# LAING INVESTMENTS MANAGEMENT SERVICES (AUSTRALIA) LIMITED

**DIRECTORS' REPORT**
**AND**
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**
**31 DECEMBER 2013**



**Registered Number 7375343**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE FOR THE YEAR ENDED 31 DECEMBER 2013**

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## DIRECTORS AND ADVISORS

**Directors**
S M Colvin
G S Lucas (resigned 16 June 2013)
A J Phillips
B J T Pieterse (appointed 10 June 2013)
D Potts (appointed 10 June 2013)

**Company secretary and registered office**
M Lewis
1 Kingsway
London
WC2B 6AN

**Auditor**
Deloitte LLP
Chartered Accountants and Statutory Auditor
London

**Principal bankers**
ANZ Banking Group Limited
Ground Floor
20 Martin Place
Sydney
NSW 2000
Australia

**Solicitors**
CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London EC1A 4DD

## DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2013.

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The Company is a wholly owned subsidiary of John Laing Investments Limited, which in turn is a wholly owned subsidiary of John Laing plc.

### BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide management services to the John Laing plc group and to third parties including conducting the group's bidding activities in the Asia Pacific region and support for operational projects.

During the year, one project (New Generation Rollingstock) reached commercial close, generating £1,083,605 of turnover (2012 - nil).

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's relationships with its immediate parent company. More information is provided in note 1 to the financial statements.

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

### FUTURE DEVELOPMENTS

With the well established branch offices in Sydney and Melbourne the future bidding activities in the Asia Pacific region will increase as new markets and sectors are explored.

### RESULTS AND DIVIDENDS

The loss for the year before taxation amounted to £511,607 (2012 - loss of £3,267,320). After a current tax credit of £96,931 and a deferred tax credit of £45,148 (2012 - current tax credit of £809,012 and deferred tax credit of £396), the loss for the year was £414,676 (2012 - loss of £2,457,912).

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks are that there is delay in reaching financial close on projects and a reduced number of new projects are won due to competitive market conditions. For further details of the principal risks and uncertainties impacting the John Laing plc group, please refer to the John Laing plc Annual Report and Accounts.

### DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

**DIRECTORS' REPORT (continued)**

**DIRECTORS**

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

**EMPLOYEES**

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 9.

**AUDITOR**

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

On behalf of the Board

S M Colvin
Director
7 May 2014

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAING INVESTMENTS MANAGEMENT SERVICES (AUSTRALIA) LIMITED**

We have audited the financial statements of Laing Investments Management Services (Australia) Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 (APB'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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

***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.
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.

RH

Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor.
London, United Kingdom
7 May 2014

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

| | Notes | 2013 £ | 2012 £ |
|---|---|---|---|
| Turnover | 2 | 3,820,618 | 2,025,020 |
| **Gross profit** | | **3,820,618** | 2,025,020 |
| Administrative expenses | | (4,144,700) | (5,170,496) |
| **Operating loss** | 3 | **(324,082)** | (3,145,476) |
| **Loss on ordinary activities before interest** | | **(324,082)** | (3,145,476) |
| Net interest payable | 6 | **(187,525)** | (121,844) |
| **Loss on ordinary activities before taxation** | | **(511,607)** | (3,267,320) |
| Tax on loss on ordinary activities | 7 | **96,931** | 809,408 |
| **Loss for the financial year** | 13 | **(414,676)** | (2,457,912) |

A reconciliation of movements in shareholder's deficit is given in note 14.

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

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

All gains and losses are recognised in the profit and loss account in the current period, and therefore no separate statement of total recognised gains and losses has been presented.

## BALANCE SHEET AS AT 31 DECEMBER 2013

| | Notes | 2013<br>£ | 2012<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible fixed assets | 8 | **17,096** | 30,114 |
| **Current assets** | | | |
| Debtors - due within one year | 9 | **3,927,128** | 2,007,129 |
| Cash at bank and in hand | | **91,947** | 56,607 |
| | | **4,019,075** | 2,063,736 |
| **Current liabilities** | | | |
| **Creditors**: amounts falling due within one year | 10 | **(9,278,048)** | (6,921,051) |
| **Net current liabilities** | | **(5,258,973)** | (4,857,315) |
| **Total assets less current liabilities** | | **(5,241,877)** | (4,827,201) |
| **Net liabilities** | | **(5,241,877)** | (4,827,201) |
| **Capital and reserves** | | | |
| Called up share capital | 12 | **1** | 1 |
| Profit and loss account | 13 | **(5,241,878)** | (4,827,202) |
| **Shareholder's deficit** | 14 | **(5,241,877)** | (4,827,201) |

The financial statements of Laing Investments Management Services (Australia) Limited, registered number 7375343, were approved by the Board of Directors and authorised for issue on 7 May 2014. They were signed on its behalf by:

S M Colvin
Director
7 May 2014

**Notes to the financial statements for the year ended 31 December 2013**

## 1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current year, is shown below.

The Company is a wholly owned subsidiary undertaking of John Laing plc and as such is exempt under FRS1 (revised 1996) from the requirement to prepare its own cash flow statement.

The Company exists to provide services. Accordingly, the future viability of the Company to continue as a going concern is contingent upon continued demand for these services and receipt of payment for them. The Directors consider that the Company is an integral part of John Laing plc's structure and after making enquiries of that entity, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. However, a letter of support has been provided by John Laing Investments Limited, which states its intent to provide the necessary financial support to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. After making enquiries and taking account of the factors noted above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) Turnover

Turnover represents income receivable in the ordinary course of business for services provided and excludes value added tax.

c) Pension

The company contributes to employees' pension funds in addition to employees' contributions. These costs are charged to the profit and loss account as incurred.

d) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful economic life, as follows:

Office equipment - 3 years

e) Leases

Payments under operating leases are charged wholly to the profit and loss account on a straight line basis over the lease term.

f) PPP Bid Costs

PPP bid costs are charged to the profit and loss account as incurred.

The recovery of bid costs from project companies is recognised in the period when recovery is virtually certain.

g) Foreign Currency

Translations into Sterling are recorded at the rate ruling at the date of the transaction for the profit and loss account items.

Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account; those arising on translation of net equity are dealt with as a movement in reserves.

Monetary assets and liabilities expressed in foreign currency are reported at the rate of exchange prevailing at the balance sheet date, or if appropriate, at the forward contract rate. Any differences arising on retranslation of these amounts is taken to the profit and loss account.

h) Taxation

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

In accordance with FRS19 'Deferred Tax', deferred taxation 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 period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

**Notes to the financial statements for the year ended 31 December 2013 (Continued)**

## 2 TURNOVER

| | 2013 | 2012 |
|---|---|---|
| Turnover in the year is analysed as follows: | £ | £ |
| Service fee revenue | 2,514,492 | 930,063 |
| Recoveries of bid costs | 1,306,126 | 1,094,957 |
| | 3,820,618 | 2,025,020 |

## 3 OPERATING LOSS

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Operating loss is stated after charging / (crediting): | | |
| Fees payable to the Company's auditors for the audit of the Company's annual accounts | 2,655 | 2,575 |
| Depreciation | 13,018 | 8,945 |
| Foreign exchange gain | (944,430) | (82,474) |
| *Operating lease rental - other* | 111,917 | 112,298 |

## 4 DIRECTORS' REMUNERATION

The Directors of the Company have provided their services through a management service contract and therefore did not receive remuneration.

## 5 STAFF NUMBERS

*The average number of persons employed by the Company during the year was as follows:*

| | 2013 | 2012 |
|---|---|---|
| | No. | No. |
| | 8 | 9 |

The aggregate payroll costs of these persons were as follows:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Salaries | 1,457,332 | 1,693,593 |
| Social security costs | 91,221 | 78,119 |
| Other pension costs | 86,210 | 129,244 |
| | 1,634,763 | 1,900,956 |

Staff employed by Laing Investments Management Services (Australia) Limited, who are entitled to retirement benefits, can choose to be members of a defined contribution scheme sponsored by the Company. The assets of the scheme are held in a separate trustee administrated fund. The company made contributions of £86,210 during the year (2012: £106,923) and has no outstanding contributions as at 31 December 2013 (2012: £22,321 outstanding).

## 6 NET INTEREST PAYABLE

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| **Interest receivable and similar income** | | |
| Interest receivable on bank deposits | 1,314 | 3,953 |
| | 1,314 | 3,953 |
| **Interest payable and similar charges** | | |
| Interest payable on bank loans and overdrafts | (78) | (1) |
| Interest payable to group undertakings | (188,761) | (125,796) |
| | (188,839) | (125,797) |
| Net interest payable | (187,525) | (121,844) |

**Notes to the financial statements for the year ended 31 December 2013 (Continued)**

## 7 TAX ON LOSS ON ORDINARY ACTIVITIES

| | 2013 £ | 2012 £ |
|---|---|---|
| Analysis of tax credit for the year | | |
| **Current tax** | | |
| Foreign tax payable | - | (26) |
| Group relief receivable | 97,085 | 798,772 |
| Adjustments in respect of previous periods | (45,301) | 10,266 |
| **Total current tax** | 51,784 | 809,012 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 19,156 | - |
| Accelerated capital allowances | 1,694 | 423 |
| Adjustments in respect of previous periods | 31,353 | |
| Changes to tax rates and laws | (7,056) | (27) |
| **Total deferred tax** | 45,147 | 396 |
| **Total tax on loss on ordinary activities** | 96,931 | 809,408 |

*Factor affecting tax credit for the current year*

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

| | 2013 £ | 2012 £ |
|---|---|---|
| Loss for the financial year | (511,607) | (3,267,320) |
| Loss on ordinary activities multiplied by the blended rate of corporation tax in the UK of 23.25% (2012 24.5%) | 118,935 | 800,493 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | (999) | (1,298) |
| Origination and reversal of timing differences | (19,156) | - |
| Accelerated capital allowances | (1,694) | (423) |
| Adjustments in respect of previous periods | (45,301) | 10,266 |
| **Total current tax credit for the year** | 51,784 | 809,012 |

For the year ended 31 December 2013, the blended UK rate of 23.25% is applied due to the change in UK corporation tax rate from 24% to 23% with effect from 1 April 2013.

## 8 TANGIBLE FIXED ASSETS

| | Office Equipment £ |
|---|---|
| **Cost** | |
| At 1 January 2013 | 39,059 |
| **At 31 December 2013** | 39,059 |
| **Depreciation** | |
| At 1 January 2013 | (8,945) |
| Charge for the year | (13,018) |
| **At 31 December 2013** | (21,963) |
| **Net book value** | |
| **At 31 December 2013** | 17,096 |
| At 31 December 2012 | 30,114 |

**Notes to the financial statements for the year ended 31 December 2013 (Continued)**

## 9 DEBTORS

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| **Due within one year:** | | |
| Other taxation and social security | - | 226,522 |
| Trade debtors | 1,251,346 | - |
| Amounts owed from group undertakings | 2,542,074 | 957,645 |
| Other debtors | 15,846 | 13,319 |
| Group relief receivable | 72,319 | 809,038 |
| Deferred tax asset | 45,543 | 396 |
| Prepayments and accrued income | - | 209 |
| | 3,927,128 | 2,007,129 |

The amounts owed from group undertakings are repayable on demand. Interest is charged on the loan at 3.5% above Bank of England base rate.

## 10 CREDITORS

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| **Amounts falling due within one year** | | |
| Amounts owed to group undertakings | 7,044,078 | 5,706,257 |
| Trade creditors | 39,663 | 86,745 |
| Other taxation and social security | 41,774 | 63,359 |
| Accruals and deferred income | 2,152,532 | 1,064,690 |
| | 9,278,048 | 6,921,051 |

The amounts owed to group undertakings are repayable on demand. Interest is charged on the loan at 3.5% above Bank of England base rate.

## 11 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

The Company has the following annual commitments, amounting to £93,491 (2012: £110,514), due under operating leases which expire as follows:

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| Between two to five years | 93,491 | 110,514 |
| | 93,491 | 110,514 |

## 12 CALLED UP SHARE CAPITAL

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| **Allotted, called up and fully paid:** | | |
| 1 ordinary share of £1 each | 1 | 1 |

## 13 MOVEMENT IN RESERVES

| | Profit and loss account<br>£'000 |
|---|---|
| **At 1 January 2013** | (4,827,202) |
| Loss for the financial year | (414,676) |
| **At 31 December 2013** | (5,241,878) |

**Notes to the financial statements for the year ended 31 December 2013 (Continued)**

## 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Loss for the financial year | (414,676) | (2,457,912) |
| Net addition to shareholder's deficit | (414,676) | (2,457,912) |
| | | |
| Opening shareholder's deficit | (4,827,202) | (2,369,290) |
| **Closing shareholder's deficit** | **(5,241,879)** | (4,827,202) |

## 15 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing plc, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the John Laing plc group. Note 16 gives details of how to obtain a copy of the published financial statements of John Laing plc.

## 16 ULTIMATE PARENT UNDERTAKING

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

The smallest group in which its results are consolidated is John Laing plc, a company incorporated in Great Britain and registered in England and Wales. The largest group in which its results are consolidated is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands and registered in Jersey, Channel Islands. Copies of the consolidated accounts of John Laing plc are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent and controlling entity is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands.