AUTOLINK CONCESSIONAIRES (M6) PLC

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Registered in England and Wales No. 3201364

AUTOLINK CONCESSIONAIRES (M6) PLC

STRATEGIC REPORT

1. RESULTS FOR THE YEAR

The profit for the year after taxation was £6,048,000 (2018: £4,522,000).

Autolink Concessionaires (M6) Plc ("the company") paid interim dividends during the year of £3,000,000 (2018: £4,750,000). The directors do not recommend payment of a final dividend (2018: £Nil).

2. REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Autolink Holdings (M6) Limited.

On the 29 April 1997 the company entered into a Private Finance Initiative ("PFI") contract ("the Contract") with The Secretary of State for Scotland to Design, Build, Finance and Operate a motorway link between the existing A74(M) and the M74 and an extension to the existing M6 Motorway, linking it to the existing A74(M) (together "the Road"). The company commenced operation and maintenance of the Road on 29 July 1997. On 1 July 1999 the Contract was assigned to The Scottish Ministers under The Scotland Act 1998.

The operation of the Contract is the principal activity of the company. There have not been any significant changes in the company's principal activities during the year, and no major changes are anticipated in the next year.

The company continues to meet its contractual obligations to The Scottish Ministers whilst also working to improve its efficiency in controlling costs. As shown in the company's profit and loss account on page 14 the company made a profit before tax in the year of £7,651,000 (2018: £6,026,000). Revenue for the year was £9,714,000 (2018: £8,952,000) on operating costs of £9,601,000 (2018: £9,052,000). The increase in revenue and operating costs is due primarily to a higher level of major maintenance works being carried out in 2019. The company incurred unavailability deductions of £581,000 (2018: £434,000), the majority of which were planned as part of the programme of major maintenance works. The operating profit for the year was £113,000 (2018: loss £100,000) and the increase is primarily due to a reduction in management fee charges to £500,000 (2018: £750,000).

The interest income for the year of £12,032,000 (2018: £11,685,000) exceeded the interest expense for the year of £4,494,000 (2018: £5,559,000) by £7,538,000 (2018: £6,126,000), as the reduction in interest receivable on the finance debtor (due to repayments allocated to the finance debtor), was less than the reduction in interest payable on the company's debt. In addition, there is interest receivable on an intergroup loan. This was the primary factor for the profit for the year.

The balance sheet on page 15 of the financial statements shows that the company's financial position at the year end remains robust, and that the company has sufficient funds to cover its liabilities as they fall due. The net asset position stands at £6,258,000 (2018: £3,210,000). The increase is due to total comprehensive income of £6,048,000 exceeding the interim dividends paid of £3,000,000. Debtors falling due within one year and after more than one year have increased by £2,878,000 due primarily to an increase in amounts owed by the parent undertaking offset by a decrease in the finance debtor.

The directors have modelled the anticipated financial performance of the company's concession across its full term. The directors monitor its actual performance against the anticipated performance. At 31 December 2019 the company's performance against this measure was satisfactory.

The revenue of the company is dependent upon the unitary charge receivable from the authority and the expected costs over the lifetime of the project. The income receivable from the authority is dependent on traffic flows on the Road with the charge varying with reference to the traffic flow bands within the Contract. The nature of the bands means that traffic flows can vary significantly without changing the banding and hence the income receivable from the authority. The company measures the actual traffic volumes and forecasts future traffic flows, and compares to the original traffic expectations. At 31 December 2019 the company's performance against this measure was satisfactory.

The company's operations are managed under the supervision of its directors in accordance with its funding arrangements. These operations are largely determined by the detailed terms of the Contract. For this reason, the company's directors consider that further Key Performance Indicators (KPIs) for the company are not necessary or appropriate for an understanding of the performance or position of the business.

2. REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES (CONTINUED)

During 2018 the Company made a loan to its immediate and ultimate parent company, Autolink Holdings (M6) Limited of £20,759,000. The loan increased during the year to £30,248,000 as at 31 December 2019. The loan is repayable on demand and bears interest at a rate of 5% + 6 months LIBOR.

3. PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal activities, now the design and build stage of the project is complete, are the finance and operation of the Road. It carries out these activities within the framework of contracts with its funders and sub-contractors to meet its obligations to The Scottish Ministers. Its main exposure is to financial and operational risks as detailed in the following section.

4. FINANCIAL AND OPERATIONAL RISK MANAGEMENT

The company has exposures to a variety of financial and operational risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk
The Secured debenture loans both have a fixed rate until repayment in June 2022, thus there is no interest rate risk associated with these financial liabilities. The company is exposed to interest rate risk on bank balances and Secured Bank loans, as both of these have floating interest rates, however the directors do not consider this exposure to be significant.

Inflation risk
The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Taxation risk
The company must pay corporation tax on its profits, and therefore will pay more or less tax depending on whether corporation tax rates increase or decrease. The company models anticipated corporation tax liabilities and manages its cash flows to accommodate them.

Liquidity risk
The company adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its forecast obligations. The nature of the project is such that cash flows are reasonably predictable. The company aims to mitigate liquidity risk by closely monitoring the timing of cash flows within the company.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Scottish Ministers are the primary client of the company. The directors consider that no significant risk arises from such a small client base since there are no indications that the Scottish Ministers will not be able to fulfil their obligations. The carrying value of the financial asset of £82,776,000 (2018: £89,352,000) is the maximum credit exposure.

Brexit risk
The risks from Brexit are a result of the risk it poses to the sub-contracted service providers, rather than the company itself. The risk is linked to the service performance. The company is insulated from these risks because non-performance will result in deductions being passed down to the service provider.

The service provider has performed a review of their respective exposure to Brexit. The relevant concerns relate to materials with primary concerns revolving around delays in delivery and increased transportation costs of those supplies which come from the EU. While there will likely be some disruption, the service provider has a strategy in place to keep this to a minimum. This could result in higher costs to the service provider; however, this is not expected to impact the company itself.

The company is comfortable that the potential for increased costs and disruption will not threaten the service provider to such an extent as to put the project at risk.

4. FINANCIAL AND OPERATIONAL RISK MANAGEMENT (CONTINUED)

Covid-19 risk
The outbreak of Covid-19 and the associated restrictions set out by both the Scottish and UK governments have naturally reduced traffic flows on the Road. Under the terms of the Contract with the Scottish Ministers, this is classed as a Relevant Traffic Effect, and therefore the company is entitled to compensation for loss of income. The Authority has confirmed that historic traffic figures will be applied during this time in calculating the company's revenue, to avoid any financial penalty to the company as there has been no reduction in the service provided. This is in line with the Scottish Government's Policy Note SPPN 5/2020 on supplier relief in relation to the Covid-19 situation. The toll revenue payments to be made on account during the 12 months to July 2021 have been agreed on this basis. Routine operations are continuing as normal and the company is deferring some major maintenance expenditure to a later date. The company therefore expects that Covid-19 should not have any significant adverse effect on the project.

5. CORPORATE GOVERNANCE STATEMENT

The company has outsourced the financial reporting function to Sir Robert McAlpine Limited. Authorities remain vested in the board members of the company. Sir Robert McAlpine Limited reports regularly to the board of the company. The Board receives monthly reports from Sir Robert McAlpine Limited which specifically summarise and address the financial, contractual and commercial risks that the company is exposed to and are pertinent to the industry in which the company operates. The board also receives monthly management accounts with explanations of variances from annual budgets and forecasts, which are in turn compared to the Financial Model, which represents the long term business plan of the company and outlines its ability to comply with its debt obligations and covenants. Material deviations from the business plan are investigated and reported on.

The company has constituted an Audit Committee, comprising of an independent chairman (non-executive director) and a further director. The Audit Committee is responsible for satisfying itself that the financial affairs of the company are conducted with openness, integrity and accountability and in accordance with the statutory and regulatory requirements.

The primary duties of the Audit Committee are to monitor the integrity of the financial statements of the company and to review significant judgements contained therein, to monitor the level and effectiveness of internal financial control; to assess the scope and effectiveness of systems to identify, assess, manage and monitor financial and non-financial risk, to make recommendations concerning the appointment and terms of engagement of external auditors, to review and monitor the independence of the statutory auditor and in particular the provision of additional services by the auditor to the company.

6. SECTION 172 COMPANIES ACT 2006 STATEMENT

The directors have a duty to promote the success of the company for the benefit of the shareholders as a whole and to describe how this duty has been performed with regard to those matters set out in Section 172 of the Companies Act 2006 ("Section 172").

The directors have identified the company's main stakeholders as the following:

(i) The company's shareholders, bondholders and credit providers
Principal considerations of the board are whether the investment objective of the company is meeting shareholder, credit provider and bondholder expectations and how the manager implements the objective. These are discussed at all board and shareholder meetings, which are held regularly throughout the year. The bonds and loan are secured by an irrevocable financial guarantee policy issued by Assured Guaranty. The board regularly discusses the obligations under this policy and how the manager is fulfilling these at board meetings and through engagement with the senior management of the manager. The board also ensures that senior management communicate regularly with the credit providers to ensure their engagement is optimised, and to keep them updated on matters as required.

6. SECTION 172 COMPANIES ACT 2006 STATEMENT (CONTINUED)

(ii) The client
The board recognises the importance of working in partnership with its public sector client to successfully deliver a key public infrastructure asset. On behalf of the company, the manager fosters this partnership through regular meetings with the client representative and other key managers. The manager provides regular monthly reporting to the public sector client on the performance of its obligations under the PFI arrangement. The directors are always available should the public sector client wish to meet.

(iii) The service providers
On behalf of the company, the manager seeks to maintain a constructive relationship with the service providers by meeting regularly. The service provider reports provided to the company contain service provision information and relevant information about the performance of the PFI contract. These reports are reviewed by both the manager and the board. Periodically the directors will also meet with the service providers to discuss key service delivery matters.

(iv) The management services provider
The company has outsourced the management of the company to Sir Robert McAlpine Limited ("the manager"). The delivery by the manager of its services is fundamental to the long term success of the company. The board seeks to engage regularly with the manager, including at board meetings and through engagement with the manager's senior leadership team. Regular reporting is provided to the board by the manager, which will alert the board to changes to regulation or market practice and will inform the board's decision making.

Throughout the year the board has given due consideration during its discussions and decision-making of the matters set out in Section 172 and below is a description of how the directors have had regard to these matters when performing their duties:

(a) The likely consequences of any decision in the long term
The services delivered by the manager and the communication and reporting provided, as noted in section (iv), ensure that the board is fully informed and able to make appropriate decisions.

(b) The interests of the company's employees
As an externally managed company, the company's activities are all outsourced and therefore it does not have any employees. The company does however, pay due regard to the interests and safety of all those engaged by contractors to the company to perform services on its behalf.

(c) The need to foster the company's business relationships with suppliers, customers and others
The company is committed to upholding the underlying principle of PFI of working in partnerships with all parties to the arrangement. As noted above, the company has policies and procedures to ensure regular communication is maintained between the parties and ensure that the supply chain is managed effectively in order that company obligations to its public sector client and service providers can be upheld.

(d) The impact of the company's operations on the community and the environment
The company has very limited direct impact on the environment as it has no greenhouse gas emissions. Notwithstanding that the company is committed to minimizing environmental disruption from its activities. The board upholds the company's environmental policy in all its activities and requires all parties to the arrangement to do the same. The board recognises that the company is a key partner in the delivery of public infrastructure and encourages its partners in considering and delivering Environmental, Social and Governance (ESG) values and initiatives to achieve socially responsible investing.

(e) The desirability of the company maintaining a reputation for high standards of business conduct
The company is committed in its day to day operations and dealings with all affiliates to uphold the highest standard of business conduct and integrity. The directors are not responsible for setting a "business culture" in the traditional sense but are committed to understanding the culture of the manager and service providers and raise any concerns in this regard if necessary.

6. SECTION 172 COMPANIES ACT 2006 STATEMENT (CONTINUED)

(f) The need to act fairly between members of the company
The members of the company are represented at board meetings by their appointed director(s). Conflicts on matters to be discussed are identified at each meeting of the board. Directors representing a member with a conflict of interest may therefore be excluded from any discussion or vote in regard to it.

The directors are cognisant of their duty under Section 172 in their deliberation as a board on all matters. Decisions made by the board consider the interests of all the company's key stakeholders and reflect the board's belief that the long term sustainable success of the company is linked directly to its key stakeholders.

Approved by the Board and signed on its behalf by:

Christopher James

C James
Director

Registered Office:
Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR

28 September 2020

AUTOLINK CONCESSIONAIRES (M6) PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

1. DIRECTORS

Directors:	R J W Wotherspoon	
	A R Gates	
	D R Bradbury	(resigned 30 April 2019)
	B C J Dean	
	D Honeyman	
	C James	
	M M Lopez-Simon	(appointed 1 May 2019 and resigned 21 October 2019)
Secretary:	K J Pearson	

2. DIVIDENDS

The company paid interim dividends during the year of £3,000,000 (2018: £4,750,000). The directors do not recommend payment of a final dividend (2018: £Nil).

3. MATTERS INCLUDED IN STRATEGIC REPOPRT

Financial risk management, the corporate governance statement and future developments are discussed in the Strategic Report.

4. POLITICAL DONATIONS

The company has not made any political donations (2018: £Nil).

5. DIRECTORS' LIABILITIES

Third party indemnity provisions made by the company's ultimate shareholders were in force during the year for the benefit of the directors of the company.

6. DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In accordance with Section 489 of the Companies Act 2006 a resolution to reappoint KPMG LLP, as auditor will be put to the forthcoming annual general meeting.

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

By Order of the Board

Christopher James.

C James
Director

Registered Office:
Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR

28 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

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

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

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

Christopher James.

C James
Director

28 September 2020

AUTOLINK CONCESSIONAIRES (M6) PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK CONCESSIONAIRES (M6) PLC

1 Our opinion is unmodified

We have audited the financial statements of Autolink Concessionaires (M6) Plc ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Statement of other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 30 April 1997. The period of total uninterrupted engagement is for the 23 financial years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Service revenue
Risk vs 2018: ◄►
(£9.2 million; 2018: £8.5 million)
Refer to page 18 and 19 (accounting policy) and pages 20 and 26 (financial disclosures)

The risk

Service revenue recognition

The amount of service revenue recognised is calculated as the amounts billed less amounts allocated as repayments of the finance debtor and classified as finance debtor interest less amounts deferred for lifecycle obligations. The amount of revenue deferred for lifecycle obligations is determined from a long term financial model which acts as a long term forecast of the revenues and costs to be incurred on the project. A significant portion of the service provision and the associated performance risk is outsourced to subcontractors with costs contractually agreed over the life of the contract. Lifecycle replacement risk remains with the Company and is a significant estimate.

A fraud risk exists as the directors could manipulate the amount of revenue recognised through amending the future lifecycle forecast assumptions and hence change the revenue recognised.

The effect of these matters is that, as part of our risk assessment, we determined that the amount of service revenue recognised has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose the sensitivity estimated by the Directors.

Our response

Our procedures included:

- **Service revenue recalculation:** Recalculation of service revenue based upon the amounts billed under the concession contract less amounts allocated to finance debtor as interest or repayments less amounts deferred for lifecycle obligations and compare this to the amounts recorded.
- **Historical comparisons:** Assessing the reasonableness of the cost forecasts by considering the historical accuracy of the previous forecasts as well as changes to forecast cost estimates relating to future years.
- **Our sector experience:** Evaluating the appropriateness of cost estimates and assessing whether or not estimates showed any evidence of management bias based on our knowledge of the Company and experience of the industry in which it operates.
- **Assessing transparency:** Assessing the adequacy of the Company's disclosures in respect of the sensitivity of the amount of service revenue recognised to changes in cost forecasts.

Our results

The results of our testing were satisfactory and we considered the amount of revenue recognised to be acceptable (2018: acceptable).

Going concern
Risk vs 2018: ▲
Refer to Note 1a), page 17 and 18 (accounting policy).

The risk

Disclosure quality

The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.

That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements.

The risk most likely to adversely affect the Company's available financial resources over this period is the impact of Covid-19 on contract performance, subcontractor failure and compliance with borrowing covenants.

Our response

Our procedures included:

- **Our sector experience:** Critically assessing the directors' going concern assessment, including the reasonableness of the key assumptions used in the cash flow forecasts and the level of severe but plausible downside sensitivities applied using our knowledge of Covid-19 scenarios being applied by other entities.
- **Evaluating directors' intent:** Evaluating the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.
- **Assessing transparency:** Assessing the accuracy and completeness of the matters covered in the going concern disclosure.

Our results

We found the going concern disclosures without any material uncertainty to be acceptable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £850k (2018: £920k), determined with reference to a benchmark of total assets (excluding amounts owed by group undertakings of £30.2 million (2018: £20.8 million)) of £109.1 million (2018: £115.8 million) of which it represents 0.8% (2018: 0.8%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £42k (2018: £46k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above.

4 We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects.

5 We have nothing to report on the Strategic report and the Directors' report

The directors are responsible for the strategic report and directors' report together with the financial statements. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on our work:

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

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK CONCESSIONAIRES (M6) PLC (continued)

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

Irregularities – ability to detect
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and anti-bribery legislation recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK CONCESSIONAIRES (M6) PLC (continued)

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

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

R Fitzpatrick

Robert Fitzpatrick (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

28 September 2020
....

AUTOLINK CONCESSIONAIRES (M6) PLC

PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	2019	2018
		£000	£000
Turnover	2	9,714	8,952
Operating costs		(9,601)	(9,052)
Operating profit/(loss)		113	(100)
Other interest receivable and similar income	3	12,032	11,685
Interest payable and similar expenses	4	(4,494)	(5,559)
Profit before taxation	5	7,651	6,026
Taxation on profit	7	(1,603)	(1,504)
Total comprehensive income for the year		6,048	4,522

All of the company's activities during the year were continuing operations, and all turnover is generated within the United Kingdom.

Movements on reserves are shown in the Statement of Changes in Equity.

The notes on pages 17 to 26 form part of these financial statements.

AUTOLINK CONCESSIONAIRES (M6) PLC

BALANCE SHEET
at 31 December 2019

	Notes	2019	2018
		£000	£000
CURRENT ASSETS			
Debtors: Amounts falling due within one year	8	13,746	6,965
Debtors: Amounts falling due after more than one year	9	100,114	104,017
Short-term deposits	10	-	10,613
Cash at bank and in hand		25,447	14,973
		139,307	136,568
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(15,860)	(15,592)
NET CURRENT ASSETS		123,447	120,976
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(116,695)	(117,219)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(494)	(547)
NET ASSETS		6,258	3,210
CAPITAL AND RESERVES			
Called up share capital	15	79	79
Profit and loss account		6,179	3,131
Shareholders' funds		6,258	3,210

These financial statements were approved by the Board of Directors and authorised for issue on 28 September 2020.

The notes on pages 17 to 26 form part of these financial statements.

They were signed on its behalf by:

Christopher James.

C James
Director

Company registration number: 3201364

AUTOLINK CONCESSIONAIRES (M6) PLC

STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital £000	Profit and Loss Account £000	Total £000
At 1 January 2018	79	3,359	3,438
Total comprehensive income for the financial year	-	4,522	4,522
Interim dividends paid of £59.93 per Ordinary share	-	(4,750)	(4,750)
At 31 December 2018	79	3,131	3,210

	Called up Share Capital £000	Profit and Loss Account £000	Total £000
At 1 January 2019	79	3,131	3,210
Profit for the financial year	-	6,048	6,048
Interim dividends paid of £37.85 per Ordinary share	-	(3,000)	(3,000)
At 31 December 2019	79	6,179	6,258

The notes on pages 17 to 26 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1. ACCOUNTING POLICIES

Autolink Concessionaires (M6) PLC is a company limited by shares and incorporated and domiciled in England, United Kingdom.

On the 29 April 1997 the company entered into a Private Finance Initiative ("PFI") contract with The Secretary of State for Scotland to Design, Build, Finance and Operate a motorway link between the existing A74(M) and the M74 and an extension to the existing M6 Motorway, linking it to the existing A74(M). The company commenced operation and maintenance of the road on 29 July 1997 for a 30 year concession period. On 1 July 1999 the contract was assigned to The Scottish Ministers under The Scotland Act 1998. The company receives revenue based upon the level of traffic on the road and is required to undertake routine and major maintenance of the road. Further information regarding the company's business activities is set out in the Strategic Report.

The financial statements have been prepared in accordance with applicable United Kingdom law and Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")*. The accounting policies have been applied consistently throughout the current and preceding years under the historical cost convention.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £000.

The company's parent undertaking, Autolink Holdings (M6) Limited includes the company in its consolidated financial statements. The consolidated financial statements of Autolink Holdings (M6) Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House.

In these financial statements, the company is considered a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:
• Reconciliation of number of shares outstanding from the beginning to the end of the period;
• Cash flow statement and related notes; and
• Key management personnel compensation.

As the company is a wholly owned subsidiary of Autolink Holdings (M6) Limited, the company has taken advantage of the exemption in section 33 of FRS 102 to not disclose transactions entered into between itself and the other members of the group.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

The particular accounting policies adopted by the directors are described below.

(a) Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts covering a period of 21 months from the date of approval of these financial statements through to 30 June 2022 which indicate that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the underlying customer continuing to meet its obligations under the Project Agreement which are underwritten by The Scottish Ministers ("the Authority").

In making this assessment the directors have considered the potential impact of Covid-19.

The company's operating cash inflows are largely dependent on unitary charge receipts receivable from the Authority. The income receivable from the Authority is dependent on traffic flows on the Road, with the income varying with reference to the traffic flow bands within the Contract.

1. ACCOUNTING POLICIES (CONTINUED)

(a) Going Concern (continued)

Actual traffic flows over the Road have been significantly impacted by the Covid-19 pandemic. Toll revenue for each year (29th July – 28th July) is invoiced monthly based on an estimate agreed in advance for that year (the provisional payment). Once the actual traffic flows for the year are available there is an annual reconciliation, that once agreed, results in a balancing payment to or from the Authority. The Authority has made all the provisional payments based on the estimate agreed in 2019 for the year 2019-2020.

The Authority has agreed that under the Contract the impact of Covid-19 is classed as a Relevant Traffic Effect, and therefore the company is entitled to compensation for this loss of income. The Authority has agreed that an estimate of normal traffic, based upon historic traffic figures, will be applied in the calculation of the 2019-2020 annual reconciliation and the provisional monthly payments for 2020-2021. The calculation of the provisional payment for the year 2020-2021 has been agreed and amounts invoiced to date have been paid by the Authority. It is expected that income will continue to be received on this basis for as long as the Relevant Traffic Effect continues, however forecasts prepared assuming current traffic levels to calculate toll revenue with effect from July 2021 show the company would still be able to comply with its debt covenants.

The directors have assessed the viability of its main sub-contractors and reviewed the contingency plans of these sub-contractors and are satisfied in their ability to provide the services in line with the Contract without significant additional costs to the company, even in downside scenarios, due to the underlying contractual terms. To date, there has been no adverse impact on the services provided by the company or its sub-contractors arising from Covid-19. However, in the unlikely event of a subcontractor failure, the company has its own business continuity plans to ensure that service provision will continue.

The directors believe the company has sufficient funding in place and expect the company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 21 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(b) Service concession accounting

The company is an operator of a Private Finance Initiative ("PFI") contract. The company entered into a project agreement (the "Contract") with The Secretary of State for Scotland (the "Authority") to Design, Build, Finance and Operate a motorway link between the existing A74(M) and the M74 and an extension to the existing M6 Motorway, linking it to the existing A74(M). Under the contract operations include the provision of routine maintenance of the road. The company has passed this obligation down to Sir Robert McAlpine Limited via a subcontract. The obligation to provide major maintenance works (lifecycle) is retained by the company, who will generally procure this from Sir Robert McAlpine Limited. The timing and extent of the major maintenance works is a key assumption that will affect the cashflows of the company; further information is shown in note 18. The Contract does not entitle the Authority to any share of the profits of the company. The Authority is entitled to terminate the Contract at any time by giving 5 working days written notice. If the Authority exercises this right it is liable to pay the company compensation as set out in the Contract, which would include any amounts due (including breakage costs) regarding the secured debenture loans and secured bank loans, any operational sums due, any termination costs and a fair market value of the shares in the company.

As the company entered into the contract prior to the date of transition to FRS102, the company has taken advantage of the exemption in section 35.10 (i) of FRS102 which permits it to continue to account for the service concession arrangements under the accounting policies adopted under old UK GAAP. In particular, the underlying asset is not deemed to be an asset of the company under old UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with the Authority.

1. ACCOUNTING POLICIES (CONTINUED)

(b) Service concession accounting (continued)

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 a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS102 section 23. The company recognises revenue in respect of the services provided, including major maintenance (lifecycle) services, 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.

(c) Turnover

Turnover credited to the profit and loss account is calculated by applying a margin to costs incurred in the year. This margin is calculated as total income forecast to be receivable over the concession, less amounts applied to the finance debtor as set out above less, all major maintenance, routine maintenance and other operating costs forecast to be payable over the concession. Management model these costs over the lifetime of the project to estimate the likely total costs.

(d) Maintenance

Routine maintenance and major maintenance costs are charged to the profit and loss account as incurred.

(e) 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.

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.

(f) Basic financial instruments

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the company are as follows:

Trade and other receivables
Trade and other receivables are initially measured at transaction price calculated on the effective interest rate basis, less any impairment.

Notes to the financial statements for the year ended 31 December 2019

1. ACCOUNTING POLICIES (CONTINUED)

(f) Basic financial instruments (continued)

Current asset investments and cash at bank and in hand

Current asset investments are short term deposits of cash which are initially recognised at fair value and then are stated at amortised cost calculated on the effective interest rate basis.

Cash at bank and in hand is carried in the balance sheet at nominal value.

The company is obligated to keep separate cash reserves in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown on the balance sheet within the "short-term deposits" and "cash at bank and in hand" balances, amounts to £19,655,000 at the year end (2018: £20,514,000).

Trade and other payables
Trade and other payables are initially measured at transaction price calculated on the effective interest rate basis.

Loans
Debenture and bank loans are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Interest on the loans is recognised as it accrues using the effective interest method.

(g) Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2. REVENUE

	2019 £000	2018 £000
Contract income	9,233	8,498
Other income	481	454
	9,714	8,952

All revenue was earned in the United Kingdom.

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Finance debtor interest receivable	10,365	11,078
Other interest receivable	237	225
Intercompany interest receivable	1,430	382
	12,032	11,685

Notes to the financial statements for the year ended 31 December 2019

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £000	2018 £000
Debenture loans	4,479	5,542
Bank loans	15	17
	4,494	5,559

5. PROFIT BEFORE TAXATION

	2019 £000	2018 £000
Profit is stated after charging:		
Fees paid to the auditor for audit services	38	23

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the year (2018: None) and therefore no staff costs (2018: £Nil) and no emoluments were paid to key management personnel or the directors for their services (2018: £Nil). £64,000 was paid to the controlling shareholders for directors' services (2018: £81,000).

7. TAXATION ON PROFIT

On the results for the year at 19% (2018: 19.00%):

	2019 £000	2018 £000
Current year tax:		
United Kingdom corporation tax	1,656	1,556
Adjustment in respect of previous periods	-	(4)
Total United Kingdom corporation tax	1,656	1,552
Deferred taxation		
Origination/reversal of timing differences (note 14)	(59)	(54)
Effects of changes in tax rates (note 14)	6	6
Total deferred taxation	(53)	(48)
Tax on profit	1,603	1,504

Factors affecting the total tax charge for the current period:

	2019 £000	2018 £000
Profit on before tax	7,651	6,026
Tax at 19% (2018: 19%)	1,454	1,145
Expenses not deductible for tax purposes	414	431
Difference in tax rate on deferred tax balances	6	6
Group relief	(271)	(74)
Adjustment in respect of previous periods	-	(4)
	1,603	1,504

7. TAXATION ON PROFIT (CONTINUED)

The United Kingdom Corporation Tax rate fell from 20% to 19% with effect from 1 April 2017. The Finance Act 2016 (enacted on 15 September 2016) proposed a reduction to the corporation tax main rate to 17% with effect from 1 April 2020. The current government has committed to put this rate reduction on hold and to maintain the corporation tax main rate at 19% for the foreseeable future. The amending legislation to defer the rate reductions was substantively enacted on 17 March 2020.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Trade debtors	550	634
Finance debtor	7,375	6,094
Amounts owed by parent undertaking (note 9)	5,535	-
Other debtors	-	7
Prepayments and accrued income	286	230
	13,746	6,965

9. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £000	2018 £000
Finance debtor	75,401	83,258
Amounts owed by parent undertaking	24,713	20,759
	100,114	104,017

Amounts owed by parent undertaking, included in debtors: amounts falling due within one year and after more than one year, relates to a loan to Autolink Holdings (M6) Limited which is the Company's immediate and ultimate parent company. The loan is repayable on demand, and repayments are expected to commence in 2020. The loan bears interest at a rate of 5% + 6 months LIBOR.

10. SHORT-TERM DEPOSITS

	2019 £000	2018 £000
Short-term deposits	-	10,613

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Secured debenture loans (note 12)	13,531	12,309
Secured bank loan (note 12)	348	347
Trade creditors	53	1
Corporation tax	814	782
Social security and other taxes	374	1,209
Accruals and deferred income	740	944
	15,860	15,592

Notes to the financial statements for the year ended 31 December 2019

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£000	£000
Secured debenture loans (a)	22,679	36,162
Secured bank loan (b)	521	867
Deferred service concession income	93,495	80,190
	116,695	117,219

(a) The secured debenture loans are secured by a fixed and floating charge on the assets of the company. The loans are repayable by instalments from 15 December 2007 to 15 June 2022.

(b) The bank loan is secured by a financial guaranty policy, and is repayable by equal semi-annual instalments from 15 June 2004 to 15 June 2022. The interest rate is variable and determined quarterly in advance in accordance with the standard procedures of the lending bank.

The loans are repayable as follows:

	2019	2018
	£000	£000
Within one year:		
A1 secured debenture loan at 8.39% per annum	12,255	11,294
B1 secured debenture loan at 11.27% per annum	1,505	1,349
Secured bank loan	349	349
	14,109	12,992
Between one and two years:		
A1 secured debenture loan at 8.39% per annum	13,279	12,255
B1 secured debenture loan at 11.27% per annum	1,679	1,505
Secured bank loan	349	349
	15,307	14,109
Between two and five years:		
A1 secured debenture loan at 8.39% per annum	7,064	20,342
B1 secured debenture loan at 11.27% per annum	913	2,592
Secured bank loan	174	522
	8,151	23,456
	37,567	50,557
Less: effective interest rate adjustments	(488)	(872)
	37,079	49,685
Included in creditors: amounts falling due within one year	13,879	12,656
Included in creditors: amounts falling due after more than one year	23,200	37,029
	37,079	49,685

Notes to the financial statements for the year ended 31 December 2019

13. FINANCIAL INSTRUMENTS

Financial Assets

The carrying amount of the financial assets of the company are as follows:

	2019 £000	2018 £000
Assets measured at amortised cost		
- Trade debtors	550	634
- Amounts owed by parent undertaking	30,248	20,759
- Finance debtor	82,776	89,352
- Other debtors	-	7
- Current asset investments	-	10,613
- Cash at bank and in hand	25,447	14,973
	139,021	136,338

Financial Liabilities

The carrying amount of the financial liabilities of the company are as follows:

	2019 £000	2018 £000
Liabilities measured at amortised cost		
- Trade creditors	53	1
- Accruals	740	944
- Listed debenture loans	36,210	48,465
- Secured bank loans	869	1,220
	37,872	50,630

Listed debenture loans were issued to provide funding to finance the construction phase of the Contract. As part of the company's risk-averse funding policy the company issued fixed interest rate bonds at inception in order to mitigate the risk of sudden and unexpected changes in financing costs.

See note 12 for the repayment terms of the debenture loans.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £000	Total £000
At 1 January 2019	547	547
Charged to the profit and loss account	(53)	(53)
At 31 December 2019	494	494

14. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The deferred tax liability is provided for at a rate of 17% and is recognised in the accounts as follows:

	2019 £000	2018 £000
Accelerated capital allowances	380	411
Short term timing differences	114	136
	494	547

The deferred tax liability has been calculated at 17% as this was the rate substantively enacted at the balance sheet date.

There were no unprovided deferred tax assets or liabilities at the year end (2018: £Nil).

15. CALLED UP SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid:		
79,253 Ordinary shares of £1 each	79	79

16. RELATED PARTY TRANSACTIONS

The company entered into the following material transactions with related parties:

On 29 July 2013 the company entered into a four year Routine Operating and Maintenance contract with Sir Robert McAlpine Limited, a group member of one of the parent company's shareholders. This contract was amended and restated in February 2016 and now expires at the end of the concession. A total of £8,114,000 (2018: £7,297,000) was paid during the year under this contract. At the financial year end £448,000 (2018: £562,000) was owed to Sir Robert McAlpine Limited, and included in creditors: amounts falling due within one year.

The company paid £481,000 (2018: £501,000) to Sir Robert McAlpine Limited for the provision of staff and other services. At the financial year end £40,000 (2018: £39,000) was owed to Sir Robert McAlpine Limited, and included in creditors: amounts falling due within one year.

The company paid directors fees of £64,000 (2018: £81,000) to group members of the shareholders of its immediate parent during the year, and £nil (2018: £7,000) was unpaid at the year end and included in creditors: amounts falling due within one year as follows:

	Fees payable 2019 £000	Fees payable 2018 £000	Fees accrued 2019 £000	Fees accrued 2018 £000
Innisfree Limited	27	27	-	7
Sir Robert McAlpine Capital Ventures Limited	27	27	-	-
Laing Investments Management Services Limited	10	27	-	-
	64	81	-	7

17. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Autolink Holdings (M6) Limited which is registered in England and Wales. This is the only company to prepare consolidated accounts which include the results of this entity. Copies of the group accounts can be obtained from the registered address, Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR.

18. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS102 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 ongoing 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 judgements in applying the company's accounting policies are described below:

Critical judgements and estimates

Service concession accounting
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 service concession contract. Major maintenance costs are a significant proportion of future expenditure. Given the length of the company's service concession contract, the forecast of major maintenance costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have material impacts. As a result, there is a significant level of judgement applied in estimating future major maintenance costs. To reduce the risk of misstatement, future estimates of major maintenance expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. In addition, comparisons of actual expenditure are compared to the major maintenance forecast. If major maintenance costs cumulatively over the remainder of concession increase by 10% the impact would be a decrease in revenue of £345,000 (2018: £308,000) and a decrease in the profit before taxation of £345,000 (2018: £308,000). If major maintenance costs cumulatively over the remainder of concession decrease by 10% the impact would be an increase in revenue of £373,000 (2018: £376,000) and an increase in the profit before taxation of £373,000 (2018: £376,000).

Finance debtor
Accounting for the construction of the underlying asset requires an assessment to be made in respect of its treatment on the balance sheet. The underlying asset has been treated as a finance debtor because the risks and rewards of ownership were deemed to lie principally with The Scottish Ministers.

19. EVENTS AFTER THE REPORTING DATE

The World Health Organisation declared the Covid-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements.

A review of the risks due to Covid-19 can be found in the Strategic Report. Based on those risks and due to the Government's actions in responding to Covid-19, in particular providing guidance that public bodies should continue to pay their suppliers in full, there is not expected to be any significant financial impact on the company.