AUTOLINK CONCESSIONAIRES (M6) PLC

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Registered in England and Wales No. 03201364

AUTOLINK CONCESSIONAIRES (M6) PLC

STRATEGIC REPORT

1. RESULTS FOR THE YEAR

The profit for the year after taxation was £3,919,000 (2020: £3,697,000).

Autolink Concessionaires (M6) Plc ("the company") paid interim dividends during the year of £8,877,000 (2020: £3,549,000). The directors do not recommend payment of a final dividend (2020: £Nil).

2. REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

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

On 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 described in note 19 the prior year results have been restated and so performance is compared to these restated results. As shown in the company's profit and loss account on page 17 the company made a profit before tax in the year of £5,568,000 (2020: £5,123,000). Turnover for the year was £14,970,000 (2020: £11,997,000) and operating costs were £11,225,000 (2020: £9,456,000). The company carried out more major maintenance works during the year compared to the prior year, and therefore both costs and revenue are greater than the prior year. The company incurred unavailability deductions of £1,063,000 (2020: £327,000), the majority of which were planned as part of the programme of major maintenance works. The operating profit for the year was £3,745,000 (2020: £2,541,000).

Interest income for the year of £3,716,000 (2020: £5,831,000) exceeded the interest expense for the year of £1,893,000 (2020: £3,249,000) by £1,823,000 (2020: £2,582,000). Both interest income and expense have decreased compared to the prior year due to both the finance debtor and loan balances reducing.

The balance sheet on page 18 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 company has net assets of £14,885,000 (2020: £19,843,000). The reduction is due to total comprehensive income of £3,919,000 being less than the interim dividends paid of £8,877,000. Debtors falling due within one year and after more than one year have decreased by £25,494,000, which is mainly due to decreases in the finance debtor, trade debtors and the loan to the company's parent company. Debenture and bank loan balances at the year end were £7,943,000 (2020: £23,258,000) and during 2022 were fully repaid.

Since 2018 the company has provided a loan to its immediate and ultimate parent company, Autolink Holdings (M6) Limited. The loan is repayable on demand, and repayments commenced in 2020. At 31 December 2021 the loan balance was £22,586,000 (2020: £30,586,000). The loan bears interest at a rate of 5% + 6 months LIBOR.

Key performance indicators

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 2021 the company's performance against this measure was satisfactory.

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

Key performance indicators (continued)

The revenue of the company is dependent upon the unitary charge receivable from The Scottish Ministers and the expected costs over the lifetime of the project. The income receivable from The Scottish Ministers 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 Scottish Ministers. The outbreak of Covid-19 has naturally adversely affected traffic flows on the Road. The Scottish Ministers has confirmed that historic traffic figures will be applied during this time in calculating the unitary charge payment. A review of the risks arising from Covid-19 can be found in section 4 of this report.

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.

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 having a hedge against inflation risk.

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 is 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 £8,284,000 (2020: £23,491,000) together with trade debtors of £243,000 (2020: £3,365,000) is the maximum credit exposure arising from clients. Additional credit risk arises on the intragroup loan made to the company's parent of £22,586,000 (2020: £30,586,000). The company has modelled repayment of this loan and has no concerns that the loan will not be recovered.

4. FINANCIAL AND OPERATIONAL RISK MANAGEMENT (CONTINUED)

Major Maintenance risk
A risk borne by the company is that major maintenance costs exceed those forecast in the financial model agreed at financial close. Increased major maintenance costs are therefore a significant risk to breaching the ratio covenants in the finance contracts. This risk is mitigated by future estimates of major maintenance expenditure being prepared by experienced individuals on an asset by asset basis and by the periodic technical evaluations of the physical condition of the assets subject to major maintenance.

Covid-19 risk
The outbreak of Covid-19 and the associated restrictions set out by both the Scottish and UK governments 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. Historic traffic figures have been applied, during the time impacted by the pandemic, in calculating the company's revenue. This prevented any financial penalty to the company as there has been no reduction in the service provided and 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 24 months to July 2022 have been agreed on this basis. Routine operations are continuing as normal and the company has deferred some major maintenance expenditure to a later date. Covid-19 has not resulted in 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").

6. SECTION 172 COMPANIES ACT 2006 STATEMENT (CONTINUED)

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 Sir Robert McAlpine Limited ("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.

(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 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.

6. SECTION 172 COMPANIES ACT 2006 STATEMENT (CONTINUED)

(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.

(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.

7. ENERGY AND CARBON REPORT

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or efficiency activities.

Approved by the Board and signed on its behalf by:

R J W Wotherspoon
Director

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

2 December 2022

AUTOLINK CONCESSIONAIRES (M6) PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021..

1. DIRECTORS

Directors: C James
R J W Wotherspoon
A R Gates
B C J Dean
D Honeyman

Secretary: K J Pearson

2. DIVIDENDS

The company paid interim dividends during the year of £8,877,000 (2020: £3,549,000). The directors do not recommend payment of a final dividend (2020: £Nil).

3. MATTERS INCLUDED IN STRATEGIC REPOPRT

Financial and operational risk management, the corporate governance statement and a review of the business and principal activities are discussed in the Strategic Report.

4. POLITICAL DONATIONS

The company has not made any political donations (2020: £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. POST BALANCE SHEET EVENTS

On 24 February 2022, an invasion of Ukraine by Russian military forces commenced, which has to date given rise to increased energy and commodity prices throughout the UK and Europe and significant uncertainty in financial markets worldwide. The company has assessed, and will continue to assess the implications of the events in Ukraine, but currently there is considered to be no material impact on the business's financial performance or position.

On 15 June 2022 the secured debenture loans were repaid in full in accordance with the finance contract.

7. 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 BDO 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

R J W Wotherspoon
Director

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

2 December 2022

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

The directors are responsible for preparing the Report of the Directors, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

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.

Directors' responsibility statement pursuant to DTR4

We confirm that to the best of our knowledge:

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

RJ Wotherspoon

R J W Wotherspoon
Director

2 December 2022

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Autolink Concessionaires (M6) Plc (the 'Company') for the year ended 31 December 2021 which comprise the profit and loss account and statement of other comprehensive income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 12 February 2021 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement, including previous renewals and reappointments is 2 years, covering the years ended 31 December 2020 to 31 December 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained a copy of the Directors' cash flow forecast and agreed the inputs, including future lifecycle costs, to the reports from managements expert, externally sourced data, and signed contractual agreements. The forecast was then recalculated to check the mathematical accuracy of the forecast.
- We compared the previous forecasts to actual performance to assess the Directors forecasting abilities.
- We obtained the forecasts and performed further sensitivity analysis to check that sufficient cash reserves were maintained to settle obligations, after which headroom exists. Furthermore, we recalculated the applicable debt ratios to assess if the debt covenants will continue to be met.
- We assessed the adequacy of the going concern disclosure to check that it gives a full and accurate description of the Directors' assessment of going concern and is consistent with our understanding.

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.

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

Overview

Key audit matters		2021	2020
	Financial model	✓	✓
	Lifecycle costs	✓	✓
	Revenue recognition – Service margin applied	✓	✓
Materiality	Company financial statements as a whole: £0.59m (2020: £1.28m) based on 1% of total assets (2021: 1% of total assets)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

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

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Financial model</td><td>Management use a financial model to forecast the results of the Private Finance Initiative ('PFI') contract for the period until completion.

The financial model drives a number of transactions and balances in the financial statements including the finance debtor, accrued service income and interest receivable.

There is a risk that inputs in the model are inaccurate, compromising the integrity of the model, resulting in incorrect outputs and cash flow projections.

Furthermore, a prior period error was identified in respect of the amortisation period of the finance debtor against the debt profile of the Company as noted in note 19.

In order to correct the closing position of the finance debtor in the financial model, Management are required to perform complex calculations at each reporting period in order to correct the finance debtor balances at each reporting period.

Due to the complexity of the calculations, this has been assessed as a key audit matter.</td><td>Our audit work included, but was not restricted to, the following:

• We compared the current year actual results with the model used in 2020 to assess management's forecasting ability.
• We investigated key changes made to the model from 2020 to 2021. For any amendments identified, we obtained evidence to support changes made to inputs.
• We agreed the key inputs in the model to externally sourced data and signed contractual agreements. The key inputs were considered to be the completeness of the lifecycle profile, the service concession term, the toll rates as per the service concession agreement and the indexation rates inputted in the financial model.
• We reperformed the calculations to check the mathematical accuracy of the model.
• We compared the results for the 2021 financial year with the projected results for 2022, to identify any anomalies that would be indicative of manipulation of the future profit margin.
• We inspected the model to check the finance debtor was forecast to fully amortise and the debt profile is settled over the life of the service concession agreement.
• With regard to the correction of the prior period error, we recalculated the opening balance sheet position for the preceding financial year, based on the adjusted financial model for the year ended 31 December 2019; and
• We recalculated the effect of the correction of error over the affected financial statement areas related to the prior year and that of the current year;

Key observations:

Based on the work performed we consider that the inputs and outputs to the financial model were accurate and appropriate.</td></tr>
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK CONCESSIONAIRES (M6) PLC (continued)

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Lifecycle costs

Refer to notes 1(b) and 17</td><td>There is a risk that future lifecycle costs may not have been accurately forecast in the financial model, which could lead to incorrect determination of profit margin through the incorrect recognition of revenue and costs.

Determination of the lifecycle costs over the duration of the contract requires significant management judgement and estimate.

As such, lifecycle costs represent a significant risk and key area of focus for our audit.</td><td>Our audit work included, but was not restricted to, the following:
We challenged management and reviewed the work of management experts over the estimates of future lifecycle costs. This included assessing the reasonability of the long-term lifecycle plan, reviewing lifecycle budgets and overall condition of the core assets maintained by the Company.
We tested a sample of lifecycle costs to supporting documentation and challenged management as to whether the related work was completed at the year-end. This including testing a sample of lifecycle costs incurred pre and post year end by agreeing to support of work performed to determine if costs were recorded in the correct period.
We assessed the completeness of the lifecycle cost accruals by reviewing board minutes and holding discussions with operational management. We also reviewed minutes of the meetings between the Company and the local authority in order to verify whether the current lifecycle plan confirmed to the requirements of the project agreement.
We inspected the financial model to check that the latest lifecycle plan has been appropriately reflected in the financial model.
Key observations:

Based on the work performed we consider that management's key estimates in respect of lifecycle costs are reasonable.</td></tr>
<tr><td>Revenue Recognition (service margin applied)

Refer to note 1(c) and note 17</td><td>Revenue is accounted for as detailed in note 1(c), with a service margin applied to the relevant cost base. The margin applied is dependent on the nature of the costs.

Determination of an appropriate service margin is a key area of estimation and judgement as it is determined based on total expected profit over the life of the remaining concession period within the financial model and is driven by the lifecycle costs (see key audit matters above). We therefore consider this to be an area of significant risk and key area of focus in our audit.</td><td>Our audit work included, but was not restricted to, the following:
We tested the service margin applied within the financial model and investigated differences from that applied in prior year, challenging and corroborating changes to supporting documents and Board approvals.
As the service margin is calculated on an underlying forecast of future lifecycle costs which is updated bi-annually in the financial model, we tested that the service margin was appropriately reassessed by management based on the actual costs and for any changes to the estimated future lifecycle costs in the financial model. Refer to the audit work performed on these areas as detailed above.
We recalculated revenue by agreeing the service margin has been applied to appropriate costs, and that it was based on contractual entitlements.
We agreed the allocation of the unitary charge account between revenue, interest and amortisation of the finance debtor with reference to the financial model and compared the total unitary charge to contractual entitlements.
Key observations:

Based on the work performed, we consider that the service margin applied to the recognition of revenue is appropriate.</td></tr>
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK CONCESSIONAIRES (M6) PLC (continued)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Company financial statements	
	2021	2020
Materiality	£0.59 million	£1.28 million
Basis for determining materiality	0.9% of total assets	1% of total assets
Rationale for the benchmark applied	The PFI project is asset driven and the success of the project is measured through the overall return of the project, with the Finance Debtor representing the right for future distributions.	
Performance materiality	£0.38 million	£0.83 million
Basis for determining performance materiality	65% of materiality which reflects the expected level of likely misstatements based on past experience and management's attitude towards proposed adjustments.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £11,000 (2020: £25,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

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

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Report of the Directors	In our opinion, based on the work undertaken in the course of the audit: • the information given in the strategic report and the report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the strategic report and the report of the Directors have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the Directors.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 Company 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.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities in respect of the Report of the directors, the Strategic report and the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's 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 auditor's 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 AUDITOR'S REPORT TO THE MEMBERS OF AUTOLINK CONCESSIONAIRES (M6) PLC (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

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 the principal risk of non-compliance with laws and regulations that might have a material effect on the financial statements and direct impact on the preparation of the financial statements, to be the Companies Act 2006 and the applicable accounting framework.

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 management bias in accounting estimates and posting inappropriate journal entries to manipulate the fair value of the Company's assets.

Audit procedures performed by the engagement team included:

- We obtained an understanding of the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls;
- We reviewed minutes of Board meetings throughout the year for any evidence of non-compliance with laws and regulations and instances of suspected or alleged fraud;
- We challenged assumptions and judgements made by management in areas involving significant estimates, with the key sources of estimation identified as the determination of service margins and lifecycle costs (refer to the key audit matters section above);
- We tested journal entries based on identified characteristics the audit team considered could be indicative of fraud, as well as large and unusual transactions based upon our knowledge of the business, by agreeing to supporting documentation;
- We made enquiries of Management, those charged with governance and those responsible for legal and compliance procedures as to whether there was any correspondence from relevant regulators in so far as the correspondence related to financial statements;
- We held discussions with Management and those charged with governance to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Jack Draycott
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Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

02 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 £000	2020 as restated £000
Turnover	2	14,970	11,997
Operating costs		(11,225)	(9,456)
Operating profit		3,745	2,541
Other interest receivable and similar income	3	3,716	5,831
Interest payable and similar expenses	4	(1,893)	(3,249)
Profit before taxation	5	5,568	5,123
Taxation on profit	7	(1,649)	(1,426)
Total comprehensive income for the year		3,919	3,697

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 20 to 30 form part of these financial statements.

AUTOLINK CONCESSIONAIRES (M6) PLC

BALANCE SHEET
at 31 December 2021

	Notes	2021 £000	2020 as restated £000
CURRENT ASSETS			
Debtors: Amounts falling due within one year	8	22,772	24,982
Debtors: Amounts falling due after more than one year	9	9,586	32,870
Cash at bank and in hand	1g	33,087	26,585
		65,445	84,437
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(16,434)	(16,590)
NET CURRENT ASSETS		49,011	67,847
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(34,046)	(47,830)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(80)	(174)
NET ASSETS		14,885	19,843
CAPITAL AND RESERVES			
Called up share capital	14	79	79
Profit and loss account		14,806	19,764
Shareholders' funds		14,885	19,843

These financial statements were approved by the Board of Directors and authorised for issue on 2 December 2022.

The notes on pages 20 to 30 form part of these financial statements.

They were signed on its behalf by:

R J W Wotherspoon
Director

Company registration number: 03201364

STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital £000	Profit and Loss Account £000	Total £000
As restated for the year ended 31 December 2020			
At 1 January 2020 (as previously stated)	79	6,179	6,258
Prior year adjustments (see note 19)	-	13,437	13,437
At 1 January 2020 – as restated (see note 19)	79	19,616	19,695
Profit for the financial year	-	3,697	3,697
Interim dividends paid of £44.78 per Ordinary share	-	(3,549)	(3,549)
At 31 December 2020 – as restated (see note 19)	79	19,764	19,843

	Called up Share Capital £000	Profit and Loss Account £000	Total £000
At 1 January 2021 (as previously stated)	79	9,264	9,343
Prior year adjustments (see note 19)	-	10,500	10,500
At 1 January 2021 - as restated (see note 19)	79	19,764	19,843
Profit for the financial year	-	3,919	3,919
Interim dividends paid of £112.01 per Ordinary share	-	(8,877)	(8,877)
At 31 December 2021	79	14,806	14,885

The notes on pages 20 to 30 form part of these financial statements.

1. ACCOUNTING POLICIES

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

On 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 financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently to all years presented, unless otherwise stated.

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 17.

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 12 months from the date of approval of these financial statements through to 31 December 2023 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.

In making this assessment the directors have considered the potential impact of Covid-19 and the events in Ukraine.

The company's operating cash inflows are largely dependent on unitary charge receipts receivable from The Scottish Ministers. The income receivable from The Scottish Ministers 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 Scottish Ministers. The Scottish Ministers has made all the provisional payments for the toll year to 28 July 2021, and all those invoiced to date for the year 2021-2022 based on the estimate agreed in 2021.

The Scottish Ministers 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 Scottish Ministers has agreed that an estimate of normal traffic, based upon historic traffic figures, will be applied in the calculation of the provisional monthly payments whilst the Relevant Traffic Effect continues.

The calculation of the provisional payment for the year 2020-2021 has been agreed, fully invoiced and paid, and it has been agreed no balancing payment is due from the annual reconciliation. The calculation of the provisional payment for the year 2021-2022 has been agreed and amounts invoiced to date have been paid by The Scottish Ministers. 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 estimated actual traffic levels to calculate toll revenue with effect from July 2022 show the company would still be able to meet all of its liabilities as they fall due. The company held sufficient funds to make its final debt repayments when they fell due in June 2022.

The directors have assessed the viability of its main 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 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 12 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 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 Contract was subsequently assigned to The Scottish Ministers under The Scotland Act 1998. 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 17. The Contract does not entitle The Scottish Ministers to any share of the profits of the company. The Scottish Ministers is entitled to terminate the Contract at any time by giving 5 working days written notice. If The Scottish Ministers 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 Scottish Ministers.

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

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, through to June 2022 when the debt is fully repaid, the PFI unitary charge income is allocated between the capital repayment of the finance debtor and interest receivable 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. Where income has been received and the services have not yet been provided this is recognised as deferred service concession income.

(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) Other Income

Other income is in respect of additional services and works requested by the client that are not included under the standard contract.

(e) Maintenance

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

(f) 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.

(g) 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:

Finance Debtor
The finance debtor is accounted for as a basic financial instrument in accordance with FRS102 section 11 and is discussed in more detail in accounting policy note 1(b).

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

1. ACCOUNTING POLICIES (CONTINUED)

(g) Basic financial instruments (continued)

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

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 "cash at bank and in hand" balance, amounts to £15,994,000 at the year end (2020: £19,565,000).

Trade and other creditors
Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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.

(h) 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. TURNOVER

	2021	2020 as restated
	£000	£000
Contract income	14,553	11,346
Other income	417	651
	14,970	11,997

All revenue was earned in the United Kingdom.

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020 as restated
	£000	£000
Finance debtor interest receivable	2,339	3,987
Other interest receivable	-	107
Intercompany interest receivable	1,377	1,737
	3,716	5,831

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

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£000	£000
Debenture loans	1,891	3,242
Bank loans	2	7
	1,893	3,249

5. PROFIT BEFORE TAXATION

	2021	2020
	£000	£000
Profit is stated after charging:		
Fees paid to the auditor for audit services	38	28

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the year (2020: None) and therefore no staff costs (2020: £Nil) and no emoluments were paid to key management personnel or the directors for their services (2020: £Nil). A total of £57,000 was paid to the shareholders for directors' services (2020: £56,000).

7. TAXATION ON PROFIT

On the results for the year at 19% (2020: 19.00%):

	2021	2020 as restated
	£000	£000
Current year tax:		
United Kingdom corporation tax	1,743	1,499
Total United Kingdom corporation tax	1,743	1,499
Deferred taxation		
Origination/reversal of timing differences (note 13)	(113)	(102)
Effects of changes in tax rates (note 13)	19	29
Total deferred taxation	(94)	(73)
Tax on profit	1,649	1,426

Factors affecting the total tax charge for the current period:

	2021	2020 as restated
	£000	£000
Current year tax:		
Profit before tax	5,568	5,123
Tax at 19% (2020: 19%)	1,058	973
Expenses not deductible for tax purposes	833	754
Change in tax rate on deferred tax balances	19	29
Group relief not paid for	(261)	(330)
	1,649	1,426

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

7. TAXATION ON PROFIT (CONTINUED)

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 10 June 2021, and therefore deferred tax balances as at 31 December 2021 are measured at 25% (2020: 19%).

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 as restated
	£000	£000
Trade debtors	243	3,365
Finance debtor	8,284	15,207
Amounts owed by parent undertaking (note 9)	13,000	6,000
Corporation tax	903	-
Prepayments and accrued income	342	410
	22,772	24,982

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

	2021	2020 as restated
	£000	£000
Finance debtor	-	8,284
Amounts owed by parent undertaking	9,586	24,586
	9,586	32,870

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 commenced in 2020. The loan bears interest at a rate of 5% + 6 months LIBOR.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 as restated
	£000	£000
Secured debenture loans (note 11)	7,943	14,809
Secured bank loan (note 11)	-	348
Trade creditors	1	35
Corporation tax	-	261
VAT payable	1,101	340
Accruals	1,036	797
Deferred service concession income	6,353	-
	16,434	16,590

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

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

	2021	2020 as restated
	£000	£000
Secured debenture loans (a)	-	7,927
Secured bank loan (b)	-	174
Deferred service concession income	34,046	39,729
	34,046	47,830

(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 was secured by a financial guaranty policy, and was repayable by equal semi-annual instalments from 15 June 2004 to 15 June 2022. The remaining loan was repaid in full early on 15 December 2021. The interest rate was variable and determined quarterly in advance in accordance with the standard procedures of the lending bank.

The loans are repayable as follows:

	2021	2020
	£000	£000
Within one year:		
A1 secured debenture loan at 8.39% per annum	7,063	13,279
B1 secured debenture loan at 11.27% per annum	913	1,679
Secured bank loan	-	349
	7,976	15,307
Between one and two years:		
A1 secured debenture loan at 8.39% per annum	-	7,064
B1 secured debenture loan at 11.27% per annum	-	913
Secured bank loan	-	174
	-	8,151
	7,976	23,458
Less: effective interest rate adjustments	(33)	(200)
	7,943	23,258
Included in creditors: amounts falling due within one year	7,943	15,157
Included in creditors: amounts falling due after more than one year	-	8,101
	7,943	23,258

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

12. FINANCIAL INSTRUMENTS

Financial Assets

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

	2021	2020 as restated
	£000	£000
Assets measured at amortised cost		
- Trade debtors	243	3,365
- Amounts owed by parent undertaking	22,586	30,586
- Finance debtor	8,284	23,491
- Cash at bank and in hand	33,087	26,585
	64,200	84,027

Financial Liabilities

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

	2021	2020
	£000	£000
Liabilities measured at amortised cost		
- Trade creditors	1	35
- Accruals	1,036	797
- Listed debenture loans	7,943	22,736
- Secured bank loans	-	522
	8,980	24,090

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 11 for the repayment terms of the debenture loans.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax
	£000
At 1 January 2021 (as restated)	174
Credited to the profit and loss account	(94)
At 31 December 2021	80

13. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The deferred tax liability is provided for at a rate of 25% (2020: 19%) and is recognised in the accounts as follows:

	2021	2020 as restated
	£000	£000
Accelerated capital allowances	(21)	72
Short term timing differences	101	102
	80	174

The deferred tax liability has been calculated at 25% (2020: 19%) 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 (2020: £Nil).

14. CALLED UP SHARE CAPITAL

	2021	2020
	£000	£000
Allotted, called up and fully paid:		
79,253 Ordinary shares of £1 each	79	79

15. 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 £8,824,000 (2020: £7,207,000) was payable during the year under this contract. At the financial year end £821,000 (2020: £593,000) was owed to Sir Robert McAlpine Limited, and included in creditors: amounts falling due within one year.

£507,000 (2020: £505,000) was payable during the year to Sir Robert McAlpine Limited for the provision of staff and other services. At the financial year end £42,000 (2020: £41,000) was owed to Sir Robert McAlpine Limited, and included in creditors: amounts falling due within one year.

Directors fees of £57,000 (2020: £56,000) were payable by the company to group members of the shareholders of its immediate parent during the year, and £nil (2020: £nil) was unpaid at the year end as follows:

	Fees payable 2021	Fees payable 2020	Fees accrued 2021	Fees accrued 2020
	£000	£000	£000	£000
Innisfree Limited	29	28	-	-
Sir Robert McAlpine Capital Ventures Limited	28	28	-	-
	57	56	-	-

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

16. 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.

17. 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 in the current year of £501,000 (2020: £368,000) and a decrease in the profit before taxation of £501,000 (2020: £368,000). If major maintenance costs cumulatively over the remainder of concession decrease by 10% the impact would be an increase in revenue in the current year of £538,000 (2020: £393,000) and an increase in the profit before taxation of £538,000 (2020: £393,000).

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.

Amounts owed by parent undertaking
Accounting for the carrying value of the amounts owed by the parent undertaking requires the determination of the future cash flows over the remaining concession life. Due to the uncertainty of the major maintenance spend, management undertake a review of the forecasted costs on a continuous basis. The carrying value of the amounts owed by the parent undertaking may therefore be sensitive to significant increases to the major maintenance spend profile, however at the year end an increase in major maintenance costs of 10% does not impair the carrying value of the amounts owed.

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

18. EVENTS AFTER THE REPORTING DATE

On 24 February 2022, an invasion of Ukraine by Russian military forces commenced, which has to date given rise to increased energy and commodity prices throughout the UK and Europe and significant uncertainty in financial markets worldwide. The company has assessed, and will continue to assess the implications of the events in Ukraine, but currently there is considered to be no material impact on the business's financial performance or position.

On 15 June 2022 the secured debenture loans were repaid in full in accordance with the finance contract.

19. PRIOR YEAR ADJUSTMENT

In previous reporting periods the finance debtor was amortised over the full period of the concession. When reviewing the application of this accounting treatment in the current year, the company has concluded that this accounting treatment does not produce meaningful results for the users of the financial statements, and that a material error has occurred. An error had been made in identifying the revenue attributable to the finance debtor. The element of toll revenue intended to finance predominantly the debt costs reduces substantially after June 2022 once the debt has been fully repaid. The finance debtor should therefore have been amortised over the period to June 2022 rather than to the end of the concession.

As a result the company has corrected the allocation of toll revenue between finance income and operating income, and the finance debtor is now being amortised over the period to June 2022.

The effect of the correction on the balance sheet at 1 January 2020 and in the year ended 31 December 2020 is as follows:

	Finance debtor £'000	Deferred income £'000	Corporation tax payable £'000	Deferred tax provision £'000	Profit and loss reserve account £'000
Opening balance at 1 January 2020 (as previously stated)	82,776	(93,495)	(814)	(494)	6,179
Adjustment at 1 January 2020	(45,726)	58,569	347	247	13,437
Restated balance at 1 January 2020	37,050	(34,926)	(467)	(247)	19,616
Balance at 31 December 2020 (as previously stated)	75,401	(101,190)	(897)	(487)	9,264
Adjustment at 31 December 2020	(51,910)	61,461	636	313	10,500
Restated as at 31 December 2020	23,491	(39,729)	(261)	(174)	19,764

The effect of the correction on the profit and loss account in the year ended 31 December 2020 is as follows:

	Turnover £'000	Finance debtor interest £'000	Corporation tax £'000	Deferred tax £'000
As previously reported	9,710	9,565	(1,787)	7
Adjustment	2,287	(5,578)	288	66
Restated at 31 December 2020	11,997	3,987	(1,499)	73