

Registration number: 07276835

Connect Roads Infrastructure Investments Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Connect Roads Infrastructure Investments Limited

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Connect Roads Infrastructure Investments Limited

Company Information

Directors	I K Rylatt
	I F Appuhamy
	A P Walker
Company secretary	S Erfan
Registered office	6th Floor 350 Euston Road Regents Place London NW1 3AX
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

Connect Roads Infrastructure Investments Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their strategic report for Connect Roads Infrastructure Investments Limited ("the Company") for the year ended 31 December 2018.

Principal activity

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.

Risk management

Effective risk management is fundamental to how the Company runs its business and underpins the delivery of the Group's objectives. It is essential in helping to achieve sustainable shareholder value and in protecting the Group's reputation. The Company's approach to risk management is to identify at an early stage key risks and then to develop actions to eliminate or mitigate, to an acceptable level, the impact and likelihood of those risks.

Balfour Beatty plc's ("The Group") risk management policy requires all divisions and the operating companies within them to identify and assess the risks to which they are exposed and which could impact their ability to deliver their and the Group's objectives. Risk registers are used to record the risk events identified, their causes and possible consequences. Risks are then analysed as to the likelihood of occurrence and also the potential impact on the business. Actions are then developed and put in place to mitigate or eliminate unwanted exposures. Individuals are allocated responsibility for evaluating and managing risks identified to an agreed timescale. Risk registers and relevant action plans are regularly reviewed, at various levels throughout the business, to identify new risks as they arise, update mitigation plans, and to remove risks that are no longer relevant.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to the deterioration of the underlying businesses that support the investments held. Additional risks that this Company and the Balfour Beatty Group are subject to, and how they are managed, in the context of the Balfour Beatty Group as a whole is provided in the Balfour Beatty plc published annual report for the year ended 31 December 2018.

Business review

The results and key performance indicators of the Company are as follows:

	2018	2017
	£	£
Profit for the year	<u>3,386,444</u>	<u>2,595,273</u>

The audited financial statements of the Company appear on pages 9 to 19. The profit for the year increased to £3,386,444 (2017: £2,595,273) mainly as a result of additional dividend income and interest receivable.

Going concern

The Directors have considered the Company's investments in PPP concessions and infrastructure investments, and believe their underlying results support their carrying value. 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 accounts.

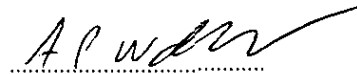
Connect Roads Infrastructure Investments Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

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 or the loans to PPP concession companies as these have stable long term cashflows.

Approved by the Board on 11 June..... and signed on its behalf by:



A P Walker
Director

Connect Roads Infrastructure Investments Limited

Directors' Report for the Year Ended 31 December 2018

The Directors present the Financial Statements and Auditor's report for the year ended 31 December 2018.

Financial statements and dividends

The audited financial statements of the Company appear on pages 9 to 19. The profit for the year after tax was £3,386,444 (2017: £2,595,273). The Company paid a dividend of £12,446,000 (2017: £Nil).

Directors of the company

The directors, who held office during the year, were as follows:

I K Rylatt

I F Appuhamy

A P Walker

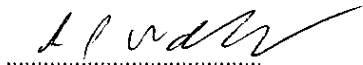
Disclosure of information to the auditor

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

Auditor

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

Approved by the Board on *11 June* and signed on its behalf by:



A P Walker
Director

Connect Roads Infrastructure Investments Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Connect Roads Infrastructure Investments Limited

Independent Auditor's Report to the Members of Connect Roads Infrastructure Investments Limited

Opinion

We have audited the financial statements of Connect Roads Infrastructure Investments Limited ("the company") for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Connect Roads Infrastructure Investments Limited

Independent Auditor's Report to the Members of Connect Roads Infrastructure Investments Limited (continued)

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Connect Roads Infrastructure Investments Limited

Independent Auditor's Report to the Members of Connect Roads Infrastructure Investments Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



.....
William Meredith (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 12th June 2019

Connect Roads Infrastructure Investments Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Other income	5	-	1,600,000
Operating profit		-	1,600,000
Income from investments	6	1,381,350	632,550
Interest income	7	2,044,244	437,225
Finance expense	8	(39,150)	(48,122)
Total income from investments, interest and finance		3,386,444	1,021,653
Profit before tax		3,386,444	2,621,653
Tax on profit on ordinary activities	9	-	(26,380)
Profit for the year		3,386,444	2,595,273

There were no recognised gains or losses in the year other than those disclosed above. Accordingly no statement of comprehensive income is presented.


The above results were derived from continuing operations in the United Kingdom.

Connect Roads Infrastructure Investments Limited

(Registration number: 07276835)
Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments in joint ventures and associates	10	2,999,917	2,999,917
Current assets			
Debtors: Amounts falling due within one year	11	19,874,265	47,859,306
Debtors: Amounts falling due after more than one year	11	<u>22,230,552</u>	<u>3,306,117</u>
		42,104,817	51,165,423
Creditors: Amounts falling due within one year	12	<u>(295,314)</u>	<u>(296,364)</u>
Net current assets		<u>41,809,503</u>	<u>50,869,059</u>
Total assets less current liabilities		44,809,420	53,868,976
Creditors: Amounts falling due after more than one year	12	<u>(3,895,250)</u>	<u>(3,895,250)</u>
Net assets		<u>40,914,170</u>	<u>49,973,726</u>
Capital and reserves			
Called up share capital	13	10,882,100	10,882,100
Profit and loss account		<u>30,032,070</u>	<u>39,091,626</u>
Shareholder's funds		<u>40,914,170</u>	<u>49,973,726</u>

These financial statements were approved by the Board on 11 June and signed on its behalf by:



A P Walker
Director

Connect Roads Infrastructure Investments Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	10,882,100	36,496,353	47,378,453
Profit for the year	-	2,595,273	2,595,273
At 31 December 2017	<u>10,882,100</u>	<u>39,091,626</u>	<u>49,973,726</u>

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	10,882,100	39,091,626	49,973,726
Profit for the year	-	3,386,444	3,386,444
Dividends	-	(12,446,000)	(12,446,000)
At 31 December 2018	<u>10,882,100</u>	<u>30,032,070</u>	<u>40,914,170</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 Accounting policies

Connect Roads Infrastructure Investments Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07276835 and the registered address is 6th Floor 350 Euston Road, Regents Place, London, NW1 3AX.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Balfour Beatty plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Balfour Beatty plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 5 Churchill Place, Canary Wharf, London, E14 5HU and on the Balfour Beatty website: www.balfourbeatty.com

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Balfour Beatty plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

1 Accounting policies (continued)

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements are prepared on the historical cost basis.

The financial statements present information about the Company as an individual undertaking and not about its group. As permitted by section 400 of the Companies Act 2006, no consolidated accounts have been prepared as the Company is a wholly owned subsidiary of Balfour Beatty plc.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Change in significant accounting policies

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

The Company has assessed that comparative periods do not require restatement. An assessment has been performed of the differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 and this assessment concluded that there was no impact apart from classification of financial instruments.

Investments

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

Loans due from joint venture and associate undertakings are initially recorded at fair value and subsequently accounted for at amortised cost.

Tax

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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

1 Accounting policies (continued)

Dividend and interest income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Key accounting judgements

The following are the key accounting judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Carrying value of investments

The Company reviews the recoverability of its investments annually. If the recoverable amount is less than the carrying value a provision is recognised. Determining the recoverable amount requires an estimate of fair value which is calculated by discounting future cash flows.

2 Staff costs

The Company had no employees and therefore has incurred no employment or pension costs for the year end or the preceding year.

3 Directors' remuneration

	2018 £	2017 £
Directors' remuneration	23,058	22,606
Company contributions to money purchase pension plans	309	303
	<u>23,367</u>	<u>22,909</u>

Retirement benefits are accruing to the following number of directors under:

	2018 Number	2017 Number
Money purchase schemes	<u>1</u>	<u>1</u>

From 1 February 2013, Directors' remuneration is paid by Balfour Beatty Group Employment Limited.

4 Auditor's remuneration

In both periods, the audit fee payable for audit of the Company's annual accounts was borne by the ultimate parent.

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

5 Operating profit

	2018 £	2017 £
Other income	<u>-</u>	<u>1,600,000</u>

6 Income from investments

	2018 £	2017 £
Dividends received from joint ventures	<u>1,381,350</u>	<u>632,550</u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest receivable on loans to joint ventures	<u>2,044,244</u>	<u>437,225</u>

8 Finance expense

	2018 £	2017 £
Interest payable on loans from joint ventures	<u>39,150</u>	<u>48,122</u>

9 Income tax

Tax charged in the profit and loss account

	2018 £	2017 £
Current taxation		
UK corporation tax adjustment to prior periods	<u>-</u>	<u>26,380</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Income tax (continued)

	2018 £	2017 £
Profit before tax	3,386,444	2,621,653
Corporation tax at standard rate	643,424	504,668
Increase (decrease) in current tax from adjustment for prior periods	-	26,380
Increase (decrease) arising from group relief tax reconciliation	(380,968)	(382,902)
Increase (decrease) from effect dividends from UK companies	(262,456)	(121,766)
Total tax charge	-	26,380

The Company earns its results primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the current UK corporation tax rate of 19% (2017: 19.25%).

For the year end 31 December 2018, a corporation tax rate of 19% has been applied in line with rates enacted by the Finance Act 2016. The Finance Act 2016, which was substantively enacted on 6 September 2016, provides for a reduction in the main rate of UK corporation tax to 19% effective from 1 April 2017 and a further reduction to 17% from 1 April 2020.

10 Investments

Joint ventures

	£
Cost or valuation	
At 1 January 2018	2,999,917
At 31 December 2018	2,999,917

Details of the joint ventures as at 31 December 2018 are as follows:

Name of Joint-venture	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Connect Roads Cambridgeshire Holdings Limited* (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Cambridgeshire Intermediate Limited (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Cambridgeshire Limited (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Coventry Holdings Limited* (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Coventry Intermediate Limited (1)	PPP concession company	England and Wales	20%	20%

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments (continued)

Name of Joint-venture	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Connect Roads Coventry Limited (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Northamptonshire Holdings Limited* (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Northamptonshire Intermediate Limited (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Northamptonshire Limited (1)	PPP concession company	England and Wales	20%	20%
Connect A30/A35 Holdings Limited* (1)	PPP concession company	England and Wales	20%	20%
Connect A30/35 Limited (1)	PPP concession company	England and Wales	20%	20%
Connect Roads Limited* (1)	PPP concession company	England and Wales	25%	25%
Connect A50 Limited (1)	PPP concession company	England and Wales	25%	25%
Connect M77/GSO plc** (1)	PPP concession company	England and Wales	1%	1%
Aberdeen Roads Holdings Limited* (2)	PPP concession company	England and Wales	33%	33%
Aberdeen Roads (Finance) plc (2)	PPP concession company	England and Wales	33%	33%
Aberdeen Roads Limited (2)	PPP concession company	England and Wales	33%	33%

* held directly by Connect Roads Infrastructure Investments Limited

** the holding is < 1%

(1) Registered office: 350 Euston road, London NW1 3AX United Kingdom

(2) Registered office: Maxim 7, Maxim Office Park Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ, United Kingdom

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Trade and other debtors

Amounts due within one year:

	2018 £	2017 £
Interest receivable from joint ventures and associate undertakings	1,727,256	110,534
Amounts owed by group undertakings	16,912,449	47,700,172
Loans due from joint ventures and associate undertakings	<u>1,234,560</u>	<u>48,600</u>
	<u>19,874,265</u>	<u>47,859,306</u>

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

Amounts due after one year:

	2018 £	2017 £
Loans due from joint venture and associate undertakings	<u>22,230,552</u>	<u>3,306,117</u>

12 Trade and other creditors

Amounts due within one year:

	2018 £	2017 £
Amounts owed to Group undertakings	286,614	286,614
Accruals	<u>8,700</u>	<u>9,750</u>
	<u>295,314</u>	<u>296,364</u>

Amounts owed to group undertakings are repayable on demand and are interest free.

Amounts due after one year:

	2018 £	2017 £
Loans owed to joint ventures	<u>3,895,250</u>	<u>3,895,250</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.

Connect Roads Infrastructure Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

13 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary shares of £1 each	100	100	100	100
Ordinary shares of £15,567.95 each	699	10,882,000	699	10,882,000
	<u>799</u>	<u>10,882,100</u>	<u>799</u>	<u>10,882,100</u>

14 Related party transactions

As a wholly-owned subsidiary undertaking of Balfour Beatty plc, the Company has taken advantage of the exemptions in FRS 101 "Reduced Disclosure Framework" not to disclose transactions with other wholly-owned members of the group headed by Balfour Beatty plc.

The transactions with joint ventures and associates are disclosed in Notes 6 and 7. The amounts due from or to joint ventures and associates at the reporting date are disclosed in Notes 11 and 12. These transactions occurred in the normal course of business at market rates and terms.

15 Parent and ultimate parent undertaking

The Company's immediate parent is Balfour Beatty Infrastructure Investments Limited.

The ultimate parent is Balfour Beatty plc.

The most senior parent entity producing publicly available financial statements is Balfour Beatty plc. These financial statements are available upon request from 5 Churchill Place, Canary Wharf, London, E14 5HU and on the Balfour Beatty website: www.balfourbeatty.com

16 Subsequent events

There were no post balance sheet events.