

Midland Expressway Limited

Annual report and financial statements

For the year ended 31 December 2021

REGISTERED NUMBER: 02309767



Midland Expressway Limited

Annual report and financial statements for the year ended 31 December 2021

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Midland Expressway Limited

Directors and advisors

Directors

B Rosewell

K Daley

G Parcell

M Munda

J Gago De Pedro

Chairperson

Company Secretary

J Allen

Registered Office

Operations Centre

Express Way

Weeford

Lichfield

Staffordshire

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Bankers

Barclay Bank

Barclays Corporate

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One Snowhill

Snow Hill Queensway

Birmingham

B3 2WN

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

One Chamberlain Square

Birmingham

B3 3AX

Midland Expressway Limited

Strategic report for the year ended 31 December 2021

The directors present their Strategic report for the company for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the operation of the 27-mile M6toll motorway, under a 53-year Concession Agreement with the Government running from 26 January 2001 to 2054.

Business review

The company trading results for the year and financial position at the year end are shown in the attached financial statements.

Traffic on the M6toll increased year on year by 42% in 2021 to 13.1m vehicles (2020: 9.2m) reflecting an Annual Average Daily Traffic of 35,843 vehicles (2020: 25,219). The increase was driven principally by the Government measures taken throughout the year to ease COVID-19 related restrictions and the subsequent impact on both business and leisure travel. M6toll's overall market is recovering and on certain segments has extended beyond pre-pandemic levels.

Total operating income increased to £79,924k (2020: £53,705k) due to higher toll revenues derived from increased traffic volume and an increase in motorway service area usage as volumes returned. During 2022, M6toll adapted its product range to increase appeal amongst non-users and respond to new staycation trends and changes in commuter patterns as a result of the pandemic: at first, with a half price introductory offer on the Hopper product, then latterly with the upgrade of the FlexiPass product from TAG to the new ANPR technology. Development of the HGV and van markets has progressed well, with the application of a new segmented market growth strategy and a more established business development and key account management team, leading to new usage from existing accounts, and new account openings by some of the largest operators, aided by the early deployment of ANPR trials offering frictionless ANPR journeys linked to online payments.

Operating costs increased to £11,981k (2020: £10,299k). The increase year on year reflects a return to steady state operations through the year along with associated maintenance and investment activity.

From an operational perspective, the M6toll successfully transitioned its capability from a low volume to high volume service support efficiently and effectively. A COVID-19 secure work environment continued to be maintained and the safety of the staff and the customer remained of utmost importance.

On a like-for-like basis adjusted earnings before interest, tax and depreciation (EBITDA adjusted for exceptional costs) increased to £67,943k (2020: £43,406k) reflecting an EBITDA margin of 86.5%. Loss before tax was £22,020k (2020: £42,085k).

As at 31 December 2021, the company had net liabilities of £335,495k (2020: £313,475k).

Capital expenditure in year increased spending to £1,571k (2020: £769k). Investment reflected a return to more normalised operations along with investment in the new RoadAhead programme – a technology programme aimed at driving customer growth.

Midland Expressway Limited

Strategic report for the year ended 31 December 2021 (continued)

Future developments

As we move into 2022 there are signs that COVID-19 will probably transition from pandemic to endemic status with potentially milder variants and an immunity built up through worldwide booster programmes and natural immunity through transmission.

Traffic through 2021 continued to respond quickly and positively to easing of restrictions with strong patterns emerging in certain markets above those seen pre-pandemic. Those performance characteristics support an expectation that M6toll will recover volume in line with the broader economic recovery across the UK. We remain vigilant to economic headwinds, and to the implications for traffic from the war between Russia and Ukraine.

The company continues with its transformation programme – RoadAhead, a technology and infrastructure strategy aimed at delivering a much broader suite of products and opportunities to use the road and take advantage of the significant timesaving and reliability benefits that M6toll offers. The associated ANPR technology has been proven in trials and a full roll-out to commence in 2022. The implementation of this system is being supported by resource from Aleatica, a company within the ownership of the group's ultimate holding company, and who have significant tolling system implementation expertise.

Key performance indicators

Given the straightforward nature of the business and the information provided elsewhere in this report, for example regarding tolling revenues and traffic volumes which can be found in the Business review section, the directors are of the opinion that the publication of further KPIs is not necessary for an understanding of the development, performance or positioning of the business.

Principal risks and uncertainties

The business risks that affect the company are principally the risks that affect the infrastructure project that the company has invested in. Whilst the impact from COVID-19 has reduced significantly for the business it is a risk that will continue to be monitored. The risk of disruption to the economy from macroeconomic factors will also be monitored

Midland Expressway Limited

Strategic report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties (continued)

The company's key operational and financial risks are set out below along with the risk management policies put in place to mitigate these risks.

- The effects of any change in Government policy towards private operators.
- The company is a private entity that operates the road under a Concession Agreement which provides specific obligations on the Government should they wish to effect such changes.
- The continued ability to collect tolls over the life of the concession.
- The company monitors its performance to ensure it remains compliant with the concession obligations. Dialogue is maintained with National Highways and the Department for Transport to enhance the M6toll's key role within the region's strategic road network.
- Increased competition from other routes as a result of continued government capital spending
- The company seeks to address such competition by providing exemplary service to customers, as well as adding value to customers' reliability and quality of drive, in order to build long term customer loyalty.
- Immediate and medium term impact of the COVID-19 pandemic and other external factors on the country's economy and road usage
- The company has continued to assess a range of scenarios through the year ensuring mitigations in place with regards to operational and financial impact.
- The impact of the Government's ambition to net zero by 2050 puts transport at the heart of decarbonisation.
- The group has already taken significant steps to reduce its own carbon footprint (as laid out later in the report) and continues to pursue a strategy to support emission reduction by customers on the toll road and the surrounding network.

Operational risk management

Risk is inherent to the business and to the operation of the M6toll. Accordingly, the company is committed to establishing, maintaining and continually improving arrangements to manage risk. Such arrangements are incorporated within an integrated Management System which has been developed and certified in accordance with ISO 9001 Quality Management, ISO 14001 Environmental Management and ISO 45001 Health and Safety Management.

All board members are aware of their risk management responsibilities and risk management is on the agenda and discussed at Board meetings on a regular basis. The Board has appointed the Finance Director to direct the planning, implementation and overview of risk management arrangements across all departments and activities and to report to the Board on risk management performance. As a minimum this will include identification of significant risks, actions to reduce, mitigate or control such risks, ranking of residual risks and the names of allocated risk managers.

Midland Expressway Limited

Strategic report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties (continued)

Financial risk management

Given the size of the company, the directors have not delegated full responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department as required.

Liquidity Risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and growth investments. At the end of the year short-term facilities were held in support of capital expenditure investments aimed at maintaining the safety of the Road and delivering operational efficiencies.

Interest Rate Risk

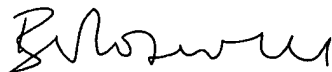
During the year the company had both interest-bearing assets and interest-bearing liabilities. Interest bearing liabilities consist of parent company loans.

The company has interest bearing assets consisting of short-term deposits and cash balances. The company has a policy of maximising income from short-term deposits via the monitoring of cash balances to ensure working capital requirements are at an appropriate level to fund its operations.

Under S172 of the Companies Act 2006 the directors of their company have a duty to promote the success of the company. During the year in order to fulfil their duties the directors have:

- Met on a regular basis to review past performance of the company and identify future opportunities and risks highlighted by the performance to date particularly around cash flows to ensure that future liabilities can be met as and when they fall due;
- Ensured that all information to properly assess decision making is available to all members in a timely fashion and that where appropriate external advisors have been engaged to provide extra insight;
- Undertaken a third-party audit to ensure appropriate Governance is followed
- Ensured deep dives are undertaken through the Audit Committee of key risk items as agreed by the Board
- Ensured sufficient resources were available to the company to maintain its ISO 9001, 18001 and 45001 status;
- Worked with local and national stakeholders to promote the company and the benefits the operation brings to both the strategic and local road networks;
- Reviewed the resources available to the company and, where appropriate, strengthened these through recruitment or consultant partnerships to enable the company access new markets previously untapped.

This report was approved by order of the Board on 7 April 2022 and signed on its behalf by:



B Rosewell
Director
8 April 2022

Midland Expressway Limited

Directors' report for the year ended 31 December 2021

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2021.

Future developments

Future developments have been discussed within the Strategic Report.

Financial risk management

Financial risk management has been discussed within the Strategic Report.

Results and dividends

The loss for the financial year was £22,020k (2020: loss £42,085k). The directors have not recommended a dividend (2020: £nil).

Directors

The directors of the company during the year and up until the date of signing the financial statements, unless otherwise stated, were:

A Cliffe	Resigned 31 December 2021
B Rosewell	
D Chintamaneni	Resigned 01 February 2022
K Daley	
M Mehta	Resigned 14 December 2021
M Mundae	Appointed 01 October 2021
J Gago De Pedro	Appointed 12 January 2022
G Parcell	

Directors' indemnity insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Charitable and political contributions

During the financial year ended 31 December 2021 the company made donations totalling £25k to help charities and local community projects, including contributions to the Midlands Air Ambulance Service and various local schools (2020: £34k).

There were no donations to political parties (2020: £nil).

Employees

The company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group.

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be considered when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged to ensure a common awareness on the part of all employees of the financial and economic factors affecting the company.

Midland Expressway Limited

Directors' report for the year ended 31 December 2021 (continued)

Stakeholder engagement

Stakeholder engagement is fundamental for the company to achieve growth and financial returns. The principal stakeholders are considered to be employees, customers, partners, communities and investors. The company engages with these stakeholders in a variety of ways including:

- Annual employee engagements surveys with feedback sessions
- Regular customer communications and on-site customer service teams
- Maintaining a regular dialogue with existing and new technology partners
- Supporting local selected charities through donations and volunteering activities
- Conducting regular updates to investors to communicate on business performance and strategic direction

Environmental policy

The company recognises that its activities impact on the environment to some degree and aims to secure positive advantages and reduce negative impacts through a system of active environmental monitoring and management, which will, in many cases, contribute positively to its future performance.

The company aims to:

- comply with current and future legislative requirements, encourage best environmental practice and commit to continual improvement;
- fulfil applicable landscape and ecological commitments;
- prevent pollution from activities;
- plan the contingency/emergency response for major incidents, with other environmental stakeholders, to minimise environmental impact;
- engender within staff and, as far as practicable, contractors, a culture of awareness and responsibility for relevant environmental issues by promoting this policy internally;
- develop, implement and audit an Environmental Management System (EMS) to support these aims;
- maintain certification to ISO 14001 "Environmental management systems" gained on 20 March 2007; and
- promote its environmental-friendly credentials as widely as possible.

Emissions & Energy Use

	2021	2020
Electricity consumption in kWh	2,403,374	2,585,628
Fuel consumption in litres	105,787	113,798
Associated greenhouse gas emissions (GHG) in tonnes	210	1,349
GHG emissions in tonnes per million vehicles	16.06	146.13

Energy consumption covers all aspects of the company operation including street lighting, buildings (Head Office and toll plazas) and the company fleet vehicles.

Midland Expressway Limited

Directors' report for the year ended 31 December 2021 (continued)

Associated Greenhouse Gas emissions have been calculated by using publicly available conversion factors based on fuel type. The company has decided that the most suitable normalisation measure for the energy intensity ratio is tonnes of Greenhouse Gas emissions per vehicle journey.

The significant drop in GHG emissions, (89%) is principally related to the full year effect of the switch to "Green" electricity, started in 2020, removing over 1,000 metric tonnes of GHG emissions from the company.

Activities undertaken

Over the past year Environmental, Social and Governance strategy has continued within the organisation helping to shape the future overall corporate strategy. Enhancing and engaging with our communities has become one of the corporate strategic pillars helping drive focus on the importance ESG plays in all aspects of the organisation. Other activities undertaken and planned include:

- Review of the options around electric vehicle charging points to enable a small-scale trial to evaluate the implications of electrifying the fleet where practical;
- Continuation of the programme to remove or reduce brightness of streetlights where safety allows along the network;
- Replacement of the gritting fleet with modern vehicles able to spread grit at 50mph compared to 40mph. The means fewer vehicles, with consequently less fuel usage, are required to provide coverage across the road whilst adhering to strict safety protocols. Additional environmental benefits also include lower consumption of salt within the operation.

Health and safety

The company is committed to complying with applicable health and safety legislation and to continual improvement in achieving a high standard of health, safety and welfare for its operating environments and for all those in the organisation and others who may be affected by its activities.

The company achieved certification to the Health and Safety Management Standard ISO 45001 in April 2012 and has signed up to a partnership agreement with Lichfield District Council on health and safety.

Going-concern

A full and detailed assessment of going-concern has been carried out and considered by the directors. As part of this process, detailed cash flow forecasts have been produced for a period of twelve months from the date the financial statements were signed which reflect a range of plausible upside and downside scenarios in relation to the impact of the COVID-19 pandemic through 2022 to April 2023.

Based on the above, and the enquiries made by the directors, the financial results have been prepared on a going-concern basis, which assumes that company will be able to meet its liabilities as and when they fall due for the foreseeable future. Net liabilities of £335,495k (2020: £313,475k) reflect the nature of the asset and associated funding structure.

Midland Expressway Limited

Directors' report for the year ended 31 December 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements

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 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, 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 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 company will continue in business.

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

The directors are also 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.

Directors' confirmations

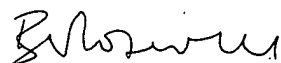
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company'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 company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

This report was approved by order of the Board on 7 April 2022 and signed on its behalf by:



B Rosewell
Director
8 April 2022

Independent auditors' report to the members of Midland Expressway Limited

Report on the financial statements

In our opinion, Midland Expressway Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the income statement, and the statement 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.

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 company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going-concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going-concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going-concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going-concern.

Our responsibilities and the responsibilities of the directors with respect to going-concern are described in the relevant sections of this report.

Independent auditors' report to the members of Midland Expressway Limited (continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 company and its 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 Statement of directors' responsibilities in respect of the financial statements, 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 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 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.

Independent auditors' report to the members of Midland Expressway Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to ISO 9001, 14001, 45001 and Payment Card Industry Data Security Standard, 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 financial statements such as Companies Act 2006, Corporate Tax Regulations, Value Added Tax Act and PAYE/National Insurance. 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 the posting of unusual journals to revenue or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

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.

**Independent auditors' report to the members of Midland Expressway Limited
(continued)**

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 obtained 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'P. Norbury', with a large circular flourish at the top and a long horizontal stroke extending to the right.

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
8 April 2022

Midland Expressway Limited

Income statement for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	79,744	53,222
Other operating income		180	483
Total operating income		79,924	53,705
Staff costs	6	(6,792)	(6,158)
Depreciation	6,11	(13,307)	(11,257)
Other operating expenses		(5,189)	(4,141)
Operating profit	6	54,636	32,149
Interest receivable and similar income	8	8	58
Interest payable and similar expenses	8	(76,664)	(74,292)
Loss before taxation		(22,020)	(42,085)
Tax on loss	9	-	-
Loss for the financial year		(22,020)	(42,085)

The above Income statement should be read in conjunction with the accompanying notes on pages 18 to 35.

All the above amounts relate to continuing operations.

The above results represent the company's total comprehensive income in the financial year and therefore no separate statement of comprehensive income has been presented.

Midland Expressway Limited

Statement of financial position as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	10	1,448	-
Tangible assets	11	527,212	540,400
		528,660	540,400
Current assets			
Inventories	12	101	108
Debtors	13	2,047	948
Cash at bank and in hand	14	7,337	4,156
		9,485	5,212
Creditors: amounts falling due within one year	15	(743,840)	(729,287)
Net current liabilities		(734,355)	(724,075)
Total assets less current liabilities		(205,695)	(183,675)
Creditors: amounts falling due after more than one year	16	(129,800)	(129,800)
Net liabilities		(335,495)	(313,475)
Capital and reserves			
Called up share capital	18	2,940	2,940
Share premium account		144,060	144,060
Accumulated Losses		(482,495)	(460,475)
Total shareholders' deficit		(335,495)	(313,475)

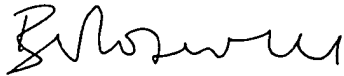
Midland Expressway Limited

Statement of financial position as at 31 December 2021 (continued)

The above Statement of financial position should be read in conjunction with the accompanying notes on pages 18 to 35.

The financial statements on pages 14 to 35 were approved by the Board of Directors on the date shown below.

Signed on behalf of the Board of Directors by:



B Rosewell
Director
8 April 2022

Registered number: 02309767

Midland Expressway Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total £000
At 1 January 2020	2,940	144,060	(418,390)	(271,390)
Loss for the year	-	-	(42,085)	(42,085)
At 31 December 2020	2,940	144,060	(460,475)	(313,475)
Loss for the year	-	-	(22,020)	(22,020)
At 31 December 2021	2,940	144,060	(482,495)	(335,495)

Midland Expressway Limited

Notes to the financial statements for the year ended 31 December 2021

1. Company information

Midland Expressway Limited engaged in the financing and operation of the 27-mile M6toll motorway, under a 53 year Concession Agreement with the Government running from 26 January 2001 and expiring in 2054.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England.

The address of its registered office is Operations Centre, Express Way, Weeford, Lichfield, Staffordshire, WS14 0PQ.

2. Statement of compliance

The financial statements of Midland Expressway Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company have adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going-concern basis, under the historical cost convention.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Going-concern

A full and detailed assessment of going-concern has been carried out and considered by the directors. As part of this process, detailed cash flow forecasts have been produced for a period of twelve months from the date the financial statements were signed which reflect a range of plausible upside and downside scenarios in relation to the impact of the COVID-19 pandemic through 2022 to April 2023.

Based on the above, and the enquiries made by the directors, the financial results have been prepared on a going-concern basis, which assumes that company will be able to meet its liabilities as and when they fall due for the foreseeable future. Net liabilities of £335,495k (2020: £313,475k) reflect the nature of the asset and associated funding structure.

Midland Expressway Limited

3. Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including the notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

- The requirement under FRS 102 paragraph 4.12a (iv) to prepare a reconciliation of the number of shares outstanding at the beginning and end of the financial period.
- Under FRS 102 paragraph 1.12(b), the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company as at 31 December 2021, Peregrine Motorways Limited, includes the company's cash flows in its own consolidated financial statements.
- Under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, from disclosing financial instruments as the information is provided in the consolidated financial statement disclosures.
- Under FRS 102 paragraph 33.1A, the exemption from disclosing related party transactions with other wholly owned companies within the group.

Revenue recognition

Turnover represents two components: tolling revenues and rental of the motorway service area. Tolling revenues represent amounts received and receivable in respect of tolling revenues, net of discounts allowed by the company and value added tax. Revenue is recognised at the time the journey is completed. Rental income is recognised in line with the turnover declared monthly by the Motorway Service Area operator.

Other operating income

Other operating income primarily includes Government grants receivable in respect of the furlough scheme.

Exceptional costs

The company classifies certain one-off charges or credits that have an impact on the company's financial results by virtue of their scale or nature as exceptional items. These are disclosed separately in note 6 to provide further understanding of the performance of the company.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

iii. Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Midland Expressway Limited

3. Summary of significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the financial statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software in development costs: 5 years

Amortisation will be calculated from the point the asset becomes available for use.

Midland Expressway Limited

3. Summary of significant accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost represents original purchase cost and in the case of the construction of the M6toll all expenses that are directly attributable to bringing the road into final condition. Finance costs up to "Permit to Use" have been capitalised in accordance with FRS102 section 25 2 "Borrowing costs".

Depreciation of tangible fixed assets commenced at "Permit to Use" or date of acquisition and is calculated to write off the cost of tangible fixed assets less their residual values over their expected useful lives at the following rates.

Asset description	Categorisation	Estimated useful life	Depreciation rate
M6toll Road Infrastructure	M6toll	50 yrs	Vehicle usage over useful life
Roadbase	M6toll	15 yrs	Vehicle usage over useful life
Wearing Course	M6toll	12 yrs	8.3%
M6toll Buildings	M6toll	50 yrs	2%
Motorway Service Area	Short leasehold land and buildings	50 yrs	2%
Fixtures, Fittings and Equipment	Plant and machinery	12 yrs	8%
Office Furniture and Fittings	Plant and machinery	10 yrs	10%
Signage	Plant and machinery	6 yrs	16.7%
Masts	Plant and machinery	12 yrs	8.3%
Vehicles and Maintenance Equipment	Plant and machinery	5 yrs	20%
IT Equipment	Plant and machinery	3-5 yrs	20% -33%
Toll Collection System	Plant and machinery	3 yrs	33%
Land	Short leasehold land and buildings	50 yrs	2%

The carrying value of these tangible fixed assets is assessed by the directors annually to determine whether there has been any impairment to their value.

Motorway Service Area

The costs of construction of the Motorway Service Area (MSA) at Norton Canes have been capitalised and depreciated in line with assets of a similar nature.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Midland Expressway Limited

3. Summary of significant accounting policies (continued)

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. Finance leased assets

Leases of assets that transfer substantially all the risk and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for the impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

ii. Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Inventories

The company purchases and stores gritting salt which is stated at the lower of cost and estimated selling price less costs to sell. Cost is determined by the most recent purchase price.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Provisions and contingencies

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

In particular:

i. Provision is not made for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Midland Expressway Limited

3. Summary of significant accounting policies (continued)

ii. Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The company has taken the exemption from disclosing related party transactions with other companies that are wholly owned by the parent company as at 31 December 2021, Midland Motorways Group, under FRS 102 paragraph 33.1A.

Midland Expressway Limited

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

4. Significant estimation techniques

i. Depreciation

Depreciation of M6toll infrastructure assets is calculated to amortise the cost of the assets using a formula of actual vehicle usage for the period proportionate to the total forecast usage over the remaining asset life. The forecast vehicle usage has been assessed by the directors using information provided by independent third-party consultants and management judgement based on past experience and local market knowledge.

ii. Recognition of deferred tax assets

In order to consider whether any deferred tax asset should be recognised the directors assess the recoverability of this asset against expected future profits. This assessment is based upon traffic forecast information which has been provided by independent third-party consultants and management judgement based on past experience and local market knowledge.

iii. Carrying value of tangible fixed assets

In order to consider whether the carrying value of tangible fixed assets is supportable the directors assess the expected future cash flows of these assets. This assessment is again based upon traffic forecast information which has been provided by independent third-party consultants and judgement based on past experience and local market knowledge. The cash flows expected from these forecasts is then discounted at an appropriate rate to reflect the present value of future cash flows. In order to determine a suitable discount rate, the directors consider a number of factors including the weighted average cost of capital for the business.

Midland Expressway Limited

5. Turnover

All of the company's turnover and operating results were derived from its activities based in the United Kingdom.

	2021	2020
	£'000	£'000
Analysis by turnover by category:		
Tolling Revenue	77,624	51,891
Rental income from MSA	2,120	1,331
	79,744	53,222

6. Operating profit

	2021	2020
	£'000	£'000
Operating profit is stated after charging:		
Wages and salaries	6,160	5,520
Social security costs	503	502
Other pension costs	129	136
Staff costs	6,792	6,158
Depreciation of tangible assets		
- owned assets	10,743	8,693
- leased assets	2,564	2,564
Operating lease charges	179	167
Impairment of trade receivables	5	-
Exceptional costs (included within other operating expenses)	1,073	239
Fees payable to company's auditors		
- Fees payable for the audit	75	72
- Fees payable for tax compliance services	14	17

Exceptional items in the current year of £1,073k (2020: £239k) represent costs incurred due to COVID-19, restructuring and severance costs.

Midland Expressway Limited

7. Employees and directors

Employees

The average monthly number of employees (including executive directors) employed by the company during the year was:

	2021 Number	2020 Number
By activity		
Operations and maintenance	77	108
Administration and marketing	55	37
	132	145

Directors

The directors' emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments including benefits in kind	658	580
Compensation for loss of office	934	-
	1,592	580

Highest Paid Director

The highest paid director's emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments including benefits in kind	478	420
Compensation for loss of office	934	-
	1,412	420

No directors (2020: no) were accruing retirement benefits under any pension scheme.

Midland Expressway Limited

7. Employees and directors (continued)

Three directors during the year (2020: two) received remuneration from a subsidiary of IFM Investors Pty Ltd, which is the advisor to the IFM Global Infrastructure Fund. These directors perform director duties for the company, as well as their employment duties with IFM Investors Pty Ltd. A further director was contracted by the IFM Global Infrastructure Fund as a senior advisor, which includes representing the IFM Global Infrastructure Fund on the board of various toll roads. Consequently, allocating their compensation across all these duties would mean any amounts allocated to their director duties for the company would be an immaterial nominal amount. Accordingly, no separate remuneration has been disclosed. No recharge of this remuneration is made to the company.

The company does not have any key management personal that require disclosure under FRS 102 paragraph 33.7.

The company maintains a defined contribution pension scheme, which is open to all employees. Member funds for the defined contribution scheme are held in the People Pension Scheme, a master trust administered by B&CE. The total cost recognised in operating profit for the year was £129k (2020: £136k).

8. Interest payable and receivable

	2021 £'000	2020 £'000
Interest payable and similar expenses:		
Interest due on amounts owed to parent company	76,664	74,292
	76,664	74,292
Interest receivable and similar income:		
On bank deposits	8	58

Midland Expressway Limited

9. Tax on loss

	2021	2020
	£'000	£'000
Analysis of the tax charge		
Current tax:		
UK Corporation tax	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax	-	-
Tax on loss	-	-

Reconciliation of the total tax charge included in profit and loss

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK at 19% (2020: 19%). Factors affecting the total tax charge for the year are as follows:

	2021	2020
	£'000	£'000
Reconciliation of total tax charge		
Loss before taxation	(22,020)	(42,085)
Loss before tax multiplied by standard rate of corporation tax in the UK 19% (2020: 19%)	(4,184)	(7,996)
Effects of:		
Short term timing differences on deferred tax asset not recognised	196	(86)
Permanent timing differences	-	3,809
Group relief	2,864	3,128
Expenses not deductible for tax purposes	1,094	1,155
Change in rate of corporation tax	30	(10)
Total tax charge for the year	-	-

The effective tax rate used for the year ended 31 December 2021 was 19% (2020: 19%)

Midland Expressway Limited

9. Tax on loss (continued)

Tax rate changes

The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of UK companies within the Group have been calculated at 25% as this rate has been substantively enacted at the Balance Sheet date, with the exception of the bonus provision and general bad debt provision which have been calculated at a deferred tax rate of 19% on the basis that these assets are likely to reverse during 2022.

At 31 December 2021 there are deferred tax assets of £95,444k (2020: £85,762k) not recognised in respect of tax losses recoverable. These amounts will be recognised in the future if the directors consider that the nature, size and certainty of the company's forecast profits make it appropriate to do so. Further details are disclosed within note 17.

10. Intangible assets

	Note	Software in Development	Total
		£'000	£'000
Cost			
At 1 January 2021		-	-
Transferred from tangible assets	11	1,448	1,448
Disposals		-	-
At 31 December 2021		1,448	1,448
Accumulated amortisation			
At 1 January 2021		-	-
Charge for the year		-	-
Disposals		-	-
At 31 December 2021		-	-
Net book value			
At 31 December 2021		1,448	1,448
At 31 December 2020		-	-

Midland Expressway Limited

11. Tangible assets

	Plant and machinery	Short leasehold land and buildings	M6 toll	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	55,605	124,388	650,497	830,490
Additions	1,468	32	71	1,571
Disposals	(544)	-	-	(544)
Transfer to Intangible assets	(1,448)	-	-	(1,448)
At 31 December 2021	55,081	124,420	650,568	830,069
Accumulated depreciation				
At 1 January 2021	48,563	40,516	201,011	290,090
Charge for the year	1,774	2,564	8,969	13,307
Disposals	(540)	-	-	(540)
At 31 December 2021	49,797	43,080	209,980	302,857
Net book value				
At 31 December 2021	5,284	81,340	440,588	527,212
At 31 December 2020	7,042	83,872	449,486	540,400

No finance costs have been capitalised during the year (2020: £nil). Aggregate finance costs, after depreciation, included in tangible fixed assets are £63,459k (2020: £64,701k).

The company has carried out an impairment review on the toll road at 31 December 2021. On the basis of the review no adjustment to the carrying value of the toll road was considered necessary by the directors.

Midland Expressway Limited

11. Tangible assets (Continued)

Short leasehold land and buildings comprise:

	Land	Motorway Service Area	Total
	£'000	£'000	£'000
Cost as at 1 January 2020	111,582	12,806	124,388
Aggregate depreciation	(36,150)	(4,366)	(40,516)
Net book amount as at 31 December 2020	75,432	8,440	83,872
Cost as at 1 January 2021	111,614	12,806	124,420
Aggregate depreciation	(38,457)	(4,623)	(43,080)
Net book amount as at 31 December 2021	73,157	8,183	81,340

Assets held under finance lease

At inception, cost of claims were capitalised to the cost of land leased by Midland Expressway Limited from National Highways. At 31 December 2021, provisions for legal claims were £559k (2020: £527k). The net book value of the land fund is £73,157k (2020: £75,432k).

12. Inventories

	2021	2020
	£'000	£'000
Inventories	101	108

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £Nil (2020: Nil).

Midland Expressway Limited

13. Debtors

Debtors due within one year:

	2021	2020
	£'000	£'000
Trade debtors	1,792	748
Prepayments and accrued income	255	200
	2,047	948

Trade debtors are stated after provisions for impairment of £19k (2020: £14k).

14. Cash at bank and in hand

	2021	2020
	£'000	£'000
Bank and cash balances	7,337	4,156

15. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	584	1,358
Amounts owed to group undertakings	729,644	714,266
Taxation and social security	4,023	4,755
Provisions for legal claims	559	527
Accruals and deferred income	9,030	8,381
	743,840	729,287

Amounts owed to group undertakings represent borrowings of £729,644k (2020: £714,266k). The loan is unsecured and bears a fixed interest rate of 9% pa. The loan facility covers a period from 24 August 2006 until the earlier of (i) 25 January 2054 or (ii) the termination of the Concession Agreement. The terms of the agreement state that the loan is repayable on demand and as such it has been classified within creditors: amounts falling due within one year as required by FRS 102 section 11: "Basic financial instruments". However, the directors of Midland Motorways Group Limited have confirmed that they will not recall the loan within twelve months of signing the financial statements to the extent that it would impact upon the going-concern status of Midland Expressway Limited.

Midland Expressway Limited

15. Creditors: amounts falling due within one year

The company is party to financing arrangements entered into by Midland Motorways Group Limited with its lenders. The facilities are due for repayment between December 2042 and 2050.

The company has guaranteed all of Midland Motorways Group Limited's obligations under the finance documents designated by the facilities agreement and has provided security in favour of the lender, by way of a debenture created 1 June 2017. The debenture is subject to the terms of a security trust and intercreditor deed, the company, Midland Motorways Group Limited and BNY Mellon acting as the security trustee for the benefit of the secured creditors. The debenture grants fixed and floating charges over all of the company's assets in favour of the security trustee as security for the payment of all liabilities.

Obligations under finance leases represent the Land compensation claims liability which has been valued by National Highways as at 31 December 2021 at £559k (2020: £527k) and represents an estimate for outstanding land compensation claims yet to be paid or agreed by National Highways.

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

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	129,800	129,800

Amounts owed to group undertakings represents a loan advance to the company by Midland Motorways Group Limited. The loan is unsecured and bears a fixed interest rate of 9%. The loan facility covers a period from 1 June 2017 and is repayable in full by the earlier of (i) 25 January 2054 or (ii) the termination of the Concession Agreement.

17. Deferred taxation

At the year end the company has no provided deferred taxation liability.

A deferred tax asset of £95,444k (2020: £85,762k) has not been recognised as currently there is insufficient evidence that any asset would be recoverable. The deferred tax asset would be recoverable when the company makes sufficient profits to utilise the losses brought forward. The asset consists of:

	2021		2020	
	Provided £'000	Unrecognised £'000	Provided £'000	Unrecognised £'000
Accelerated capital allowances	(7,420)	-	(5,441)	-
Capitalised interest	-	-	(18,684)	-
Short term timing differences	(24,201)	-	-	-
Losses	31,621	95,444	24,125	85,762
	-	95,444	-	85,762

Midland Expressway Limited

17. Deferred taxation (continued)

The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of UK companies within the Group have been calculated at 25% as this rate has been substantively enacted at the Balance Sheet date, with the exception of the bonus provision and general bad debt provision which have been calculated at a deferred tax rate of 19% on the basis that these assets are likely to reverse during 2022.

18. Called up share capital

	2021	2020
	£'000	£'000
Allotted and fully paid:		
2,940,000 (2020: 2,940,000) ordinary shares of £1 each	2,940	2,940

19. Operating lease commitments

At 31 December 2021 the company had future minimum lease payments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

	2021	2020
	£'000	£'000
Payments due:		
Not later than one year	64	78
Later than one year and not later than five years	66	109
More than five years	13	-
	143	187

20. Related party transactions

The company is exempt from the requirement in FRS 102 paragraph 33.1A to disclose transactions with entities that are part of the 100% owned group of which it controls, or investees of this group, qualifying as related parties.

Midland Expressway Limited

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Midland Motorways Group Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is Global InfraCo S.a.r.l., a company incorporated in Luxembourg.

The ultimate controlling party is Conyers Trust Company (Cayman) Limited acting as trustee of the IFM Global Infrastructure Fund.

The smallest group of undertakings to consolidate these financial statements is Midland Motorways Group Limited and largest group of undertakings to consolidate these financial statements is Global InfraCo S.a.r.l. Global InfraCo S.a.r.l. is controlled by IFM Global Infrastructure Fund, a fund advised by IFM Investors Pty Ltd. Copies of Global InfraCo S.a.r.l.'s financial statements can be obtained from 1-3, Boulevard de la Foire, L - 1528 Luxembourg