 for the flood prevention plan.

Area 1 was duly recognised for its efforts in sustainability and innovation during 2013-2014. Winning two industry awards and receiving two commendations.

## Highways Agency Area 3 Asset Support Contract (ASC)

From 1 November 2013, EM successfully adopted the Highways Agency's new Asset Support Contract (ASC) in Area 3, to meet the key objectives of safe roads, reliable journeys and informed travellers – while improving sustainability and making savings for the client. This is endorsed by the fact that Area 3 has continuously been recognised as the top performing ASC in the country, both in terms of delivery and performance measurement.

By the end of March 2014, Area 3 had delivered £120.6m of improvements. Throughout the first year of the new ASC, Area 3 has remained in first or second place in the HA's Performance League Table, only coming second to EM's other contract, Area 9, in September 2014.

Area 3 has continued to embed a culture that encourages individuals to be a catalyst for change by nurturing a willingness to allow others to succeed and recognising the benefits for all. The culture has been developed so that all opinions and experiences are valued. This has resulted in better working relationships which benefit our ultimate customer, the public. Employee suggestions are put forward through the new Watchman, Innovation, Safety and Excellence (W.I.S.E.) Campaign, which has seen more than 100 ideas since its launch on 19 May 2014.

Evidence of this culture of change and improvement can be seen in the more recent success of the contract achieving zero carriageway crossings throughout October. Area 3 completed more than £16m worth of work during October without the need to cross the carriageway once. Not only is this a major company achievement but an industry one also with the contract on the right path to achieving the Highways Agency's aim of eliminating the need for carriageway crossings by the end of 2015.

## Highways Agency Area 9 Asset Support Contract (ASC)

EM's largest contract to date mobilised on 1 July 2014. More than 450 staff TUPE transferred from the previous provider and on day one of the contract EM hosted a welcome event for the HA, supply chain and new employees at Birmingham's NEC. Almost all staff attended the event with just a skeleton crew continuing operations to ensure two large schemes began on the first day of the contract – the first time this has ever been achieved on an ASC.

The first quarter of the Area 9 contract has been challenging but rewarding. A number of firsts have been achieved by EM. For example, the contract team was answering customer enquiries and was logging incidents successfully from day one. Furthermore, handheld devices which are fully integrated with the HA's Asset Management System were in operation. EM also topped the

Performance Management Framework (PMF) table for all other Asset Support Contracts for July – the first month of the contract.

EM in Area 9 launched the Customer Plus Plan to enable the HA to deliver an improved customer service. The contract team has since been liaising with adjacent area, Area 7, to create a regional plan allowing customers to receive a consistent approach to customer service.

### **Highways Agency Area 13 Managing Agent Contractor Contract (MAC)**

Area 13 has been in the top three of both the Measuring Success Toolkit (MST) and Spidergram scores for nine of the previous 12 months and has been chosen as the pilot area for the last two rounds of the Highways Agency's contract compliance audit regime, due to its previous excellent results.

Area 13 has been investigating various ways to reduce and ultimately remove the need for carriageway crossings in accordance with the Highways Agency's drive toward achieving this. The contract is now proactively monitoring the impact of initiatives which are being implemented in order to reduce carriageway crossings including Off Side Sign Removal on All Purpose Trunk Roads (APTRe). As a consequence of these techniques Area 13, achieved a reduction of 93% carriageway crossings in September 2014, and 95% in October 2014.

More recently, two Area 13 operatives provided witness statements during a trial to prosecute a motorist accused of driving dangerously through roadworks. The support from EM in this case shows a true determination from the company to make working on a live network safer.

Area 13 won the Environmental/Sustainability category at the North West CIHT Awards for its work with local social enterprise Recycling Lives. Collaboratively working with the company has improved waste management on the contract and has enabled one resident to find work at EM.

### **London Borough of Croydon**

The Croydon contract experienced it's most successful but challenging year during 2013-14. Starting 2014 by reacting to an unprecedented amount of rainfall meant EM was firmly put on the map as a company known for its proactive and collaborative nature.

The scale of the flooding in the Croydon districts of Purley and Kenley triggered a Gold response requiring a strategic and collaborative multi-agency approach in order to safeguard residents and businesses, as well as maintain clean, running water. EM's efforts have already been recognised at the Highways Magazine Excellence Awards where the Flood Response team won Team of the Year.

The contract team has continued to drive new initiatives and create efficiencies working under the BS11000 certification which was achieved the previous year. Delivery has continued to improve throughout the year through the ongoing use of Performance Improvement Meetings, weekly task order meetings and a collaborative approach from both EM and London Borough of Croydon. Croydon's first BS11000 surveillance audit was carried out successfully in June 2014.

In August 2014, EM successfully secured a two-year extension on the contract. EM has been "Transforming Croydon's Highways" since October 2011, and the award of this extension is testament to the good work EM has carried out and continues to carry out in Croydon.

### **London Borough of Enfield**

The London Borough of Enfield (LBE) contract has performed in line with financial forecasts during the year. Significant improvements were made in relation to the reactive maintenance orders backlog and a more collaborative working approach between LBE and EM.

The use of reactive maintenance gangs was increased through the use of the supply chain and this saw a positive reduction in the defects on the backlog list. This resulted in high KPI scores for defect completion leading to improved client perception.



During the year, following a recommendation by Transport for London, LBE elected to procure a number of LIP funded resurfacing schemes through the London Highways Alliance Contract (LoHAC). This change in strategy resulted in the client considering the future of the whole contract. Formal notification of termination was received from the client with termination date of 31 October 2014, invoking the contract break-clause. The demobilisation was very successful and our efforts were commended by the Head of Service.

## **London Borough of Hillingdon**

The London Borough of Hillingdon (LBH) contract was demobilised during the year, with the focus being on closing final accounts and completing outstanding works before the contract finish date of 31 March 2014.

An additional £1.5m worth of resurfacing work was procured through the contract, during demobilisation. As a result of a close working relationship with LBH and the incoming service provider, EM ensured a smooth handover at the end of March 2014. All final accounts were closed within four weeks of the contract end date.

## **London Highway Alliance Contract (LoHAC)**

Still a relatively young contract for EM, the London Highways Alliance Contract (LoHAC) has faced many challenges over the last 18 months. Working collaboratively with other service providers on the framework to deliver more and operating in a much leaner fashion, EM has managed to achieve several successes in LoHAC.

LoHAC achieved the BS11000 certification in December 2013 joining the rest of EM's contracts that have been recognised for successful collaboration with clients and supply chain partners.

EM's Shaun Kay was the worthy recipient of the first LoHAC Employee of the Year award for his unwavering effort and dedication during the severe flooding in Croydon in February 2014. Shaun along with the entire EM team was praised by both residents and officials alike, including a commendation from MP Eric Pickles: "I have dealt with a lot of Gold Commands and they have all been brilliant but Croydon has been particularly brilliant".

Since the start of the LoHAC South contract in April 2013, EM has worked on behalf of Transport for London (TfL), London Borough of Lewisham and the Royal Borough of Kingston. The London Borough of Sutton joined the LoHAC framework in April 2014 with EM delivering schemes - the first being in July 2014.

## **City of Westminster Gully Services Contract**

In April 2014, EM embarked on a four-year journey with Westminster Council to clean and maintain the gully network along with providing a reactive response to emergencies and call-outs from the general public.

Working collaboratively with our supply chain partner Flowline, EM implemented the use of handheld devices which operate as a mobile work managing tool. A bespoke solution to meet the client's needs, the tool allows for live upload of data and offers full integration with Westminster Council's CONFIRM system for ease of reporting.

Although Westminster is one of EM's smaller contracts, it doesn't come without its challenges. Working in heavily congested areas in Central London, EM began using Transit-style vehicles equipped with a mobile high pressure jetter in order to meet service level requirements and minimise disruption to residents and businesses. Using these smaller-than-usual vehicles negated the need for road closures.

EM recently completed its first Christmas on the contract – a period where Central London is busier than usual. The team strived to complete works ahead of schedule in busy areas like Oxford Street where access would be increasingly difficult due to the holiday season.

## Our Vision and Values

EM CURRENTLY EMPLOYS MORE THAN 1,600 PEOPLE INCLUDING CIVIL, HIGHWAYS AND STRUCTURAL ENGINEERS, PROJECT MANAGERS, QUANTITY SURVEYORS, TUNNEL SPECIALISTS AND TEAM OF HIGHLY - SKILLED OPERATIVES.

Our vision: To be the public sector partner of choice for highways service in the UK

Our Values: Great Customer Experience, Respect for All, Striving for Excellence

Everything that we do is underpinned by our core values. Over the last year, we have worked hard to promote the core values ensuring each employee not only understands them but considers them when developing new processes, strategies or plans. The newly launched staff appraisal system *My EM Plan* allows employees to define objectives aligned with these values.

# BUSINESS REVIEW

## Finance Director's Overview

ESTABLISHED, COLLABORATIVE STRATEGIC RELATIONSHIPS WITH SUPPLY CHAIN PARTNERS ALLOW EM TO DRIVE INNOVATION, SHARE BEST PRACTICE AND DELIVER EFFICIENCIES FOR THE CLIENT.

EM has continued to grow year on year. The decrease in revenue and operating profit for 2014 compared to 2013 results is due to 2013 being a 14-month financial period. On a like for like basis, revenue increased by 4.9% from £259.0m for the equivalent 12 months to September 2013 to £271.7m.

### Revenue

Revenue for this year was £271.7m compared to £294.0m in 2013, a 14-month financial period.

Due to EM's continued exceptional track record of delivery and performance this led to additional funding for network improvement schemes being secured. This year also included three months of revenue generated from the Highways Agency Area 9 contract

### Operating Profit

The Company generated operating profit in line with expectations of £16.8m compared to £21.4m in 2013 a 14-month financial period.

### Cash Flow and Working Capital

Operating cash flow this year was strong at £19.9m (118% of operating profit) in line with expectations. This allowed the business to comfortably continue meeting all of its funding requirements in the period including funding required to mobilise new contracts, while continuing to invest in Business Development to support the growth aspirations of the business.

Working Capital Management is a key area of focus for the business. Working Capital is closely monitored and reported to the Board for review on a monthly basis. Controls are in place to ensure that appropriate payment terms are included in contracts with clients and supply chain partners and that the Company operates within its banking facilities.

The Company is exposed to some credit risk but this is limited due to clients being public sector bodies with excellent payment performance. Furthermore, the Company is committed to the Highways Agency Fair Payment Charter and Prompt Payment Code.

### Finance Funding & Banking

The Company has no requirement for any external funding from its shareholder company or from financial institutions to maintain its existing business or to support its growth projections.

### Taxation

Profit before tax for the period was £16.9m. Corporation tax charged for the year is £4.3m reflecting an effective tax rate of 25%.

### Pensions

Although the vast majority of EM employees participate in a defined contribution pension scheme, the Company is a participating employer in the Prudential Platinum pension scheme which is a sectionalised multi-employer final salary pension scheme. It is therefore exposed to fluctuations in funding requirements, in particular the cost of funding any deficit in this scheme. The Company seeks to manage this risk by restricting its liability to employee's service for the duration of the

contract. During the year EM recognised the pension scheme on the balance sheet for the first time, this was not material previously (refer to financial statements note 14).

EM has Admitted Body Status in one defined benefit scheme run by a Local Authority where employees transferred to EM under TUPE. EM is not directly liable for the funding obligation through protection mechanisms in the client contract. This means an accurate valuation cannot be made. The pension cost in respect of the scheme is therefore treated as if it was a defined contribution scheme.

## Financial Results

EM generated operating profit of £16.8m (2013: £21.4m). After allowing for Interest Received of £0.1m and Corporation Tax of £4.3m, profit for the financial period was £12.6m. Dividends of £5.5m have been approved and distributed in the period. Post year end a dividend of £5.0m was approved and distributed during December 2014. As a result of recognising the pension scheme asset a Statement of Total Recognised Gains and Losses is now included within the financial statements resulting in total recognised gains of £13.2m.

## Insurances

EM sources insurance cover across all relevant lines of insurance as part of its overall approach to risk management and to comply with contractual requirements. Each year, a detailed review of the insurance portfolio is carried out alongside market testing to ensure best value is maintained.

## Principal Risks and Uncertainties

The Company's business model is based around securing long-term high value public sector contracts. Once a contract is secured, it guarantees a significant volume of business for a relatively long period of time, typically five years or more.

Demand for the Company's services is heavily determined by government policies on public services and the role of the private sector. EM recognises that our clients are under increasing pressure to achieve significant efficiency gains while improving the quality of services. At the same time as presenting a risk, this pressure creates new market opportunities for companies like EM which has a demonstrable track record of achievement in this area.

## Internal Control

The Executive Management Team of EM regularly reviews the systems of internal control in order to provide assurance to the Company stakeholders on the effectiveness of internal control, reliability of financial reporting and compliance with laws and regulations.

Policies and procedures ensure a consistent approach to the conduct of business activities and minimise risk to the Company. Policies and procedures are regularly reviewed by the nominated process owner, internal auditors, client auditors and externally by BM Trada.

Policies and procedures deal with the requirements of the Anti-Bribery Act (2010).

An Internal Audit Programme is maintained whereby audits are conducted throughout the year across the various business areas to provide assurance on the effectiveness of internal control.

Risk Registers are maintained at a local and corporate level to identify significant risks to the business and ensure appropriate mitigation is in place. These risks are incorporated into the Mouchel Group risks reviewed by the Group Risk Committee on an ongoing basis.

## Relationships

EM carries out regular reporting and meetings with clients and supply chain partners to understand and prioritise risks and monitor performance against client requirements. Established, collaborative strategic relationships with supply chain partners allow EM to drive innovation, share best practice and deliver efficiencies for the client. These relationships are a key enabler to securing available



contract extensions and contract re-wins. All EM's contracts, except for Area 9, are BS11000 accredited, the British Standard for Collaborative Relationships. Area 9 will soon be working towards achieving the certification.

EM has signed up to both the Fair Payment Charter and Prompt Payment Code as a demonstration of its commitment to pay its suppliers on time.

Policies are in place to ensure the failure of a supplier does not have an impact on service delivery.

## **Going Concern**

The business activities together with the factors likely to affect future development, performance and position are set out in the Managing Director's Statement, Business Review and Financial Review.

After making enquiries, and based on the assumptions in note 1 to the Financial Statements, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

# Business Highlights

## Human Resources

EM is committed TO EQUALITY, DIVERSITY AND INCLUSION BY IDENTIFYING, UNDERSTANDING AND ELIMINATING ALL BARRIERS THAT PREVENT ACCESS TO SERVICES, INFORMATION AND EMPLOYMENT.

EM is an organisation that is actively engaged and investing genuine time and effort into making an incremental change through our People strategies and Equality, Diversity & Inclusion (ED&I) agenda. Working closely with our clients and other partner organisations, we have been able to develop and implement proactive methodologies and processes that enhance our people engagement, both within our wider business and those of our supply chain.

EM's commitment to ED&I runs right through the business. We believe in the 'best person for the job', regardless of their background, ethnicity, or gender. This means actively working to attract people from talent pools across different communities and to make sure that all our staff have equal opportunity to develop to their potential.

EM's ED&I framework was launched early December 2013. Compliant with statutory obligations, the RESPECT initiative is the vehicle with which we deliver our People and ED&I key messages to our employees and supply chain. The initiative is a focused effort to move from a reactive approach which responds to arising issues, to a proactive approach where ED&I is embedded into the culture of our business.

This year, the ED&I Steering Group was set up to continuously drive change and improvement. The diverse experience and backgrounds of the members of the steering group gives them the capacity to understand the key issues that surround ED&I as well as engineer an approach that enhances our business and makes the policy initiatives relevant to our employees.

Our People and ED&I agenda is instrumental in making EM more attractive to potential new employees in the wider labour market as well as improving our resource planning. This is demonstrated through a 60% increase in the number of apprentices, graduates and work placements being offered in EM from 2013 to 2014 with targeted increase planned for 2015 through our commitment to the 5% Club.

In September 2014, we launched a new appraisal process. The development of our Talent Management and Succession Planning initiatives are promoting investment in our people to better equip them for their careers now and in the future. We now use our performance management platform, My EM Plan, to enable line managers to recognise both skill gaps and areas of excellence. This helps enrich the performance of our people whilst developing high levels of accountability within a framework that acknowledges dedication and hard work.

### ***Supporting and capitalising on opportunities that reflect diversity in society***

Our workforce is largely drawn from the areas in which we operate. As such, EM's employees are representative of the communities in which we serve. Through RESPECT, we work hard to ensure people from all members of these communities are aware of job opportunities, and that recruitment processes are fair, open and inclusive.

We have recently signed up to the WISE 10 Commitments which is a structured programme aimed at improving the retention and progression of women employees in science, technology and engineering. We have also enhanced our recruitment processes to ensure our campaigns can focus on attracting local people from diverse backgrounds, whilst also promoting our industry to the wider audience.

To meet this need, commercially focused local ED&I Action Plans have been developed which demonstrate our commitment to driving real, value-adding change within EM which fully supports the HA's Inclusion Action Plan. Our ED&I action plans are focused on three elements.

<b>People</b>	to communicate, develop and coach our employees, and to ensure that our people are informed, they understand and are committed to our shared responsibility towards ED&I
<b>Service Delivery</b>	to take appropriate steps to deliver products and services that our customers can access and that take account of their diverse needs
<b>Supply Chain</b>	to demonstrate that due consideration has been given to the use of SMEs and supported businesses within the supply chain.

We recognise that this is a continuous journey and that more work needs to be done in terms of embedding the culture through a proactive outcome-based approach. As an organisation we are actively engaged through our ED&I National Steering Group, putting in genuine time and effort to make a difference and we believe we are improving. EM is a fully focused business-orientated but practical organisation and the same approach has been adopted for ED&I.

In line with our core values, we are striving to become an ambassador of the positive equality duties in relation to the Equality Act by taking our ED&I actions to an exemplary level and using our influence as one of the UK's main highways service providers to spread best practice and be instrumental in making a difference. As an organisation that is striving for excellence we decided to achieve certification to a standard that would help us set the tone and create a culture of 'Respect for All'. The Investors in Diversity (IiD) Standard is founded on this basic concept. Organisations that achieve IiD stand out as great places to work and great organisations to do business with.

We have been working with the National Centre for Diversity's IiD advisors and achieved full IiD certification by the end of 2014. We are aiming to start work towards Leaders in Diversity in 2015 with a focus on further strengthening our internal leadership capacity and enhancing relationships with external partners. Creating an opportunity to use our influence within the industry to spread best practice and be instrumental in positive change.

## Health and Safety

The EM Leadership Team is committed to safe working, evidenced through a Directors Safety Tour Programme which is adhered to religiously.

EM holds an impressive health and safety record and the last year clearly shows how everybody within the Company is committed to making change happen when it comes to staying safe. A multitude of improvements have been made both at a contract level and within the company as a whole

Accident Frequency Rates (AFRs) at the end of the year were as follows:

### RIDDOR AFR

- 0.15 (Threshold: 0.20)

### All Accident AFR

- 1.85 (Threshold: 2.15)

There were seven RIDDORs reported in the year. The total number of injury incidents (85) in 2013/14 is 9% lower than in 2012/13 (93). This is a significant achievement considering the addition of the Area 9 ASC in July. More than 1,400 SHE observations were reported in the year which were investigated by members of the contract Health & Safety and Environmental Teams.

EM began designing and building a new Health and Safety Management System (HSMS) in January 2014. It was successfully implemented in Area 9 in July for the start of the new contract,

and was rolled out across all existing contracts throughout August and September. The system provides access to a suite of corporate standards which define the company's policy on a range of key H&S topics and are supported by task specific risk assessments and safe working procedures. All documents have been written by task 'experts' from across the operational workforce to ensure that all risks and appropriate control measures have been identified.

In January a review was undertaken of the incumbent occupational health provider, which concluded that we had more work to do to raise the occupational health profile. Medigold was then appointed as the sole health provider to EM. Since the appointment there has been an increased profile of Health Surveillance, Drugs & Alcohol, Sickness & Absence, Patient referrals & OHH interventions as we continue to look at all aspects of health and wellbeing of our employees.

## **Fleet and Plant**

EM has a mixed fleet allowing us to rise to any operational challenges. At the start of October 2013, EM owned and managed 543 vehicles which quickly rose to 789 as a result of the mobilisation of Area 9 and Area 3's Gearing for Growth programme.

The current fleet is managed corporately by a Chartered National Fleet and Transport Manager with further support from contract-based staff, keeping EM's fleet operating within statutory compliance, legislation and law.

EM was the first company within the UK to use Euro 6 compliant gritters in LoHAC maximising efficiencies and reducing the contract's carbon footprint. Transport managers will continue to look at ways to reduce the fleet carbon footprint. Some of the key drivers to focus on will be; whole life costing of cars, engine remapping and electric vehicles.

Incident management cameras were fitted to all operation vehicles and pool cars in 2014. Endorsed by our insurers Aviva, the cameras allow us to provide evidence in the event of a challenged incident as well as identifying unsafe activities by operational staff. All vehicles that require person access and egress now have retrofitted fall arrest systems with the system now a standard part of the EM fleet specification.

Listening to opinions of operational staff and taking advantage of recent technology, all air operated tools were replaced with hydraulic or electric-powered equipment reducing the risk of impact on health.

## **Technology and Business Systems**

EM uses the Causeway system which is a fully integrated operational, commercial and financial system. Its breadth of modules working together seamlessly allow the business to optimise efficiency while maintaining a robust control environment. This year, one of the most notable improvements in the use of technology has been the uptake of electronic workflows within the ECM module of Causeway. Electronic workflows eliminate paper, increase governance and deliver efficiencies. Expense and mileage claim forms are among the examples where we have moved to electronic forms and workflow in 2014.

2013/14 saw the mobilisation of two Highways Agency Asset Support Contracts (ASC) - Area 3 and Area 9 - which included an integration with the Highways Agency's 'Integrated Asset Management Information System' (IAM IS). To date, EM remains the only service provider to have this interface fully operational from day one of a contract.

EM also supported DownerMouchel, which is a joint venture between Downer EDI Limited and Mouchel, delivering a Business Systems solution for the mobilisation of the Stewardship Maintenance Contract (SMC) for Roads and Maritime Services in Sydney, Australia, including on site presence during both tendering and mobilisation.



In April 2014 following a joint project with Causeway, EM achieved compliance with the 'Electronic Transfer of Notifications' (EToN) specification version 6 required for local authority road space bookings.

More recently, the deployment of the Causeway Mobile solution for wider use of handheld technology across the workforce for sending and receiving work order instructions, status updates and completion measure was implemented. A Causeway Map Assisted Scheduling function was also launched which uses a map layer to visualise locational positioning of both jobs and available resources for optimal scheduling and routing.

EM is now focusing on the first live integration between Causeway Estimating and Causeway Project Accounting modules that will be introduced as part of Highways Agency 'Collaborative Delivery Framework' (CDF) and see tender information sit alongside actual Cost/Value facilitating robust financial performance management.

## **Awards and Accreditations**

EM continued to strive for industry recognition this year by submitting applications for various awards and accreditations. EM's Highways Agency contracts opened the year with wins from the Highways Agency and the Chartered Institution of Highways and Transportation while EM's Croydon contract ended the year with success at the Highways Magazine Awards.

This year marked another year of making history for EM, becoming Carbon Trust accredited – one of the first highways services providers to do so.

### **Highlights**

#### October 2013

- Roadmarking Project of the Year for Olympic Route Network – Highways Magazine Excellence Awards

#### December 2013

- Carbon Trust Standard accreditation

#### January 2014

##### Area 1:

- Developing Sustainable Solutions for Grassland Management Plan– Highways Agency Supplier Recognition Awards
- Road Safety for Learn2Live (Highly commended) – Highways Agency Supplier Recognition Awards
- Managing Down Cost for Rejuven8 (Highly commended) – Highways Agency Supplier Recognition Awards

#### May 2014

##### Area 13:

- Sustainable Project of the Year for Recycling Lives – North West CIHT

#### June 2014

##### Area 1:

- Asset Management Project for Flooding Prevention Plan – National CIHT

# Contract Achievements

EM Highway Services has enjoyed remarkable success this year. Our biggest achievements include contract mobilisations, company accreditations, industry awards, successful health and safety initiatives with many more points to note.

## Overview

### October 2013

- EM wins Roadmarking Project of the Year at the Highways Magazine Excellence Awards for the Olympic Route Network.

### November 2013

- EM becomes one of the first service providers to use Euro 6 compliant gritters.
- Area 3 ASC is Mobilised.

### December 2013

- EM achieves Carbon Trust Standard.
- EM is awarded the Area 9 Asset Support Contract (ASC) – the HA's biggest area.

### January 2014

- EM wins Highways Agency Supplier Recognition Award for Grassland Management Plan in Area 1.
- Area 1 is highly commended for its Learn2Live initiative and Rejuven8.

### March 2014

- EM Awarded City of Westminster Gully Services Contract
- Area 3 completes a successful Red X campaign.

### April 2014

- City of Westminster Gully Services Contract commences.

### May 2014

- Area 13 wins North West CIHT award for Sustainable Project of the year with Recycling Lives.

### July 2014

- Area 9 ASC is mobilised with two schemes starting on day one.
- Area 1 has zero carriageway crossings.

### August 2014

- EM is awarded two year extension on its London Borough of Croydon Contract.

### September 2014

- EM hosts 'Meeting The Challenge' Workshop.
- EM'S revenue for this financial year is £271.7m revenue.

### November 2014

- EM was appointed to the Highways Agency Collaborative Delivery Framework Lot 2.

## Highlights

### **Area 1 and Area 3 achieve zero carriageway crossings**

Following full implementation of IAN 150/14, and increasing use of remote-controlled prism signing, an overall reduction in carriageway crossings of 88% has been achieved in Area 1 this year. In July 2014 there were zero carriageway crossings in Area 1, the first time this has been achieved on any HA MAC or ASC contract. We continue to work with the HA and wider industry to investigate and trial new traffic management methods and standards to help eliminate road crossings from the Industry. So much so, the same achievement was achieved in Area 3 during October.

Area 3 has avoided 34,032 potential carriageway crossings achieving the milestone for the first time within the contract. This also includes activities that are not normally recorded as carriageway crossings such as; debris removal, temporary pothole repairs and inspection of damaged safety fencing.

### **Area 3 Completes Successful Red X campaign**

March 2014 saw the completion of the successful safety campaign to remind drivers using the Hindhead Tunnel to 'move out and stay out' of lanes when Red X signs are active.

The Red X sign, used to indicate a closed lane, protects our workers and road users during incidents and maintenance work but 'near-miss' reports and CCTV footage showed drivers frequently ignore the sign, risking collision with other vehicles and personnel.

Driver infringement is thought to be the result of either a 'lack of understanding' or 'poor attitude', and the campaign message looked to address both – highlighting the purpose of the sign and the potential consequences (safety and penalties) of not adhering to it. Campaign activities included; radio advertising, on-road signage, placement of posters in service station areas and PR activity to further promote the message. A second wave of radio advertising took place in March to coincide with maintenance work. The advert was broadcast a further 213 times, in the week prior to and during work, again reaching approximately 334,348 listeners.

The portable variable messaging sign remained active throughout this period bringing the estimated total number of vehicles to have passed the signs throughout the campaign to approximately 1.2million.

### **London Borough of Croydon Flood Prevention**

Record breaking levels of rainfall in February caused flooding in the Kenley and Purley districts of Croydon and as a result triggered a major incident of the highest level, Gold. The whole flood relief effort to safeguard residents and businesses consisted of a multi-agency collaborative approach from:

- EM
- London Borough of Croydon
- London Fire Brigade
- Sutton and East Surrey Water
- Environmental Agency
- Thames Water
- Metropolitan Police
- Surrey County Council
- Armed forces
- Numerous supply chain partners

EM and our supply chain partners were tasked with closing the A22, providing traffic management support and diversions, monitoring trash screens and areas at risk of flooding, filling and supplying

over 35,000 sand bags around the borough and keeping a further 15,000 in reserve. This included delivering them to more than 400 households and building dams in vulnerable areas.

We also constructed resilience flood areas in the event of continued rainfall, that the River Bourne would need to be diverted to keep areas further downstream safe. We were supplied with 300 metres flood defence barrier which we erected in various areas with the help of the Armed forces. When needed, the underpass at Purley Cross was also flooded to relieve levels on the Bourne. To ensure the structure and the carriageway around it was not affected, this was manned 24 hours a day for four days.

## Sustainability Review

EM IS COMMITTED TO REDUCING ITS CARBON FOOTPRINT ACROSS ALL CONTRACTS

In October 2013, EM launched the Road Map to Sustainability. The document comprises EM's sustainability strategy and EM's One Planet Action Plan (OPAP). The strategy outlines EM's approach throughout the business, setting the sustainability vision and looking into the future to shape what lies ahead. The OPAP supports the sustainability strategy and will be used to implement the actions, measure and monitor the targets and ultimately achieve the objectives.

The sustainability strategy embraces the three pillars of sustainable development; Economy, Community and Environment while the OPAP is built around 10 guiding principles, each with an overarching objective.

A Sustainability Roadshow during January and February 2014 followed the official launch. The interactive workshop involved every member of staff, communicating EM's sustainability vision; drawing on individual's experience and gauging what they deemed to be important to EM.

Following the roadshow, volunteers were recruited from across the business to form local sustainability groups. Meeting on a regular basis, each group in each contract drives the OPAP with progress reported quarterly at the corporate Environmental Business Improvement Group.

# GOVERNANCE

## Executive Management Team

EM'S EXECUTIVE MANAGEMENT TEAM IS COMMITTED TO BEING 'EASY TO DO BUSINESS WITH' AND HAS DEVELOPED STRONG WORKING RELATIONSHIPS WITH ITS CLIENTS AND SUPPLY CHAIN PARTNERS.

### David Wright, Managing Director

Dave is the Managing Director of EM with more than 32 years' experience in the construction industry and considerable expertise in delivering highway maintenance contracts. Dave is very people focused, with a large network of contacts within the industry. He has a passion for service excellence; a determination to innovate and challenge the norm; and he sponsors a 'one team, one theme' BS 11000 collaborative approach with clients and supply chain partners. Dave sits on the HA Pavement CM Board as well as being a member of the HA Asset Support Group.

Dave is also a member of Mouchel's Executive Management Team (EMT) reporting directly to Grant Rumbles, Chief Executive of Mouchel.

### Giuseppe Incutti, Finance Director

Joe was appointed to the role of Finance Director on the EM Management Board in July 2008. He is a qualified Chartered Management Accountant with 21 years' post qualification experience, during which time he has developed extensive knowledge and expertise of operational and strategic financial management, systems and business improvement.

### Martin Northard, HR Director

Martin has more than 20 years' experience in senior HR management roles in contracting and industrial/manufacturing environments and has shaped HR strategy to meet the requirements of organisations. He has been involved in a number of large TUPE mobilisations including public to private sector transfers, with extensive knowledge in the key issues of terms and conditions, pensions, enhancing development and talent management, and ensuring that the appropriate skills are available to meet the needs of the business.

### Andrew Bradshaw, Commercial Director

Andrew Bradshaw was appointed as Commercial Director on the 1 October 2014. With previous senior commercial positions in Tarmac and Aggregate Industries, most recently as Director of Contracting in Aggregate Industries. Andrew brings to EM over 25 years of highways maintenance and construction experience. The role will be key to the success of EM going forward at a time when we are experiencing significant growth and opportunities.

### Alan Dinsdale, Business Development Director

Alan brings more than 33 years' experience of highways asset management and maintenance in both the public and private sectors and is passionate about delivering excellent service to customers and clients. His experience encompasses all stages of the contract life cycle, including client relationship development and the management of complex bids, followed by mobilisation and stabilisation through to successful operational delivery, and future contract evolution and transformation.

### James Haluch, Service Director Highways Agency

James joined EM when it was formed in 2005 to work on its first tender - Area 1 - which he mobilised and managed. He began his current role in December 2010, previously holding the role

of General Manager for the Area 3 MAC contract. James began his employment with Mouchel 22 years ago and has designed and worked on many tunnels (including Hindhead), bridge and road schemes in the UK and the Far East.

### **Mitesh Solanki, Service Director Local Authorities**

Mitesh is the Service Director for the EM Local Authority business. He has more than 18 years' experience in highways and construction and understands the requirements of contracts at both strategic and tactical levels to suit the varying needs of clients and customers. He also chairs the pan-London Increasing Safety Forum.

### **Dave Merrick, HA Operations Director**

Dave Merrick is our HA Operations Director. His role includes the delivery of greater operational consistency across our HA contracts and to further develop the self-delivery capability of EM. Dave is also responsible for safety, health and environment and for the management of the EM fleet.

### **Scott Cooper, Contract Director**

Scott Cooper is our HA Contract Director. His role includes contract management of Area 9, developing and implementing business strategy and achieving the agreed financial, commercial, growth, and client performance targets. Scott is also taking the lead in driving best practice and consistency across our HA areas.

# Strategic Report

*The Directors present their strategic report on the Company for the year ended 30 September 2014*

## Principal Activities

EM Highway Services Limited is an incorporated company and a subsidiary of Mouchel Limited (owned by MRBL Limited).

EM is the leading highways asset maintenance and management provider in the UK, specialising in the delivery of road maintenance contracts. EM works collaboratively with its clients, customers, stakeholders and peers to deliver services that provide excellent customer experience.

## Review of the business

The business has continued to grow during the financial year; winning the Highways Agency Area 9 contract and being awarded a two year extension on the London Borough of Croydon contract. Post year end EM was appointed to the Highways Agency Collaborative Delivery Framework Lot 2 in November 2014.

During the financial year EM successfully mobilised its two largest contracts;

- Highways Agency Area 9 Asset Support Contract which commenced 1 July 2014
- Highways Agency Area 3 Asset Support Contract which commenced 1 November 2013

The business also commenced the City of Westminster Gully Services Contract and successfully demobilised the London Borough of Hillingdon contract in April 2014

The order book stood at £2,234m (£3,346m including available extensions) at September 2014. This represents a 112% increase compared to 2013 (£1,054m). EM will continue to focus on retention and growth of market share within the Highways Agency market while working to grow market share within the local authority market also in order to continue achieving growth targets. The Company's business model is based around securing long term high value public sector contracts. Once a contract is secured it guarantees a significant volume of business for a relatively long period of time, typically five years or more.

Demand for the Company's services is heavily determined by government policies on public services and the role of the private sector. EM recognises that its clients are under increasing pressure to achieve significant efficiency gains while improving the quality of services. At the same time as presenting a risk, this pressure creates new market opportunities for companies like EM which has a demonstrable track record of achievement in this area.

## Principal risks and uncertainties

Details of principal risks and uncertainties are set out on page 12

## Health and safety

The Board of Directors are responsible for providing health and safety leadership. Monthly health and safety updates are given to the Board. Further details are set out on page 15 and 16

## Corporate responsibility

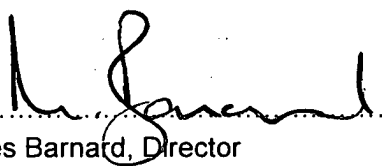
Details of EM's sustainability policy can be found on the Company's website. EM maintains a strong commitment to sustainability and recognises it has a collective responsibility, having an impact on the environment, communities and clients whom we serve. We will continue to embrace our corporate responsibilities.



On behalf of the Board of Directors,



Keith Jackson, Director  
13 February 2015



Miles Barnard, Director  
13 February 2015

# Directors' Report

***The Directors present their annual report and the audited financial statements of the Company for the year ended 30 September 2014***

## **Business Review**

In its ninth year of trading, the Company has continued to grow in line with expectations. Revenue was £271.7m in the year to September 2014. The previous period was a 14-month period. Profit margins are in line with expectations. A detailed review of the business is included in the Business Review and Finance Directors Overview.

## **Health and Safety**

The Board of Directors is responsible for providing health and safety leadership and for ensuring that decisions made are consistent with the Policy Statement. It has satisfied itself that competent resources exist to manage health and safety and adequate resources are made available for the policy to be implemented.

## **Employee Involvement**

The Company is committed to the involvement and participation of all its employees through on-going communication and consultation so that their views are taken into account in decisions taken which may affect the business and the interests of the people employed in it.

In support of this, there is a Business Improvements database whereby employees can submit suggestions and a Knowledge Bank used for best practice sharing. The Company also operates a scheme whereby employees are rewarded for proposing ideas and solutions which benefit the business.

## **Disabled Employees**

It is the Company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and their employment opportunities should be based on a realistic assessment of their aptitudes and abilities. Wherever possible, the Company will continue the employment of persons who become disabled during the course of their employment with the Company through retraining, acquisition of special aids equipment or through the provision of suitable alternative employment.

## **Political Contributions**

The Company did not make any political donations during the year (2013: Nil).

## **Dividends and Transfers to Reserves**

The profit for the financial year of £12.6m (2013: £16.9m) has been distributed as £5.5m (2013: £16.6m) in dividends and the balance £7.1m (2013: £0.3m transferred to reserves) transferred to reserves (refer to financial statements note 11). Post year end a dividend of £5.0m was approved and distributed during December 2014.

## **Going Concern**

Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in note 1 to the financial statements. These disclosures detail the basis on which the Directors have continued to adopt the going concern basis in preparing these financial statements.

### Directors and Their Interests

The Directors who served during the year and thereafter are shown in the Company Directory section at the end of the report. None of the Directors had any interest in the share capital of the Company.

### Statement of Disclosure to Auditor

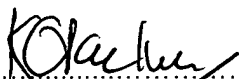
In the case of each of the persons who are Directors of the Company at the date when this report is approved:

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and

They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

On behalf of the Board of Directors,



.....  
Keith Jackson, Director  
13 February 2015



.....  
Miles Barnard, Director  
13 February 2015

## Directors' Responsibilities Statement

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 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;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent Auditor's Report to the Members of EM Highway Services Limited**

## **Report on the financial statements**

### **Our opinion**

In our opinion, EM Highway Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit and cash flows 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.

### **What we have audited**

EM Highway Services Limited's financial statements comprise:

- the Balance Sheet as at 30 September 2014;
- the Profit and Loss Account and Statement of Total Recognised Gains and Losses for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the Notes to the Cash Flow Statement and 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 the preparation of the financial statements 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.

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

In our opinion, 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.

### **Other matters on which we are required to report by exception**

#### ***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.

### ***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.

### **Responsibilities for the financial statements and the audit**

#### ***Our responsibilities and those of the directors***

As explained more fully in the Directors' Responsibilities Statement set out on page 28, 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) ("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.

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

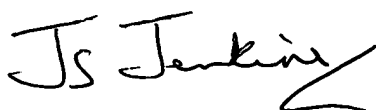
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statement 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.



Julian Jenkins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 February 2015

# FINANCIAL STATEMENTS

**For the year ended 30 September 2014**

Profit and Loss Account and Statement of Total Recognised Gains and Losses

Balance Sheet

Cash Flow Statement

Notes to the Cash Flow Statement

Notes to the Financial Statements

Company Directory

## Profit and Loss Account

For the year ended 30 September 2014

	Note	12-month period ended 30 September 2014 £m	14-month period ended 29 September 2013 £m
REVENUE		271.7	294.0
Cost of sales		(233.0)	(247.6)
GROSS PROFIT		38.7	46.4
Other operating expenses		(21.9)	(25.0)
OPERATING PROFIT	3	16.8	21.4
Interest receivable	4	0.1	0.2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16.9	21.6
Tax on profit on ordinary activities	5	(4.3)	(4.7)
PROFIT FOR THE FINANCIAL YEAR/PERIOD	11, 12	12.6	16.9

The above results all relate to continuing operations.

The accompanying notes on pages 36 to 49 form an integral part of this profit and loss account.



## Statement of Total Recognised Gains and Losses

For the year ended 30 September 2014

	Note	12-month period ended 30 September 2014 £m	14-month period ended 29 September 2013 £m
PROFIT FOR THE FINANCIAL YEAR/PERIOD		12.6	16.9
Recognition of pension scheme assets	14	0.8	-
Deferred tax in respect of pension scheme	10	(0.2)	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR/PERIOD		13.2	16.9

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

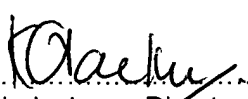
# Balance Sheet

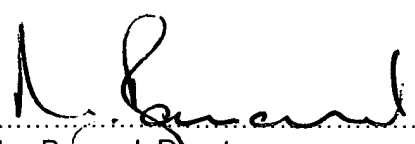
As at 30 September 2014

	Note	£m	As at 30 September 2014 £m	£m	As at 29 September 2013 £m
NON-CURRENT ASSETS					
Tangible Assets	6		1.3		0.9
Retirement benefit assets	14		0.8		-
			2.1		0.9
CURRENT ASSETS					
Stocks	7	3.7		2.0	
Debtors	8	48.0		41.4	
Cash at bank and in hand		25.2		14.3	
		76.9		57.7	
CREDITORS: amounts falling due within one year	9	(63.3)		(50.6)	
NET CURRENT ASSETS			13.6		7.1
TOTAL ASSETS LESS CURRENT LIABILITIES			15.7		8.0
NET ASSETS			15.7		8.0
CAPITAL RESERVES					
Called up share capital	15		-		-
Share premium account	11		0.5		0.5
Profit and loss account	11		15.2		7.5
TOTAL SHAREHOLDER'S FUNDS	12		15.7		8.0

The notes on pages 36 to 49 are an integral part of the financial statements. The financial statements on pages 32 to 35 of EM Highway Services Limited, registered company number 05606089, were approved by the Board of Directors on 13 February 2015.

Signed on behalf of the Board of Directors,

  
 Keith Jackson, Director  
 13 February 2015

  
 Miles Barnard, Director  
 13 February 2015

# Cash Flow Statement

For the year ended 30 September 2014

	Note	12-month period ended 30 September 2014 £m	14-month period ended 29 September 2013 £m
Net cash flow from operating activities	A	19.9	23.7
Returns on investments and servicing of finance Net interest		0.1	0.2
Taxation paid		(2.6)	(6.9)
Capital expenditure		(1.0)	(0.1)
Dividends paid		(5.5)	(16.6)
INCREASE IN CASH IN THE YEAR/PERIOD	B	10.9	0.3

# Notes to the Cash Flow Statement

For the year ended 30 September 2014

## A. Reconciliation of operating profit to net cash inflow from operating activities

		2014 £m	2013 £m
Operating profit		16.8	21.4
Depreciation of tangible assets		0.6	1.0
(Increase) in stocks		(1.7)	0.0
(Increase) in debtors		(7.0)	(14.8)
Increase in creditors		11.2	16.1
NET CASH FLOW FROM OPERATING ACTIVITIES		19.9	23.7

## B. Analysis of net funds

The movement in cash balances in the year equates to the movement in net funds.

			£m
Cash balance at 29 September 2013			14.3
Cash inflow in the year			10.9
CASH BALANCE AT 30 SEPTEMBER 2014			25.2

# Notes to the Financial Statements

For the year ended 30 September 2014

## 1. Accounting Policies

### Basis of preparation

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current year and the preceding period.

### Accounting convention and basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

### Related Party Disclosure

The Company is a wholly owned subsidiary of Mouchel Limited who is controlled by MRBL Limited and is included in the consolidated financial statements of MRBL Limited which are publicly available.

Consequently, the Company has taken advantage of the exemption allowed by FRS8 "Related Party Disclosures" not to disclose the related party transactions with undertakings controlled within the group

### Going concern

The performance, financial position and key risks impacting the Company are set out in the Managing Director's Statement, Business Review and Finance Director's Overview.

The Directors are of the opinion that the Company will continue to meet its performance obligations under its client contracts.

The Company has maintained detailed 12 month rolling forecast profit and loss accounts, balance sheets and cash flows throughout the 12-month financial period and continues to do so. These forecasts take into account reasonably possible changes and uncertainties. The 12 month rolling forecasts form part of a three-year financial plan which is reviewed quarterly. The three-year plan sits at the heart of a comprehensive three-year Business Plan which has been reviewed and approved by the shareholders and has been cascaded throughout the Management of the Company.

In carrying out their duties in respect of going concern, the Directors have carried out a comprehensive review of the Company financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. This review has taken account of client spend forecasts as well as any risk and uncertainty brought about by the current economic environment.

Having taken all of the above factors into consideration, the Directors have concluded that the Company should continue to adopt the going concern basis for preparing the annual report and financial statements.

### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

## 1. Accounting Policies (continued)

Short term leasehold property	Over the term of the lease
Plant and machinery	3 to 8 years
Computer and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### Revenue

Revenue represents amounts derived from the provision of services under the Company's framework contracts which fall within the Company's ordinary activities after deduction of value added tax. The revenue and pre-tax profit, all of which arises in the United Kingdom, is attributable to the Company's principal activity. Revenue and profits are recognised in line with the level of contract activity. Amounts recoverable on contracts is the difference between the revenue recognised and the amounts actually invoiced to customers. Where invoicing exceeds the amount of revenue recognised these amounts are included in deferred income.

### Contracts

The activities of the Company are largely undertaken through long-term framework contracts under which revenue and profit are recognised in line with each separate supply. Where losses are foreseeable in respect of future supplies committed under those contracts, provision is made. In addition, a provision is maintained for future remedial works that may be required in respect of supplies already made.

Pre-contract costs are expensed as incurred until it is virtually certain that a contract will be awarded, from which time further pre-contract costs are recognised as an asset and charged to the income statement over the period of the contract.

### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised 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 profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years 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 not recognised when fixed assets are re-valued unless by the balance sheet date there is a binding agreement to sell the re-valued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been

enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities have not been discounted.

## **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

## **1. Accounting Policies (continued)**

### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or pre-payments in the balance sheet.

### **Defined benefit scheme**

The asset recognised in the balance sheet for the Company's defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date as adjusted for unrecognised past service cost, less the fair value of the scheme assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method and by discounting the estimated future cash flows using interest rates on high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. Any asset resulting from this calculation is limited to unrecognised past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

The pension expense for the defined benefit schemes is recognised as follows:

#### *Within operating profit*

Current service cost – representing the increase in the present value of the defined benefit obligation resulting from employee service in the current period;

Gains and losses arising on settlements and curtailments – where the item that gave rise to the settlement or curtailment is recognised within operating profit.

#### *Within finance income/expense on pension schemes*

Interest cost on the liabilities of the scheme – calculated by reference to the scheme liabilities and discount rate at the beginning of the year and allowing for changes during the year; and

Expected return on the assets of the scheme – calculated by reference to the scheme assets and long-term expected rate of return at the beginning of the year and allowing for changes during the year.

#### *Within the statement of recognised gains and losses*

Actuarial gains and losses arising on the assets and liabilities of the scheme.

### **Subsequent events**

No significant events have occurred subsequent to the year-end that require disclosures in these financial statements or adjustments to the amounts reported therein.

## 2. Information Regarding Directors and Employees

		2014	2013
		Number	Number
Average number of persons employed (including directors)			
Management and administration		782	609
Direct labour		626	440
		1,408	1,049

		£m	£m
Staff costs during the year/period			
Wages and salaries		38.4	43.1
Social security costs		4.0	4.5
Other Pension costs		1.2	1.3
		43.6	48.9

The directors did not receive any emoluments from the Company during the current year or prior period because they are remunerated by Mouchel Limited (2013: same).

## 3. Operating Profit

		2014 £m	2013 £m
Operating profit is stated after charging:			
Depreciation		0.6	1.0
Rentals under operating leases			
Plant and machinery		3.8	3.9
Others		1.2	1.8
Auditor's remuneration	- Fees payable to the Company's auditors for the audit of the Company's annual financial statements	-	-
	- Fees payable to the Company's auditor for taxation services	-	-

The fees payable to the Company's auditors for the audit of the Company's annual financial statements were £45,000 (2013: £45,000).

There were no other non-audit services incurred in the year (2013: same).



#### 4. Interest Receivable

		2014 £m	2013 £m
Bank interest receivable		0.1	0.2

#### 5. Tax on Profit on Ordinary Activities

	2014 £m	2013 £m
Payment for group relief on profits for the year/period	3.8	5.2
Adjustment in respect of prior years	0.4	(0.4)
Total current tax	4.2	4.8
Deferred taxation		
Current year movement	0.1	0.1
Adjustment in respect of prior years	-	(0.2)
Total deferred tax charge for the year/period	0.1	(0.1)
Total taxation charge for the year/period	4.3	4.7

## 5. Tax on Profit on Ordinary Activities (cont'd)

	2014 £m	2013 £m
Profit on ordinary activities before taxation	16.9	21.6
Tax at 22% (2013: 23.57%)	3.7	5.1
Expenses not deductible for tax purposes	0.2	0.2
Capital allowances for the period in excess of depreciation	(0.1)	-
Movement in short term timing differences	-	(0.1)
Adjustment in respect of prior years	0.4	(0.5)
Current taxation charge for the year/period	4.2	4.7

## 6. Tangible Fixed Assets

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Computer and office equipment £m	Total £m
Cost					
At 30 September 2013	2.8	0.2	0.5	1.9	5.4
Additions	-	0.2	0.2	0.6	1.0
Disposals	-	(0.1)	(0.4)	(1.6)	(2.1)
At 30 September 2014	2.8	0.3	0.3	0.9	4.3
Accumulated depreciation					
At 30 September 2013	1.9	0.2	0.5	1.9	4.5
Charge for the year	0.5	-	-	0.1	0.6
Eliminated on Disposal	-	(0.2)	(0.3)	(1.6)	(2.1)
At 30 September 2014	2.4	-	0.2	0.4	3.0
Net Book Value					
At 30 September 2014	0.4	0.3	0.1	0.5	1.3
At 29 September 2013	0.9	-	-	-	0.9

## 7. Stocks

	2014 £m	2013 £m
Raw materials and consumables	3.7	2.0

There is no material difference between the balance sheet value of stocks and their replacement cost.

## 8. Debtors

	2014 £m	2013 £m
Amounts due within one year:		
Trade debtors	8.0	8.8
Amounts owed by group undertakings	3.0	5.5
Amounts recoverable on contracts	34.5	25.1
Other debtors	0.6	0.7
Prepayments and accrued income	1.7	1.0
Deferred tax asset (see note 10)	0.2	0.3
	48.0	41.4

## 9. Creditors: Amounts falling due within one year

	2014 £m	2013 £m
Trade creditors	4.6	2.1
Amounts owed to group undertakings	1.9	2.6
Group relief	2.1	0.8
Other creditors including taxation and social security	5.1	0.3
Accruals and deferred income	49.4	44.8
Deferred tax liability (see note 10)	0.2	-
	63.3	50.6

## 10. Deferred Taxation

The movements in deferred taxation during the current year are as follows:

		£m
Deferred tax asset:		
Balance at 30 September 2013		0.3
Charge to profit and loss account		(0.1)
Balance at 30 September 2014 (see note 8)		0.2

		£m
Deferred tax liability:		
Balance at 30 September 2013		-
Charge to statement of total recognised gains and losses		(0.2)
Balance at 30 September 2014 (see note 9)		(0.2)

The amounts provided in the financial statements are as follows:

	2014 £m	2013 £m
Accelerated capital allowances	0.2	0.3
Pension asset	(0.2)	-
	0.0	0.3

There are no unprovided deferred taxation balances (2013: same). The standard rate of Corporation Tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting year are taxed at a rate of 22%. On 2 July 2013, the UK Government passed the 2013 Finance Bill which will reduce the main rate of corporation tax to 20% from 1 April 2015. Deferred tax has been recognised at 20% (2013: 21%) reflecting the rate that was enabled in the Finance Act 2013

## 11. Reserves

	Share premium account £m	Profit and loss account £m
At 30 September 2013	0.5	7.5
Profit for the financial year after taxation	-	12.6
Dividends paid	-	(5.5)
Recognition of pension scheme assets		0.8
Deferred tax in respect of pension scheme		(0.2)
At 30 September 2014	0.5	15.2

## 12. Reconciliation of Movements in Shareholder's Funds

	2014 £m	2013 £m
Opening shareholders' funds	8.0	7.7
Profit for the financial year/period	12.6	16.9
Dividends paid	(5.5)	(16.6)
Recognition of pension scheme assets	0.8	-
Deferred tax in respect of pension scheme	(0.2)	-
Closing shareholder's funds	15.7	8.0

## 13. Financial Commitments

	2014 Land and buildings £m	2014 Other £m	2013 Land and buildings £m	2013 Other £m
Leases which expire:				
Within one year	0.7	3.7	1.0	1.7
Within 2 to 5 years	1.9	8.8	2.1	1.1
After 5 years	0.4	0.3	0.7	-
	3.0	12.8	3.8	2.8

The Company, together with other subsidiaries of MRBL Limited, is a guarantor on a joint and several basis for the revolving credit facility used by the Mouchel Group. At 30 September 2014 the amount outstanding was £76.7 million. Full details of the revolving credit facility may be found in the financial statements of MRBL Limited. Of the cash balance £16.1m (2013: nil) is restricted by virtue of it being held within project bank accounts.

## 14. Pension Commitments

EM operate a money purchase pension scheme provided by Legal & General and also participate in 2 defined benefit arrangements in respect of ex-local authority staff who have TUPE transferred to EM and require the Company to offer comparable LGPS pension benefits. During the year the Company has recognised the defined benefit pension scheme on the balance sheet for the first time as it was previously immaterial.

*In respect of the Legal & General scheme the pension cost charge for the year represents contributions payable by the Company to the Legal & General Scheme amounted to £0.6m (2013: £0.7m).*

In respect of the ex-Local Authority staff who have TUPE transferred to EM the Company participates in the Prudential Platinum Pension Scheme and is an admitted body status employer in the LGPS Croydon scheme. The Prudential Platinum Scheme ("the Scheme") is an external sectionalised multi-employer final salary pension arrangement. The assets of the EM section are administered by Trustees in funds independent of those of the Company and other sections of the Scheme. The administration is also conducted by external professional Pension Administrators.

The terms of the Scheme allow the Company to exit when the last member has left employment without additional payments, provided the related assets equal or exceed the value of the past service liabilities on a buy-out basis. However, if the estimated value of the assets arising from the Company's contributions is less than the value of the past service liabilities for which the Company is responsible, then the Company will be required to make good the shortfall.

The Scheme is subject to regular review and the Employer's contribution in relation to future service is adjusted accordingly. Additional employer contributions also fall due if a past service deficit is identified on a buy-out basis.

The pension cost charge for the year represents contributions payable by the Company to the Scheme and amounted to £0.3m (2013: £0.3m). The actuarial value relating to the Company's share of the scheme assets and liabilities at 30 September 2014 was equal to a net asset of £0.8m (2013: £0.8).

In respect of the admitted body status in one LGPS scheme EM is not directly liable for the funding obligation through protection mechanisms in the client contract. This means an accurate valuation cannot be made. The pension cost in respect of the scheme is therefore treated as if it was a defined contribution scheme.

A summary of the disclosures in the Balance Sheet and Profit and Loss Account are as follows:

	Year ending 30 September 2014 £m
Balance Sheet	
Value of assets	3.6
Value of liabilities	(2.8)
Surplus in the scheme	0.8
Deferred tax liability	(0.2)
Net asset	0.6
Profit and Loss Account	
Current service cost	0.3
Interest cost	0.1
Expected return on assets	(0.2)
Overall profit and loss debit	0.2

The current service cost represents the cost of the pension rights accrued in the year (net of employee contributions), pension sub-scheme expenses and the death in service insurance premiums paid. The Pensions Protection Levy is paid directly by the Company and as such has not been included.

Of the current service cost, £0.3m (2013: £0.3m) is included within cost of sales.

The amounts recognised in the Balance Sheet are as follows:

	£m	%
Equities and diversified growth funds	0.5	14
Bonds and gilts	3.1	86
Fair value of plan assets	3.6	100
Present value of obligations	(2.8)	
Asset in the Balance Sheet	0.8	

The change in the surplus can be broken down as follows:

	£m
Surplus at 30 September 2013	0.8
Current service cost	(0.3)
Employer contributions	0.3
Actual less expected investment return	0.1
Change of basis	(0.2)
Expected return on assets	0.2
Interest cost	(0.1)
Experience	-
Surplus at 30 September 2014	0.8

Movement in assets during the year:

	£m
Scheme assets at beginning of year	3.1
Movement in year:	
Expected return on scheme assets	0.2
Employer contributions	0.3
Benefits paid	(0.1)
Actuarial gain	0.1
Scheme assets at end of year	3.6

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company.

Movement in liabilities during the year:

	£m
Scheme liabilities at beginning of year	(2.3)
Movement in year:	
Current service cost	(0.3)
Interest cost	(0.1)
Benefits paid	0.1
Actuarial gain	(0.2)
Scheme liabilities at end of year	(2.8)

A summary of the financial assumptions used at 30 September 2014 is as follows:

Discount rate	4.0%
Retail price inflation	3.2%
Consumer price inflation	2.2%
Pensionable salary increases	3.2%
Revaluation of deferred benefits	3.2%
Pension increases:	
In line with RPI	3.2%
In line with CPI	2.2%

The assumed life expectancies based on an assumed retirement age of 65 are:

Retiring today:	
Males	87.3
Females	89.3
Retiring in 20 years' time:	
Males	88.6
Females	90.8

The assumption for the expected return on assets as at 30 September 2014 does not affect the amount recognised on the Balance Sheet or the Profit or Loss account for the current year. Instead, it affects the Profit and Loss charge in the following year:

Equities and diversified growth funds	7.3%
Corporate bonds	4.0%
Gilts	3.0%
Total	4.1%

Projected Profit and Loss Account cost items for the year ending 30 September 2015:

	£m
Current service cost	(0.3)
Interest cost	(0.1)
Expected return on assets	0.2
Overall Profit and Loss charge	(0.2)

The cumulative amount of actuarial losses recognised in the Statement of Total Recognised Gains and Losses is £0.5m (2013: £nil).

The Company expects to contribute £0.3m to its defined benefit pension scheme in 2015.

History of amounts for current year (2014 first year of disclosure):

	2014 £m
Plan assets	3.6
Defined benefit obligation	(2.8)
Surplus	0.8
Experience adjustments on plan assets	0.1
Experience adjustments on plan liabilities	(0.1)



## 15. Called Up Share Capital

	2014 £m	2013 £m
Authorised 100,000 (2013: 100,000) Ordinary shares of £1 each	0.1	0.1
Called up, allotted and fully paid 20,002 (2013: 20,002) Ordinary shares of £1 each	-	-

## 16. Ultimate Controlling Party

EM Highway Services Limited is a subsidiary of Mouchel Limited. The ultimate controlling party of Mouchel Limited is MRBL Limited registered in England and Wales. Copies of MRBL Limited consolidated financial statements can be obtained from the Company Secretary at Export House, Cawsey Way, Woking GU21 6QX.

## 17. Post Balance Sheet Events

On 17th December 2014 a dividend of £5,033,000 was approved and distributed to Mouchel Limited.

## Company Directory

### Directors:

Keith Jackson  
Miles Barnard

### Registered office:

Export House  
Cawsey Way  
Woking  
Surrey  
GU21 6QX

### Registration Number:

05606089

### Website:

[www.emhighways.co.uk](http://www.emhighways.co.uk)

### Bankers:

National Westminster Bank plc  
13 Stonehills  
Welwyn Garden City  
Herts  
AL8 6ND

### Independent Auditors:

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place, London WC2N 6RH