COMPANY REGISTRATION NUMBER: NI056489

Highway Management (City) Holding Limited

Financial Statements

31 December 2018

Highway Management (City) Holding Limited

Financial Statements

Year ended 31 December 2018

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Highway Management (City) Holding Limited

Strategic Report

Year ended 31 December 2018

The directors present their Strategic Report on the group for the year ended 31 December 2018.

Principal activities and business review

The principal activity of the company is that of a holding company with two subsidiaries, Highway Management (City) Limited and Highway Management (City) Finance Plc.

The principal activity of the group is the provision of operational and maintenance services on four highway improvement schemes for the M1 (Westlink) motorway in Belfast, Northern Ireland, over a 30 year concession term, in accordance with a Project Agreement entered into with the Department for Infrastructure. Construction was completed on 27 November 2009, on which date the project became operational.

As part of the Project Agreement, Highway Management (City) Finance Plc, entered into a number of financing arrangements, which were on-loaned to a fellow subsidiary undertaking, Highway Management (City) Limited, with identical terms for the payment of interest and principal. The objective is to upgrade, increase capacity and relieve congestion on this stretch of the motorway network.

The United Kingdom is due to leave the European Union by 31 October 2019. The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy. However, the group is not affected by the continued uncertainty surrounding the United Kingdom's membership of the European Union, as the cash flows generated from the PFI concession asset are secured under contract with the Department for Infrastructure, a government body.

The result for the group for the year is shown in the Consolidated Profit and Loss Account on page 13.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to cash flow management, operation and maintenance compliance of the insurance cover and lifecycle profile.

Formal Board meetings are held during which quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances in the forecast are investigated and appropriate processes are put in place to mitigate the risk.

Financial risk management

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk. Moody's Investment Service assigned its 'A2' insured and 'Baa1' underlying ratings to the senior secured loan and bond. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

The group's financial instruments comprise index-linked bonds, an index-linked loan from EIB, a floating rate mezzanine bank loan and a fixed rate subordinated debt, the main purpose of which is to raise finance for the group's operations.

Avison Young Infrastructure Management Limited (formerly Apleona GVA Asset Management Limited), as the provider of management and financial services to the group under a contractual arrangement, implements the policies set by the Board of directors.

Financial risk management *(continued)*

Liquidity risk
The group minimises the risk of uncertain funding in its operations by having long-term committed facilities available. In addition, the group is required to maintain levels of expected net cash flow equal to 1.05 times the actual debt service payment due in the next 12 months. The debt service payment due in the next 12 months is expected to be £7,497,000.

Interest rate risk
The group is exposed to market related interest rate risk in relation to its index-linked debt through movements in RPI and on its floating rate mezzanine bank loan through movements in LIBOR. This is mitigated as the loans within Highway Management (City) Finance Plc have identical terms for the payment of interest and principal.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation under the contract giving rise to the financial instrument. The group's credit risk is concentrated as its cash flows are generated from the PFI roadway concession asset. The concentration of risk is mitigated as the cash flows are secured under contract with the Department for Infrastructure, a government body.

Key performance indicators

Financial performance

The group has modelled the anticipated financial performance of its concession across its full term. Quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. The directors believe the performance for the year to be satisfactory.

Going concern

The directors have reviewed the group's projected cash flows by reference to a financial model covering accounting periods up to 31 December 2036. The directors have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the available information, the directors consider that the group and company will be able to meet its financial obligations on the due dates for the foreseeable future. Accordingly, the directors consider that it is appropriate for the financial statements of the group and company to be prepared on a going concern basis.

Corporate governance

The Board is ultimately responsible for the group's system of internal control. This responsibility includes clearly determining the control environment and reviewing annually the effectiveness of the internal control system. The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the group. The process has been in place for the year under review and up to the date of approval of these financial statements and is regularly reviewed by the Board.

Quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions. These processes ensure that the project remains robust and viable throughout the life of the contract.

This report was approved by the Board of directors on 27 September 2019 and signed on behalf of the Board by:

A Naafs
Director

Registered office:
Ground Floor
Quaygate House
15 Scrabo Street
Belfast
BT5 4BD

The directors present their report and the audited financial statements of the group for the year ended 31 December 2018.

Audit committee

Under section 7.1 of the Disclosure Guidance and Transparency rules, the company is required to either have a separate Audit Committee or set out the reasons why, in the directors view, not having a separate Audit Committee is appropriate. The Board does not believe an Audit Committee is required for the following reasons:

- all Board directors are non-executive and are employees of the advisors to the shareholder; and
- the Board fulfils the responsibilities and requirements of an Audit Committee, through reviewing the financial controls and considering the appropriateness of the internal control and risk management systems. It also controls the appointment of the auditor, considers their independence and sets the auditors remuneration.

Directors

The directors who served the company during the year and up to the date of this report are shown below:

A Naafs
F Schramm

Dividends

The directors approved dividends of £1,164,000 of which £921,000 (2017: £1,358,000) was paid during the year.

Future developments

The project continues to perform in line with the modelled expectations and management of the scheme both logistically and financially remains under control. The directors remain confident that the group will maintain the current level of performance and keep meeting the obligations under the contract.

Events after the end of the reporting period

In 2016, the group entered into an operating and maintenance contract with Intertoll Limited to provide maintenance services on the M1 (Westlink) motorway network. As part of the related security package for the contract, the project has the benefit of an on-demand performance bond plus a Parent Company Guarantee. The latter is provided by Group Five Limited, a company based in South Africa, which is the ultimate controlling party of Intertoll Limited. On 11 March 2019, Group Five Limited filed for Business Rescue Protection under South African Company law. Whilst this event does not constitute a default under the project documentation, it does undermine the value of the Parent Company Guarantee. Consequently, the group has received a cash deposit as an additional form of security while the issues connected with Group Five Limited are resolved. The lenders are supportive of this approach. The issues in South Africa have no impact on the day-to-day activities of the service provider.

Donations

The group and company made no political donations during the year (2017: £nil).

Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Independent auditors

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

This report was approved by the Board of directors on 27 September 2019 and signed on behalf of the Board by:

A Naafs
Director

Registered office:
Ground Floor
Quaygate House
15 Scrabo Street
Belfast
BT5 4BD

Highway Management (City) Holding Limited

Directors' Responsibilities Statement

Year ended 31 December 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Signed on behalf of the Board by:

A Naafs
Director

Registered office:
Ground Floor
Quaygate House
15 Scrabo Street
Belfast
BT5 4BD

Date: 27 September 2019

Independent Auditors' Report to the Members of Highway Management (City) Holding Limited

Year ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion, Highway Management (City) Holding Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2018; the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

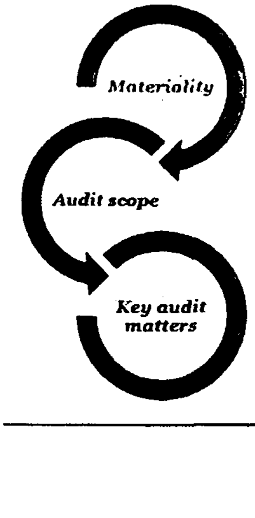
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

We have provided no non-audit services to the group or the company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview



- Overall group materiality: £73,384 (2017: £63,544), based on 1% of Total Revenue.
- Overall company materiality: £69,715 (2017: £60,367), based on 1% of Total Assets.

- The financial management is sub-contracted to a third party service provider located in Maidenhead UK. We completed the audit of the group from the offices of the third party service provider where all books and records are maintained.

- Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary payment.
- Recoverability of the finance debtor.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Industry Regulation (ISO 14001), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Corporation Tax Act 2010. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate distributable reserves, and inaccurate mark up applied to cost to increase revenue. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Risk of incorrect recognition of turnover as a result of inappropriate calculation and allocation of the unitary payment The group entered into a Project Agreement with the Department for Infrastructure, together with an associated construction contract, funding agreements and hard facilities management service contracts. The Project Agreement is a service concession arrangement, which requires the group to provide and maintain four highway improvement schemes for the M1 (Westlink) motorway in Belfast, Northern Ireland over a 30 year concession term (including construction) under Government's Private Finance Initiative. The group accounts for this concession arrangement as a finance debtor with amortisation and financial income recognised each year at a constant rate as set out in note 7. The unitary payments received from the Department for Infrastructure for the service concession arrangement are allocated to turnover, financial income and the finance debtor amortisation. The allocation to turnover is calculated by applying a margin to the costs incurred in the ongoing maintenance of the asset. This can result in an accrued or deferred position accounted for within a 'Unitary Payment Control Account' (UPCA), which is presented within 'Debtors'. Due to the judgement required to estimate the margin and the significant impact that the allocation of the unitary payments has on key accounts: turnover, financial income, the finance debtor and the UPCA, including those most susceptible to fraudulent manipulation, we consider this risk to be a key area of focus.	Our audit addressed the risk as follows: - We tested a sample of unitary payments received from the Department for Infrastructure, agreeing to invoice and evidence of cash receipt and used this to determine an expectation for total value of payments received in the year. We did not note any issues from our testing. - We re-performed the allocation of the unitary payment between turnover, finance debtor amortisation, financial income and the UPCA and checked that the allocated amounts had been recognised consistently. We found the calculation to be performed accurately and recognised consistently across the impacted key accounts. – We compared the margin applied to costs in the year-ended 31 December 2018 against that used in the year-ended 31 December 2017. We understood and corroborated the key reasons for the changes. We found the margin applied to be similar to that used in the prior year and the differences were understood and found to be reasonable.
Recoverability of the finance debtor The group has borrowings in the form of senior bonds listed on the London Stock Exchange (LSE) and other external borrowings. The total amount owed at 31 December 2018 was £128.9m. The group has a finance debtor due from the Department for Infrastructure of £128.9m as at 31 December 2018, and the repayment of the external borrowings is dependent on the recoverability of these amounts. Because of its significance to the financial statements and to our audit, we identified that the recoverability of the finance debtor was a key audit matter.	In order to obtain evidence as to the recoverability of the finance debtor, we read the terms of the Project Agreement and considered the ability of the counterparty to make repayments. The Project Agreement clearly outlines that the unitary payments will be received from the Department for Infrastructure for the concession term and all repayments to date have been received in line with the Project Agreement. We also read the terms of the senior bond agreement and other loan agreements to understand the repayment schedule and any terms which might trigger earlier repayment. We found no indications that earlier repayment would be required, and therefore the recovery of the finance debtor in line with the Project Agreement is expected to provide the necessary funds to enable the group to meet the loan repayment schedule for the foreseeable future.

We determined that there were no key audit matters applicable to the company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The consolidated financial statements are for a group whereby all significant trading activity occurs in a single subsidiary entity, Highway Management (City) Limited. The company is a holding company with no transactions during the year, other than dividend transactions that pass through the entity. The group also contains a financing company, which legally holds the group's publicly listed debt.

Due to statutory audit requirements all entities within the group have been subject to full scope audit procedures, although only Highway Management (City) Finance Plc and Highway Management (City) Limited are considered financially significant to the group.

The company is a 'Special Purpose Vehicle' for a 'Private Finance Initiative / Public Private Partnership' ('PFI / PPP') project. The principal activity of the company is the provision of operation and maintenance services on four highway improvement schemes for the M1 (Westlink) motorway in Belfast, Northern Ireland. It operates as a single business and we audited the complete financial information of the company, including all material account balances, classes of transactions and financial statement disclosures.

The financial management is sub-contracted to a third party service provider located in Maidenhead UK. We completed the audit of the group from the offices of the third party service provider where all books and records are maintained.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£73,384 (2017: £63,544).	£69,715 (2017: £60,367).
How we determined it	1% of Total Revenue.	1% of Total Assets.
Rationale for benchmark applied	We believe that total revenue is the appropriate measure to use, given the entity's earnings are at or near breakeven and the profit made by the entity is entirely a product of the margin mark up from the financial model. Hence, the level of revenue recognised in any year is a more appropriate indicator of the level of activity in any given year of the operating phase.	We believe that total assets is the appropriate measure to use, given there are limited transactions within the company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £44,031 for the subsidiary accounts and £69,715 for the company only accounts.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £3,669 (Group audit) (2017: £3,117) and £3,486 (Company audit) (2017: £3,018) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the members on 26 January 2017 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2016 to 31 December 2018.

Jonathan Studholme.

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 September 2019

Highway Management (City) Holding Limited

Consolidated Profit and Loss Account

Year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	**7,338**	6,354
Cost of sales		**(5,572)**	(4,922)
Administrative expenses		**(167)**	(203)
Operating profit		**1,599**	1,229
Interest receivable and similar income	7	**6,091**	6,260
Interest payable and similar expenses	8	**(6,978)**	(6,920)
Profit before taxation		**712**	569
Tax on profit	9	**(15)**	(110)
Profit for the financial year		**697**	459

The notes on pages 19 to 31 form part of these financial statements.

All the activities of the group are from continuing operations.

The group has no other recognised items of income and expenses other than the results for the year as set out above.

Highway Management (City) Holding Limited

Consolidated Balance Sheet

As at 31 December 2018

	Note		2018 £000	2017 Restated £000
Current assets				
Debtors: amounts falling due within one year	12	6,112		5,837
Debtors: amounts falling due after more than one year	12	130,661		134,833
Cash at bank and in hand		15,776		15,776
Total current assets		152,549		156,446
Creditors: amounts falling due within one year	13	(15,952)		(15,627)
Net current assets			136,597	140,819
Total assets less current liabilities			136,597	140,819
Creditors: amounts falling due after more than one year	14		(132,784)	(136,539)
Net assets			3,813	4,280
Capital and reserves				
Called up share capital	17		50	50
Profit and loss account			3,763	4,230
Total equity			3,813	4,280

The notes on pages 19 to 31 form part of these financial statements.

The financial statements on pages 13 to 31 were approved by the Board of directors on 27 September 2019, and signed on behalf of the Board by:

A Naafs
Director

Company registration number: NI056489

Highway Management (City) Holding Limited

Company Balance Sheet

As at 31 December 2018

	Note		2018 £000	2017 Restated £000
Fixed assets				
Investments	11		50	50
Current assets				
Debtors: amounts falling due within one year	12	299		299
Debtors: amounts falling due after more than one year	12	10,435		10,434
Total current assets		10,734		10,733
Creditors: amounts falling due within one year	13	(299)		(299)
Net current assets			10,435	10,434
Total assets less current liabilities			10,485	10,484
Creditors: amounts falling due after more than one year	14		(10,435)	(10,434)
Net assets			50	50
Capital and reserves				
Called up share capital	17		50	50
Profit and loss account			–	–
Total equity			50	50

The notes on pages 19 to 31 form part of these financial statements.

The profit for the financial year of the parent company was £1,164,000 (2017: £1,358,000).

The financial statements on pages 13 to 31 were approved by the Board of directors on 27 September 2019 and signed on behalf of the Board by:

A Naafs
Director

Company registration number: NI056489

Highway Management (City) Holding Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017		50	5,129	**5,179**
Profit for the financial year		–	459	**459**
Total comprehensive income for the financial year		–	459	**459**
Dividends paid and payable	10	–	(1,358)	**(1,358)**
Total investments by and distributions to owners		–	(1,358)	**(1,358)**
At 31 December 2017		50	4,230	**4,280**
Profit for the financial year		–	**697**	**697**
Total comprehensive income for the financial year		–	**697**	**697**
Dividends paid and payable	10	–	**(1,164)**	**(1,164)**
Total investments by and distributions to owners		–	**(1,164)**	**(1,164)**
At 31 December 2018		**50**	**3,763**	**3,813**

The notes on pages 19 to 31 form part of these financial statements.

Highway Management (City) Holding Limited

Company Statement of Changes in Equity

Year ended 31 December 2018

	Note	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017		50	–	**50**
Profit for the financial year		–	1,358	**1,358**
Total comprehensive income for the financial year		–	1,358	**1,358**
Dividends paid and payable	**10**	–	(1,358)	**(1,358)**
Total investments by and distributions to owners		–	(1,358)	**(1,358)**
At 31 December 2017		50	–	**50**
Profit for the financial year		–	**1,164**	**1,164**
Total comprehensive income for the financial year		–	**1,164**	**1,164**
Dividends paid and payable	10	–	**(1,164)**	(1,164)
Total investments by and distributions to owners		–	**(1,164)**	(1,164)
At 31 December 2018		50	–	50

The notes on pages 19 to 31 form part of these financial statements.

Highway Management (City) Holding Limited

Consolidated Cash Flow Statement

Year ended 31 December 2018

	2018 £000	2017 Restated £000
Cash flows from operating activities		
Profit for the financial year	**697**	459
Adjustments for:		
Interest receivable and similar income	**(6,091)**	(6,260)
Interest payable and similar expenses	**6,978**	6,920
Tax on profit	**15**	110
Changes in:		
Trade and other debtors	**3,897**	4,056
Trade and other creditors	**(615)**	(878)
Cash generated from operations	**4,881**	4,407
Interest paid	**(3,375)**	(3,399)
Interest received	**6,091**	6,260
Net cash generated from operating activities	**7,597**	7,268
Cash flows from financing activities		
Repayment of bond and bank loans	**(6,676)**	(6,362)
Dividends paid	**(921)**	(1,358)
Net cash used in financing activities	**(7,597)**	(7,720)
Net decrease in cash and cash equivalents	**–**	(452)
Cash and cash equivalents at beginning of year	**15,776**	16,228
Cash and cash equivalents at end of year	**15,776**	15,776

The notes on pages 19 to 31 form part of these financial statements.

In 2017, the group made loan repayments of £6,362,000 and consequently, the consolidated cash flow statement has been restated by reclassifying accrued interest of £3,348,000 from the repayment of bond and bank loans to trade and other creditors.

In 2017, an amount of £58,000 relating to prepaid monoline fees in respect of the index-linked bond and index-linked bank loan have been reclassified from trade and other creditors to trade and other debtors.

1. General information

The company is a private company limited by shares incorporated in the United Kingdom, which is registered and domiciled in the United Kingdom at Ground Floor, Quaygate House, 15 Scrabo Street, Belfast, BT5 4BD. The company's principal activity is that of a holding company with two subsidiaries, Highway Management (City) Limited and Highway Management (City) Finance Plc.

2. Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

A number of balance sheet reclassifications have been performed in relation to the year ended 31 December 2017. Please see note 20 for further information.

3. Summary of significant accounting policies

Measurement convention

The financial statements were prepared on the historical cost convention.

Going concern

The directors have reviewed the cash flow forecast and taking into account reasonable possible changes in operations, believe that the group and company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

Exemptions for qualifying entities under FRS 102

The company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.
- Basic Financial Instruments and Other Financial Instrument Issues.

3. **Summary of significant accounting policies** *(continued)*

Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Certain critical accounting estimates in applying the group's accounting policies are described below:

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the PFI contract. Quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions such as, RPI and the UK corporation tax rate. These processes ensure that the project remains robust and viable throughout the life of the contract.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings, Highway Management (City) Limited and Highway Management (City) Finance Plc up to 31 December 2018. The acquisition method of accounting has been adopted. The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the construction phase, which completed on 27 November 2009, revenues in excess of net operating and finance costs were deferred until completion of construction, whereupon they will be released to the Profit and Loss Account over the remaining life of the concession. During the operational phase, turnover is recognised as contract activity progresses at a mark-up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark-up is calculated based upon the forecast service revenues and costs over the concession period.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3. **Summary of significant accounting policies** *(continued)*

Taxation *(continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

Financial instruments

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and treasury deposits.

Restricted cash balance

The group is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £4,054,000 at the year end (2017: £4,171,000).

3. **Summary of significant accounting policies** *(continued)*

Financial assets

The group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. Financial assets are initially measured at fair value, plus, in the case of financial assets not at 'fair value through profit or loss', directly attributable transaction costs. The group has categorised its financial assets as loans and receivables. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either 'fair value through profit or loss' or 'available for sale'. Such assets are carried at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. Gains and losses are recognised in the Profit and Loss Account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Loans and borrowings are initially measured at fair value less directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Finance charges and directly attributable transaction costs are accounted for in the Profit and Loss Account using the effective interest rate method, and added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest rate is calculated using the RPI in relation to the reporting period for the group's index-linked bond and index-linked bank loan.

Finance debtor

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using an asset specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23.22(a). The group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees. Interest payable is recognised in the Profit and Loss Account, using the effective interest rate method.

3. Summary of significant accounting policies *(continued)*

Expenses *(continued)*

Interest receivable and Interest payable (continued)

Interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

4. Turnover

Turnover arises from:

	2018	2017
	£000	£000
Service income	**7,338**	6,354

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Auditors' remuneration

	2018	2017
	£000	£000
Audit of these financial statements	**15**	15

The audit fee in respect of the group was £15,000 (2017: £15,000) and for the company £1,700 (2017: £1,700). All the group audit fees have been borne by the company's subsidiary undertaking, Highway Management (City) Limited.

6. Staff costs and directors' remuneration

The group and company had no employees during the year (2017: nil). No key management personnel received any remuneration during the year (2017: nil). The directors have no contract of service with the group and company. During the year the group incurred charges of £116,000 (2017: £113,000) from BBGI Management HoldCo S.a.r.l.(an indirect and wholly owned subsidiary of BBGI SICAV S.A., which are both registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg), for making available the services of the directors.

7. Interest receivable and similar income

	2018	2017
	£000	£000
Bank interest receivable	**71**	33
Finance debtor interest receivable	**6,020**	6,227
	6,091	6,260

Interest is imputed on the finance debtor using an asset specific interest rate of 4.93%.

8. Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable on subordinated debt	**1,187**	1,187
Interest and indexation on bank loans	**3,082**	3,027
Interest and indexation on bond	**2,709**	2,706
	6,978	6,920

9. Tax on profit

Tax expense

	2018 £000	2017 £000
Current tax:		
UK current tax expense	**303**	121
Adjustment to tax charge in respect of prior periods	**(121)**	–
Total current tax	**182**	121
Deferred tax:		
Origination and reversal of timing differences	**(167)**	(11)
Tax on profit	**15**	110

Reconciliation of tax expense

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

	2018 £000	2017 £000
Profit before taxation	**712**	569
Profit by rate of tax	**136**	110
Adjustment to tax charge in respect of prior periods	**(121)**	-
Tax on profit	**15**	110

Factors that may affect future tax expense

The UK corporation tax rate will reduce to 17% from 1 April 2020. This change was substantively enacted as part of the Finance Bill on 6 September 2016. This change has been reflected in the financial statements and will reduce the group's future current tax charge accordingly.

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018 £000	2017 £000
Dividends on ordinary shares	**921**	1,358

10. Dividends *(continued)*

Dividends approved before the year end and recognised as a liability:

	2018	2017
	£000	£000
Dividends on ordinary shares	**243**	–

During the year the group made a dividend payment of £921,000 (2017: £1,358,000) to its shareholder, BBGI (NI) Limited (which is registered and domiciled in the United Kingdom at 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN). £243,000 (2017: £nil) is included within creditors: amounts falling due within one year.

11. Investments

Company	Shares in subsidiary undertakings £000
Cost	
At 1 January 2018 and 31 December 2018	**50**
Accumulated impairment	
At 1 January 2018 and 31 December 2018	**–**
Carrying amount	
At 31 December 2018	**50**
At 31 December 2017	50

The company owns 100% of the issued share capital (£100) of Highway Management (City) Limited and 100% of the issued share capital (£50,000) of Highway Management (City) Finance Plc, which are both registered and domiciled in the United Kingdom at Ground Floor, Quaygate House, 15 Scrabo Street, Belfast, BT5 4BD.

12. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2018	2017 Restated*	**2018**	2017 Restated*
	£000	£000	**£000**	£000
Trade debtors	**9**	9	**–**	–
Amounts owed by group undertaking	**–**	–	**299**	299
Finance debtor	**4,549**	4,331	**–**	–
Prepayments and accrued income	**1,554**	1,497	**–**	–
	6,112	5,837	**299**	299

*Refer to note 20 for further information on the restated balances.

12. Debtors *(continued)*

Debtors falling due after one year are as follows:

	Group		Company	
	2018	2017	**2018**	2017 Restated*
	£000	£000	**£000**	£000
Amounts owed by group undertaking	**–**	–	**10,435**	10,434
Finance debtor	**114,813**	119,362	**–**	–
Prepayments and accrued income	**15,848**	15,471	**–**	–
	130,661	134,833	**10,435**	10,434

*Refer to note 20 for further information on the restated balances.

Amounts owed by group undertakings are unsecured, repayable by 2036 and attract interest at 11.4%.

13. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017 Restated*	**2018**	2017 Restated*
	£000	£000	**£000**	£000
Loans and overdrafts	**7,497**	7,179	**–**	–
Trade creditors	**141**	164	**–**	–
Corporation tax	**303**	121	**–**	–
Other taxation and social security	**395**	540	**–**	–
Dividends payable	**243**	–	**–**	–
Subordinated debt (including accrued interest)	**299**	299	**299**	299
Retention	**48**	50	**–**	–
Accruals and deferred income	**7,026**	7,274	**–**	–
	15,952	15,627	**299**	299

*Refer to note 20 for further information on the restated balances.

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017 Restated*	**2018**	2017 Restated*
	£000	£000	**£000**	£000
Loans and overdrafts	**121,400**	125,022	**–**	–
Subordinated debt	**10,435**	10,434	**10,435**	10,434
Deferred tax liability	**916**	1,083	**–**	–
Retention	**33**	–	**–**	–
	132,784	136,539	**10,435**	10,434

*Refer to note 20 for further information on the restated balances.

14. Creditors: amounts falling due after more than one year *(continued)*

Included within Loans and overdrafts is an amount repayable after five years of £89,818,000 (2017: £95,707,000) and included within subordinated debt are amounts repayable after five years of £10,413,000 (2017: £10,413,000).

Borrowings relate to senior secured funding totalling £123,100,000 and a mezzanine loan of £8,440,000 (repayable in fifty three six-monthly instalments up until 27 February 2036) on-lent by a fellow subsidiary company. The senior facility is split as follows: Index linked bonds of £61,700,000 (repayable in fifty three six-monthly instalments up until 27 February 2036) with a 1.609% coupon, and an EIB loan of £61,400,000 (repayable in forty nine six-monthly instalments up until 15 February 2034) with a 1.34% index linked coupon. Scheduled payments of interest and principal under the bond and EIB loan are guaranteed by Assured Guaranty (Europe) Limited.

The senior secured funding and mezzanine loan are secured by a charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets. Interest on the mezzanine facility is charged on amounts drawn under the facility at LIBOR + 3.75%.

Loans and overdrafts of £121,400,000 (2017: £125,022,000) includes outstanding loan facilities of £123,934,000 (2017: £126,529,000) and an effective interest rate adjustment of £(2,534,000) (2017: (1,507,000)) in relation to the senior loan facilities.

Subordinated debt of £10,435,000 (2017: £10,434,000) includes an unsecured loan facility of £10,413,000 (2017: £10,413,000) due to the company's shareholder, and an effective interest rate adjustment of £22,000 (2017: £21,000) in relation to the subordinated loan facility. The subordinated loan facility bears interest at a fixed rate of 11.4% and is fully repayable by 2036.

15. Deferred tax

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Deferred tax in relation to the effective interest rate adjustment	**916**	1,083	–	–

The net deferred tax liability expected to reverse in 2019 is £167,000. This primarily relates to the reversal of timing differences on the effective interest rate adjustment. There is no unrecognised deferred tax asset or liability for the group (2017: £nil).

16. Financial instruments

(a) The carrying amount for each category of financial instrument is as follows:

Financial assets

	Group	
	2018	2017
	£000	£000
Financial assets measured at amortised cost - finance debtor, trade and other debtors	**119,371**	123,702
Other financial instruments - cash and cash equivalents	**15,776**	15,776
	135,147	139,478

16. Financial instruments *(continued)*

(a)The carrying amount for each category of financial instrument *(continued)*

Financial liabilities

	Group	
	2018	2017 Restated
	£000	£000
Financial liabilities measured at amortised cost - trade and other payables, loans and overdrafts, and subordinated debt	**(139,772)**	(143,098)

(b) Capital management

The group's capital and debt structure is set out in the concession term financial model at the commencement of the project. The equity and debt has been subscribed for in accordance with this model to date.

The group's operations expose it to a variety of financial risks that include credit risk, interest rate risk and liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

The group's financial instruments comprise index-linked bonds, an index-linked loan from EIB, a floating rate mezzanine bank loan and a fixed rate subordinated debt, the main purpose of which is to raise finance for the group's operations.

Avison Young Infrastructure Management Limited (formerly Apleona GVA Asset Management Limited), as the provider of management and financial services to the group under a contractual arrangement, implements the policies set by the Board of directors.

Interest rate risk

The group is exposed to market related interest rate risk in relation to its index-linked debt and its floating rate mezzanine bank loan through movements in RPI and LIBOR. This is mitigated as the loans within Highway Management (City) Finance Plc have identical terms for the payment of interest and principal. Therefore, the group's results are unaffected by any changes in RPI and LIBOR.

Credit risk

The group's principal financial asset is its PFI roadway concession asset, creating a concentration of credit risk. Highway Management (City) Finance Plc will service the loans with cash flows from the PFI roadway concession asset. The PFI roadway concession asset cash flows are secured under contract with the Department for Infrastructure, a government body.

There are no debtors that are past due on the reporting date. The maximum credit risk exposure relating to financial assets is represented by the carrying value at the balance sheet date.

17. Called up share capital

Group and company

Issued, called up and fully paid

	2018		2017	
	No.	£000	No.	£000
Ordinary shares of £1 each	50,100	50	50,100	50

18. Related parties

Group

During the year the group entered into the following transactions with related parties:

	Transactions with related parties		Payables to related parties	
	2018	2017	2018	2017
	£000	£000	£000	£000
BBGI Management HoldCo S.a.r.l.	116	113	29	28
BBGI (NI) Limited	1,187	1,187	10,734	10,733

19. Ultimate parent company and parent company of larger group

At 31 December 2018 and 31 December 2017, 100% of the company's share capital was held by BBGI (NI) Limited ('the immediate parent undertaking'), which is registered and domiciled in the United Kingdom at 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN.

BBGI (NI) Limited is an indirect and wholly owned subsidiary of BBGI SICAV S.A., a Luxembourg incorporated investment company listed on the London Stock Exchange.

BBGI Management HoldCo S.a.r.l. (a fellow subsidiary undertaking of BBGI (NI) Limited) is a direct and wholly owned subsidiary of BBGI SICAV S.A., a Luxembourg incorporated investment company listed on the London Stock Exchange, and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

BBGI SICAV S.A. is the ultimate parent undertaking and controlling party during the years ended 31 December 2018 and 31 December 2017, and is registered and domiciled at 6, Route de Treves, Building E, L-2633 Senningerberg, Luxembourg.

No other financial statements consolidates the results of the group.

20. Prior year adjustments

Reconciliation of consolidated equity as at 31 December 2017

	Original £000	Adjustment £000	Restated £000
Current assets			
Debtors: amounts due within one year	5,779	58	5,837
Debtors: amounts falling due after more than one year	134,833	–	134,833
Cash at bank and in hand	15,776	–	15,776
Total current assets	156,388	58	156,446
Creditors: amounts due within one year	(15,099)	(528)	(15,627)
Net current assets	141,289	(470)	140,819
Creditors: amounts falling due after more than one year	(137,009)	470	(136,539)
Net assets	4,280	–	4,280
Capital and reserves			
Called up share capital	50	–	50
Profit and loss account	4,230	–	4,230
Total equity	4,280	–	4,280

Reconciliation of equity as at 31 December 2017

	Original £000	Adjustment £000	Restated £000
Fixed assets			
Investments	50	–	50
Current assets			
Debtors: amounts due within one year	320	(21)	299
Debtors: amounts falling due after more than one year	10,413	21	10,434
Total current assets	10,733	–	10,733
Creditors: amounts due within one year	(320)	21	(299)
Total assets less current liabilities	10,463	21	10,484
Creditors: amounts falling due after more than one year	(10,413)	(21)	(10,434)
Net assets	50	–	50
Capital and reserves			
Called up share capital	50	–	50
Profit and loss account	–	–	–
Total equity	50	–	50

Notes to the reconciliation of equity

At 31 December 2017, an amount of £(58,000) (2016: £(59,000)) relating to prepaid monoline fees in respect of the index-linked bond and index-linked bank loan have been reclassified from payables due after more than one year to debtors due within one year.

20. Prior year adjustments ***(continued)***

At 31 December 2017, an amount of £549,000 (2016: £557,000) in relation to interest payable on the senior loan facilities has been reclassified from payables due after more than one year to payables due within one year to correctly disclose the interest payable on the senior loan facilities due within one year.

At 31 December 2017, an amount of £21,000 (2016: £21,000) in relation to the effective interest rate adjustment on the subordinated loan facility has been reclassified from payables due within one year to payables due after more than one year to correctly disclose the interest payable on the subordinated debt due within one year.

At 31 December 2017, an amount of £(21,000) (2016: £(21,000)) in the standalone company financial statements in relation to the effective interest rate adjustment on the subordinated loan facility has been reclassified from debtors due within one year to debtors due after more than one year to correctly disclose the interest receivable on the subordinated debt due within one year from Highway Management (City) Limited. In addition, an amount of £21,000 (2016: £21,000) in the standalone company financial statements in relation to the effective interest rate adjustment on the subordinated loan facility has been reclassified from payables due within one year to payables due after more than one year to correctly disclose the interest payable on the subordinated debt due within one year.