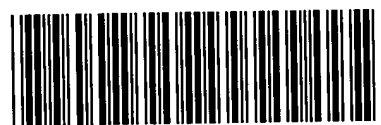


# **Connect Roads Infrastructure Investments Limited**

Annual report and financial statements  
for the year ended 31 December 2014

Company number: 07276835

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**CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended**

**31 DECEMBER 2014**

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# **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report together with the financial statements and auditor's report for the year ended 31 December 2014. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. A strategic report has not been prepared as the Company is entitled to the small companies' exemption.

### **Principal activity and business review**

The Company's principal activity is that of an investment company. The Directors expect the activities of the Company to continue on a similar basis.

### **Results and dividends**

The financial statements of the Company are set out on pages 6 to 13. The profit for the year was £1,079,078 (2013: £19,522,031).

The Directors declared an interim dividend of £nil to the Company's shareholder Balfour Beatty Infrastructure Investments Limited in 2014 (2013: £14,000,000).

### **Directors**

The Directors of the Company, who served during the period and up to the date of this report except as noted, were:

I K Rylatt  
L M Thomson  
I F Appuhamy (appointed 30 July 2014)

### **Financial instruments**

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only financial risk the Directors consider relevant to the Company is credit risk. The Directors do not consider credit risk to be material for the short-term loan to the parent company Balfour Beatty Infrastructure Investments Limited.

### **Going concern**

Having made appropriate enquiries, the Directors consider it reasonable to assume that the Company has adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

# **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 as at the end of the financial period and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- show and explain the Company's transactions;
- 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.

The Directors 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.

### **Disclosure of information to auditor**

Each of the Directors at the date of approval of this report confirms that:

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

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

### **Auditor**

Deloitte LLP has indicated its willingness to continue as auditor to the Company and in accordance with Section 487 of the Companies Act 2006, it will be deemed to be re-appointed unless the deemed re-appointment is prevented by the members under Section 488 of the Companies Act 2006.

### **Registered office**

350 Euston Road  
Regent's Place  
London  
NW1 3AX

By order of the Board



L Thomson, Director

Dated: 9 June 2015

## **INDEPENDENT AUDITOR'S REPORT**

### **to the members of**

## **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

We have audited the financial statements of Connect Roads Infrastructure Investments Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related Notes numbered 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Directors and auditor**

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

**to the members of**

**CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

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

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

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

**Other matters**

As the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.



Jacqueline Holden FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor

London, United Kingdom

9 June 2015

**CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2014**

	Notes	<u>2014</u> £	<u>2013</u> £
Net operating income		75,000	-
Profit on disposal of fixed assets investments	2	-	18,710,744
<b>OPERATING PROFIT</b>		<b>75,000</b>	<b>18,710,744</b>
Income from investments	4	1,088,900	812,500
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<b>1,163,900</b>	<b>19,523,244</b>
Finance expense	5	(16,480)	(1,516)
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,147,420</b>	<b>19,521,728</b>
Taxation on profit from ordinary activities	6	(68,342)	303
<b>PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<b>1,079,078</b>	<b>19,522,031</b>

The Company has no recognised gains or losses in the current or prior year other than those included in the results above, consequently no statement of total recognised gains and losses has been presented.

All activities are from continuing operations in the United Kingdom.

**CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

**BALANCE SHEET**

**as at 31 December 2014**

	Notes	<u>2014</u> £	<u>2013</u> £
<b>FIXED ASSETS</b>			
Investments	8	3,024,157	3,007,456
<b>CURRENT ASSETS</b>			
Debtors			
Amounts falling due within one year	9	33,461,969	32,251,709
Deferred tax	12	-	303
		<u>33,461,969</u>	<u>32,252,012</u>
<b>CURRENT LIABILITIES</b>			
Creditors			
Amounts falling due within one year	10	(4,096)	(76,516)
<b>NET CURRENT ASSETS</b>		<u>33,457,873</u>	<u>32,175,496</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>36,482,030</u>	<u>35,182,952</u>
<b>NON CURRENT LIABILITIES</b>			
Creditors			
Amounts falling due after more than one year	11	(1,700,000)	(1,480,000)
<b>NET ASSETS</b>		<u><u>34,782,030</u></u>	<u><u>33,702,952</u></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	10,882,100	10,882,100
Profit and loss account	14	23,899,930	22,820,852
<b>SHAREHOLDERS' FUNDS</b>		<u><u>34,782,030</u></u>	<u><u>33,702,952</u></u>

These financial statements of Connect Roads Infrastructure Investments Limited (registered number 07276835) were approved by the Board of Directors on 9 June 2015 and signed on its behalf by

  
L. Thomson, Director



## **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Accounting policies**

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

##### *a. Basis of Accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice. This policy has been applied consistently throughout the year. The financial statements have been prepared on a going concern basis as discussed in the Directors' report on page 2.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Balfour Beatty plc which prepares consolidated accounts which are publicly available.

The Company is also exempt from the requirement of FRS 1 (revised) to present a cash flow statement on this basis.

##### *b. Taxation*

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

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 profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### *c. Investments*

Investments comprise holdings in subsidiary undertakings and joint ventures. The Company's investments are stated at cost less amounts provided to reflect impairments in value.

##### *d. Interest Income*

Interest income is accounted for by applying the relevant interest rate to the outstanding loan balance over a time period basis; this income is recognised in the profit and loss account as earned.

##### *e. Income from shares*

Dividends on shares are recognised in the financial statements of the Company once they have been received.

**CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Profit on disposal of fixed asset investments**

	<u>2014</u> £	<u>2013</u> £
Connect A30/A35 Holdings Limited	-	18,710,744
	<u>-</u>	<u>18,710,744</u>

**3. Employee, Director and auditor costs**

The Company has no employees and therefore incurs no employee or pension costs (2013: £nil).  
No Director received any emoluments for services to the Company during the year (2013: £nil).

The auditor's remuneration for the audit of the Company's accounts was £2,050 (2013: £nil). In 2013 the Company was exempt from an audit. The auditor's remuneration was borne by Balfour Beatty Group Limited in 2014.

**4. Income from investments**

	<u>2014</u> £	<u>2013</u> £
Dividends received from joint ventures	1,088,900	812,500
	<u>1,088,900</u>	<u>812,500</u>

**5. Finance expense**

	<u>2014</u> £	<u>2013</u> £
Interest payable on loans from joint ventures	(16,480)	(1,516)
	<u>(16,480)</u>	<u>(1,516)</u>

**6. Taxation**

	<u>2014</u> £	<u>2013</u> £
<i>UK corporation tax</i>		
Current tax charge on income for the year	-	(353)
Adjustments in respect of prior years	68,039	-
Total current tax	<u>68,039</u>	<u>(353)</u>
<i>Deferred tax</i>		
Rate change adjustment	-	50
Adjustments in respect of prior years	303	-
Total deferred tax	<u>303</u>	<u>50</u>
Tax on profit on ordinary activities	<u>68,342</u>	<u>(303)</u>

# **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **6. Taxation (continued)**

	<u>2014</u> £	<u>2013</u> £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,147,420	19,521,728
Current tax at 21.49% (2013: 23.25%)	246,581	4,538,801
<i>Effects of:</i>		
Dividend income not taxable	(234,005)	(188,906)
Income not taxable	(16,118)	-
Non-taxable disposals	-	(4,350,248)
Adjustments to tax charge in respect of previous years	68,039	-
Tax losses carried forward	3,542	-
Total current tax charge/(credit)	<u>68,039</u>	<u>(353)</u>

The Company earns its profits wholly in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 21.49%.

### **7. Dividends**

	<u>2014</u> £	<u>2013</u> £
Dividends to group undertakings	-	(14,000,000)
	<u>-</u>	<u>(14,000,000)</u>

No dividend was declared in 2014 (2013: £14,000,000).

### **8. Fixed asset investments**

	<u>Joint ventures</u>	<u>Subsidiary undertakings</u>	<u>Total</u>
	£	£	£
At 1 January 2014	2,977,156	30,300	3,007,456
Additions	16,701	-	16,701
At 31 December 2014	<u>2,993,857</u>	<u>30,300</u>	<u>3,024,157</u>

In December 2014 the Company subscribed for a 33.3% shareholding in Aberdeen Roads Holdings Limited.

### **9. Debtors: Amounts falling due within one year**

	<u>2014</u> £	<u>2013</u> £
Amounts owed by Group undertakings	33,761,969	32,251,709
	<u>33,761,969</u>	<u>32,251,709</u>

Amounts owed by Group undertakings are repayable on demand and interest free.

# **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **10. Creditors: Amounts falling due within one year**

	<u>2014</u> £	<u>2013</u> £
Interest payable to joint ventures	4,096	1,516
Other creditors	-	75,000
	<u>4,096</u>	<u>76,516</u>

### **11. Creditors: Amounts falling due after more than one year**

	<u>2014</u> £	<u>2013</u> £
Loan owed to joint venture	1,700,000	1,480,000
	<u>1,700,000</u>	<u>1,480,000</u>

The joint venture loan is repayable subject to conditions detailed in the loan agreement and the interest rate charged is LIBOR plus 0.5%. The final loan principal repayment is in March 2026.

### **12. Deferred tax**

	<u>2014</u> £	<u>2013</u> £
Timing differences (other than capital allowances)	-	303
Deferred tax asset	-	303

The movement in deferred tax asset comprises:

At 1 January	303	-
Tax losses carried forward	-	353
Rate change adjustment	-	(50)
Prior year adjustment	(303)	-
At 31 December	<u>-</u>	<u>303</u>

The Finance Act 2013 was enacted on 17 July 2013 implementing a reduction in the main UK corporation tax rate from 24% to 23% effective from 1 April 2013, with a further deduction of 2% to 21% from 1 April 2014 and to 20% from 1 April 2015. The deferred tax balances were measured at the future rate of 20% in 2013. Therefore, deferred tax balances have not been re-measured in 2014 as the future rate of 20% continues to apply. However any deferred tax assets or liabilities that arise in the year ended 31 December 2014, will give rise to a rate change movement in respect of the credit/charge to the P&L as the current tax effect will be at 21.49% and the deferred tax effect will be recognised at 20%. There is no rate change movement in the period as there are no deferred tax balance movements.

### **13. Called-up share capital**

	<u>2014</u> £	<u>2013</u> £
<b>Called-up, issued and fully paid:</b>		
100 Ordinary shares of £1 each	100	100
699 Ordinary shares of £15,568 each	10,882,000	10,882,000
	<u>10,882,100</u>	<u>10,882,100</u>

## **CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **14. Reconciliation of movements in reserves and shareholders' funds**

	2014 Share capital	2014 Profit and loss account	2014 Shareholders' funds
Opening 1 January	10,882,100	22,820,852	33,702,952
Profit for year	-	1,079,078	1,079,078
At 31 December	<u>10,822,100</u>	<u>23,899,930</u>	<u>34,782,030</u>

#### **15. Related party transactions**

As a subsidiary of Balfour Beatty Infrastructure Investments Limited, the Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" not to disclose transactions with other members of the group headed by Balfour Beatty plc.

#### **16. Ultimate parent company and controlling party**

The Company is a wholly-owned subsidiary undertaking of Balfour Beatty Infrastructure Investments Limited, incorporated in the United Kingdom and registered in England and Wales, which does not prepare consolidated financial statements.

The Company's ultimate parent company and controlling party is Balfour Beatty plc, which is incorporated in the United Kingdom and registered in England and Wales. The only group in which the results of the Company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of Balfour Beatty plc are available to the public and may be obtained from Balfour Beatty plc, 130 Wilton Road, London SW1V 1LQ, and on the Balfour Beatty website: [www.balfourbeatty.com](http://www.balfourbeatty.com)

**CONNECT ROADS INFRASTRUCTURE INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**17. List of principal subsidiaries and joint ventures**

	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Class</b>	<b>% Holding</b>
<b><u>Subsidiaries</u></b>				
Connect Roads Coventry Holdings Limited*	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Cambridgeshire Holdings Limited*	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Northamptonshire Holdings Limited*	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Coventry Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Coventry Intermediate Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Cambridgeshire Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Cambridgeshire Intermediate Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Northamptonshire Limited	England and Wales	PPP concession company	Ordinary	100%
Connect Roads Northamptonshire Intermediate Limited	England and Wales	PPP concession company	Ordinary	100%
<b><u>Joint ventures</u></b>				
Connect A30/A35 Holdings Limited*	England and Wales	PPP concession company	Ordinary	20%
Connect Roads Limited*	England and Wales	PPP concession company	Ordinary	25%
Connect A50 Limited	England and Wales	PPP concession company	Ordinary	25%
Connect A30/35 Limited	England and Wales	PPP concession company	Ordinary	20%
Connect M77/GSO Public Listed Company	England and Wales	PPP concession company	Ordinary	< 1%
Aberdeen Road Holdings Ltd*	England and Wales	PPP concession company	Ordinary	33%
Aberdeen Roads Limited	England and Wales	PPP concession company	Ordinary	33%
Aberdeen Roads (Finance) plc	England and Wales	PPP concession company	Ordinary	33%

\* Held directly by Connect Roads Infrastructure Investments Limited