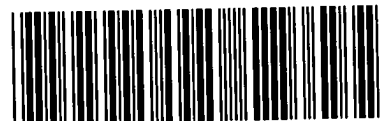


Company Registration No. 02983475

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

ANNUAL REPORT 2018

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ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | M. Overton I. Jones C. J. Fergusson D. A. Fraser |
| Company secretary | G. Stanton |
| Registered number | 02983475 |
| Registered office | Wallage Lane Rowfant Crawley West Sussex RH10 4NF |
| Independent auditor | Mazars LLP One St. Peter's Square Manchester M2 3DE |
| Solicitors | Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells Kent TN1 1NX |
| Bankers | Natwest Bank Plc 32 Market Street Leigh Greater Manchester WN7 1DX |

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

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ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report for Allied Infrastructure Management Limited (the "Company") for the year ended 31 December 2018.

Change of accounting period

The financial year end of the Company was changed from 31 October to 31 December on 8 June 2017. The change of accounting date was to align its financial year end date with that of its immediate parent company Colas Limited.

The results reported cover the 12 month period to 31 December 2018, the comparative period was 14 months to 31 December 2017.

Principal activities and review of the business

The principal activity of the Company continued to be that of infrastructure maintenance in the airport and construction sector.

Results and performance

The profit for the year ended 31 December 2018, after taxation amounted to £358,831 (14 months to 31 December 2017: £1,878,034).

Key financial indicators

The directors monitor the activities and performance of the Company on a regular basis. The indicators set out below have been used by the board to assess the performance over the 12 months to 31 December 2018.

The level of activity and results are in line with expectations. Operating profit declined due to increase in subcontract labour cost.

| | 12 months to 31.12.2018 | 14 months to 31.12.2017 |
|------------------|----------------------------|----------------------------|
| | £'m | £'m |
| Turnover | 13.6 | 15.7 |
| Operating profit | 0.4 | 2.3 |
| Total equity | 2.1 | 2.1 |

Future developments

The directors' do not anticipate any significant changes in the turnover or the activities of the Company. The Company, however is well positioned to take advantage of any increase in future demand.

The Company has undertaken analysis of potential impact of Brexit and as a result have established an action plan to address the risks arising from Brexit. The action plan is subject to ongoing review by the Company's Risk Management Committee who have considered in particular the risk of no deal Brexit, although the present political uncertainty makes it impossible for a definitive view to be taken as to what form Brexit may take. Accordingly, the Company has taken steps to seek to ensure that it is as well prepared as it can be irrespective of the eventual form that Brexit may take.

The Board's current view overall is that the Company is not excessively or significantly exposed to direct financial impact of Brexit, although the indirect consequences of Brexit impact through the wider economy remain extremely difficult to assess and quantify.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

- Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial liabilities. In order to manage this risk, the Company manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through its cash flow forecasting. The Company's treasury function has a policy of optimising the level of cash in the business in order to minimise external borrowings.
- Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In order to manage this risk, the Company policy requires appropriate credit checks to be carried out on new customers before any sales are made. The Company proactively manages the credit limits for its private clients on a risk basis.

On behalf of the board



M. D. Overton

Director

Date: 10/9/19

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and financial statements for Allied Infrastructure Management Limited for the year ended 31 December 2018.

Directors

The directors who held office during the year and up to the signing of these financial statements were:

| | |
|-----------------|-----------------------------|
| M. Overton | |
| I. Jones | |
| C. J. Fergusson | (appointed 30 August 2018) |
| D. A. Fraser | (appointed 14 January 2019) |
| L. Rushbrooke | (resigned 30 August 2018) |
| J. Thompson | (resigned 5 October 2018) |
| P. Bamfield | (resigned 14 January 2019) |
| R. Brown | (resigned 7 December 2018) |
| P. Brown | (resigned 15 February 2018) |
| A. Grundy | (resigned 15 February 2018) |
| S. Struthers | (resigned 15 February 2018) |

Indemnification of directors

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for directors who held office during the year.

Disclosure in the Strategic Report

As permitted by Paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1. These matters relate to future developments, and principal risks and uncertainties.

Disclosure of information to auditor

Each director has taken all the necessary steps they ought to have taken in order to make themselves aware of any information relevant to the audit, establish that the auditor is aware of that information and that there is no information relevant to the audit of which the Company's auditor is unaware.

Auditor

The auditor, Mazars LLP, has indicated willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 United Kingdom 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 the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report was approved by the board and signed by order of the board by:



G. Stanton

Secretary

Date: 10/9/19

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Allied Infrastructure Management Limited (the 'Company') for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

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.

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

Use of audit report

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.



Charlene Lancaster (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE
Date 11 September 2019

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

| | | 12 months to 31.12.2018 £ | 14 months to 31.12.2017 £ |
|--|-------------|--|--|
| | Note | | |
| Turnover | 3 | 13,595,965 | 15,683,178 |
| Cost of sales | | <u>(9,400,778)</u> | <u>(8,913,144)</u> |
| Gross profit | | 4,195,187 | 6,770,034 |
| Administrative expenses | | (3,783,936) | (4,466,306) |
| Operating profit | 4 | <u>411,251</u> | <u>2,303,728</u> |
| Interest receivable and similar income | 7 | 2,235 | 1,049 |
| Interest payable and similar charges | 8 | <u>(19,940)</u> | <u>(61,840)</u> |
| Profit on ordinary activities before taxation | | 393,546 | 2,242,937 |
| Tax on profit on ordinary activities | 9 | <u>(34,715)</u> | <u>(364,903)</u> |
| Profit for the financial year/period | | <u>358,831</u> | <u>1,878,034</u> |

All amounts relate to continuing operations.

There is no other comprehensive income for the year. The total comprehensive income is the profit for the financial year shown above.

The notes on pages 11 to 24 form part of these financial statements.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

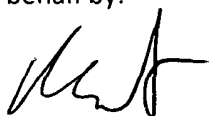
BALANCE SHEET

AS AT 31 DECEMBER 2018

Company Registration No.
02983475

| | Notes | 31.12.2018 £ | £ | 31.12.2017 £ | £ |
|--|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 1,590,131 | | 1,850,410 |
| Current assets | | | | | |
| Stocks | 11 | 70,762 | | 1,500 | |
| Debtors | 12 | 2,949,342 | | 2,407,352 | |
| Cash at bank and in hand | | 2,009,606 | | 1,551,156 | |
| | | <u>5,029,710</u> | | <u>3,960,008</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(4,537,070)</u> | | <u>(3,585,031)</u> | |
| Net current assets | | | <u>492,640</u> | | <u>374,977</u> |
| Total assets less current liabilities | | | <u>2,082,771</u> | | <u>2,225,387</u> |
| Creditors: amounts falling due after more than one year | 14 | | (23,573) | | (162,660) |
| Provisions for liabilities | 16 | | - | | (12,360) |
| Net assets | | | <u>2,059,198</u> | | <u>2,050,367</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 40 | | 40 |
| Capital redemption reserve | 19 | | 60 | | 60 |
| Profit and loss account | 19 | | 2,059,098 | | 2,050,267 |
| Total equity | | | <u>2,059,198</u> | | <u>2,050,367</u> |

The financial statements were approved by the directors and authorised for issue and are signed on its behalf by:



M. D. Overton

Director

Date: 10/9/2019

The notes on pages 11 to 24 form part of these financial statements.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018

| | Called up share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------------|---------------------------------|----------------------|
| At 1 January 2018 | 40 | 60 | 2,050,267 | 2,050,367 |
| Comprehensive income for the financial year | | | | |
| Profit for the financial year | - | - | 358,831 | 358,831 |
| Total comprehensive income for the financial year | - | - | 358,831 | 358,831 |
| Contributions by and distributions to owners | | | | |
| Dividends | - | - | (350,000) | (350,000) |
| Total contributions by and distributions to owners | - | - | (350,000) | (350,000) |
| At 31 December 2018 | 40 | 60 | 2,059,098 | 2,059,198 |

| | Called up share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------------|---------------------------------|----------------------|
| At 1 November 2016 | 80 | 20 | 772,233 | 772,233 |
| Comprehensive income for the period | | | | |
| Profit for the financial period | - | - | 1,878,034 | 1,878,034 |
| Total comprehensive income for the period | - | - | 1,878,034 | 1,878,034 |
| Contributions by and distributions to owners | | | | |
| Purchase and cancellation of own shares | (40) | 40 | - | - |
| Dividends | - | - | (600,000) | (600,000) |
| Total contributions by and distributions to owners | (40) | 40 | (600,000) | (600,000) |
| At 31 December 2017 | 40 | 60 | 2,050,267 | 2,050,367 |

The notes on pages 11 to 24 form part of these financial statements.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Allied Infrastructure Management Limited (the "Company") is a private company limited by shares incorporated in England and Wales. The registered office is Wallage Lane, Rowfant, Crawley, West Sussex, RH10 4NF. The address of its principal place of business is Unit 6A, Walter Leigh Way, Moss Industrial Estate, Leigh, Greater Manchester, WN7 3PT

1.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions including notification of and no objection to, the use of exemptions by the Company's shareholders.

In preparing these financial statements, the Company has taken advantage of the following exemptions:

- the requirement of Section 4 *Statement of Financial Position* paragraph 4.12 (a)(iv);
- the requirement of Section 7 *Statement of Cash Flows* and section 3 *Financial Statement Presentation* paragraph 3.17 (d);
- the requirement of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29 providing the equivalent disclosures required by the FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated; and
- the requirement of Section 33 *Related Party Disclosures* paragraph 33.7.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company meets its day to day working capital requirements through its cash balance held at bank and any short term requirement would be funded by its immediate parent undertaking. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|---------------------|
| Freehold buildings | 2.5% Straight line |
| Leasehold land and buildings | over the lease term |
| Plant and machinery | 15% Straightline |
| Fixtures, fittings & equipment | 15% Straightline |
| Motor vehicles | 20% Straight Line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.6 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a 'first in first out' basis and includes directly attributable costs and overheads that have been incurred to bring the inventories to its present condition and location. Full provision is made for obsolete and defective inventories.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts as shown within borrowings in current liabilities.

1.9 Equity instruments

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

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1.11 Taxation (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to the income statement on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Revenue recognition

Revenue recognition requires management to make estimates of each contract's outcome and stage of completion. Management assesses the profitability of ongoing contracts at least monthly. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. A detailed review of income accrued on all contracts is performed regularly to ensure all balances are recoverable. In the event that the recoverability of the contract income is uncertain or is dependent on the outcome of certain events, relevant contract provisions would be made accordingly.

Depreciation and useful economic lives

The estimated useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of tangible fixed assets investment to the Company, variations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically few changes to estimated useful economic lives have been required.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover

The geographical market analysis by destination of the Company's turnover is as follows:

| | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|----------------|-------------------------------|-------------------------------|
| UK | 12,968,994 | 14,060,182 |
| Rest of Europe | 626,971 | 1,622,996 |
| | <u>13,595,965</u> | <u>15,683,178</u> |

4 Operating profit

| | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|---|-------------------------------|-------------------------------|
| Operating profit is stated after charging/(crediting): | | |
| Exchange (gains) | (80) | (306) |
| Fees payable to the Company's auditor for the audit of the Company's financial statements | 18,400 | 17,500 |
| Depreciation of owned tangible fixed assets | 353,601 | 292,502 |
| Depreciation of tangible fixed assets held under finance leases | 91,337 | 333,379 |
| (Profit) on disposal of tangible fixed assets | (39,893) | (33,408) |
| Cost of stocks recognised as an expense | 1,711,620 | 2,429,595 |
| Operating lease charges | <u>173,316</u> | <u>114,249</u> |

5 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

| | 12 months to 31.12.18 Number | 14 months to 31.12.17 Number |
|----------------|------------------------------------|------------------------------------|
| Administration | 10 | 9 |
| Contracting | 76 | 81 |
| | <u>86</u> | <u>90</u> |

Their aggregate remuneration comprised:

| | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|-----------------------|-------------------------------|-------------------------------|
| Wages and salaries | 3,607,915 | 4,139,000 |
| Social security costs | 405,447 | 459,994 |
| Pension costs | 88,536 | 48,610 |
| | <u>4,101,898</u> | <u>4,647,604</u> |

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

| 6 | Directors' remuneration | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|---|---|-------------------------------|-------------------------------|
| | Remuneration for qualifying services | 109,031 | 469,338 |
| | Company pension contributions to defined contribution schemes | 10,937 | 15,188 |
| | | <u>119,968</u> | <u>484,526</u> |

The highest paid director received remuneration for qualifying services of £136,975 in the year ended 31 December 2017 and the Company paid pension contributions on behalf of the director of £5,633.

| 7 | Interest receivable and similar income | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|---|--|-------------------------------|-------------------------------|
| | Interest income | | |
| | Interest on bank deposits | 2,235 | 1,049 |

| 8 | Interest payable and similar charges | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|---|--|-------------------------------|-------------------------------|
| | Interest on financial liabilities measured at amortised cost: | | |
| | Interest on bank overdrafts and loans | 868 | 18,703 |
| | Interest on finance leases and hire purchase contracts | 19,072 | 43,137 |
| | | <u>19,940</u> | <u>61,840</u> |

| 9 | Taxation | 12 months to 31.12.18 £ | 14 months to 31.12.17 £ |
|---|--|-------------------------------|-------------------------------|
| | Current tax | | |
| | UK corporation tax on profits for the current period | 117,842 | 482,362 |
| | Adjustments in respect of prior periods | (54,474) | (78,188) |
| | Total current tax | <u>63,368</u> | <u>404,174</u> |
| | Deferred tax | | |
| | Origination and reversal of timing differences | (28,653) | (39,271) |
| | Total tax charge | <u>34,715</u> | <u>364,903</u> |

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ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 12 months to 31.12.18 £ | 14 months to 31.10.17 £ |
|--|-------------------------------|-------------------------------|
| Profit before taxation | 393,546 | 2,242,937 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) | 74,774 | 431,765 |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,137 | 11,326 |
| R&D tax claims relating to prior years | - | (78,188) |
| Prior year relating to Group relief | (54,474) | - |
| Movement in respect of deferred tax | 13,278 | - |
| Taxation for the year | 34,715 | 364,903 |

Factors that may affect future tax charges

The rate of corporation tax was reduced from 20% to 19% with effect from 1 April 2017. It will reduce further to 17 from 1 April 2020. Deferred tax balances at the reporting date are measured at 17% (2017: 17%).

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

| | Freehold land and buildings £ | Leasehold land and buildings £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|------------------------------------|--|---|-----------------------------|---|------------------------|------------------|
| Cost | | | | | | |
| At 1 January 2018 | 755,848 | 190,729 | 1,217,826 | 114,699 | 1,845,608 | 4,124,710 |
| Additions | - | - | 4,400 | - | 232,984 | 237,384 |
| Disposals | - | (18,858) | (78,122) | - | (428,684) | (525,664) |
| At 31 December 2018 | 755,848 | 171,871 | 1,144,104 | 114,699 | 1,649,908 | 3,836,430 |
| Depreciation | | | | | | |
| At 1 January 2018 | 11,283 | 98,119 | 700,005 | 96,561 | 1,368,332 | 2,274,300 |
| Depreciation charged in the year | 9,871 | 17,188 | 137,651 | 9,200 | 271,028 | 444,938 |
| Eliminated in respect of disposals | - | (18,858) | (77,929) | - | (376,152) | (472,939) |
| At 31 December 2018 | 21,154 | 96,449 | 759,727 | 105,761 | 1,263,208 | 2,246,299 |
| Carrying amount | | | | | | |
| At 31 December 2018 | 734,694 | 75,422 | 384,377 | 8,938 | 386,700 | 1,590,131 |
| At 31 December 2017 | 744,565 | 92,610 | 517,821 | 18,138 | 477,276 | 1,850,410 |

The net carrying value of fixed assets includes the following in respect of assets held under finance leases.

| | 31.12.2018 £ | 31.12.2017 £ |
|--|-----------------|-----------------|
| Plant and machinery | 94,955 | 134,852 |
| Motor vehicles | 105,583 | 340,603 |
| | <u>200,538</u> | <u>475,455</u> |
| Depreciation charge for the year in respect of leased assets | <u>91,337</u> | <u>333,379</u> |

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

| | | | | |
|-----------|---|--------------|-------------------|-------------------|
| 11 | Stocks | | 31.12.2018 | 31.12.2017 |
| | | | £ | £ |
| | Finished goods and goods for resale | | 70,762 | 1,500 |
| | | | | |
| 12 | Debtors | | 31.12.2018 | 31.12.2017 |
| | | | | |
| | Amounts falling due within one year: | Notes | £ | £ |
| | Trade debtors | | 2,224,101 | 1,859,453 |
| | Amounts recoverable on contracts | | 240,911 | 65,214 |
| | Amounts due from parent company | | 169,795 | 432,953 |
| | Corporation tax recoverable | | 193,363 | - |
| | Deferred tax | 16 | 16,293 | - |
| | Other debtors | | 65,748 | 11,989 |
| | Prepayments and accrued income | | 39,031 | 37,743 |
| | | | 2,949,342 | 2,407,352 |
| | | | | |
| 13 | Creditors: amounts falling due within one year | | 31.12.2018 | 31.12.2017 |
| | | Notes | £ | £ |
| | Obligations under finance leases | 15 | 120,886 | 196,192 |
| | Trade creditors | | 978,385 | 216,649 |
| | Amounts due to parent company | | 2,034,827 | 2,086,728 |
| | Amounts due to group undertaking | | 193,458 | - |
| | Corporation tax | | 7,906 | 204,174 |
| | Other taxation and social security | | 668,176 | 527,484 |
| | Accruals and deferred income | | 533,432 | 353,804 |
| | | | 4,537,070 | 3,585,031 |
| | | | | |
| | Obligations under finance leases are secured against the assets to which they relate. | | | |
| 14 | Creditors: amounts falling due after more than one year | | 31.12.2018 | 31.12.2017 |
| | | Notes | £ | £ |
| | Obligations under finance leases | 15 | 23,573 | 162,660 |
| | | | 23,573 | 162,660 |

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Finance lease obligations

| | 31.12.2018 £ | 31.12.2017 £ |
|----------------------|-----------------|-----------------|
| Within one year | 120,886 | 196,192 |
| In two to five years | 23,573 | 162,660 |
| | <u>144,459</u> | <u>358,852</u> |

Finance lease payments represent rentals payable by the Company for certain plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 Provisions

| | Notes | 31.12.2018 £ | 31.12.2017 £ |
|----------------------------------|-------|-----------------|-----------------|
| Deferred tax (asset)/liabilities | 12 | (16,293) | 12,360 |
| | | <u>(16,293)</u> | <u>12,360</u> |

17 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Asset 31.12.2018 £ | Liabilities 31.12.2017 £ |
|--------------------------------|--------------------------|--------------------------------|
| Balances: | | |
| Accelerated capital allowances | (16,293) | 12,360 |
| | <u>(16,293)</u> | <u>12,360</u> |
| Movements in the year: | | 2018 £ |
| Liability at 1 January 2018 | | 12,360 |
| Credit to the income statement | | (28,653) |
| Asset at 31 December 2018 | | <u>(16,293)</u> |

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Retirement benefit schemes

| | 31.12.2018 | 31.12.2017 |
|---|------------|------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to the income statement in respect of defined contribution schemes | 88,536 | 48,610 |

At 31 December 2018 contributions of £7,641 (2017: nil) were payable.

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

19 Share capital

| | 31.12.2018 | 31.12.2017 |
|---|------------|------------|
| | £ | £ |
| Allotted, called up and fully paid: Equity Shares | | |
| 40 (2017: 80) Ordinary shares of £1 each | 40 | 80 |
| Cancellation of 40 Ordinary shares of £1 each | - | (40) |
| 40 Ordinary shares of £1 each | 40 | 40 |

On 12 January 2017, 40 ordinary shares with an aggregate nominal value of £40 were purchased by the Company, and subsequently cancelled. The shareholders approved a resolution to purchase these shares. The ordinary shares were acquired for a consideration of £603,000, at an average price of £15,075 per share. The consideration includes stamp duty of £3,000. The profit and loss account has been reduced by £600,000 being the consideration paid for these shares.

Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Capital redemption reserve – is a reserve which is established when the shares of the Company are redeemed or purchased wholly or partly out of the Company's profits.

Profit and loss account – includes all current and prior period retained profits and losses.

20 Operating lease commitments

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 31.12.2018 | 31.12.2017 |
|----------------------------|------------|------------|
| | £ | £ |
| Within one year | 156,254 | 169,587 |
| Between two and five years | 228,222 | 383,581 |
| | 384,476 | 553,168 |

ALLIED INFRASTRUCTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Parent undertaking and ultimate parent undertaking

The immediate parent undertaking of the Company is Colas Limited, a company registered in England and Wales.

Colas Limited's immediate parent is Colas SA, which is incorporated in France and is listed on the Paris stock exchange. The accounts of the Company are incorporated in the financial statements which form part of the annual report of the Colas SA group of companies, the smallest group into which these results are consolidated. Copies of Colas SA's consolidated accounts may be obtained from Colas Limited, Wallage Lane, Rowfant, Crawley, West Sussex, RH10 4NF.

Colas SA's ultimate parent company and controlling party is Bouygues SA, which is incorporated in France. This is the largest company into which these results are consolidated. Copies of Bouygues SA consolidated accounts may be obtained from Bouygues SA at Challenger, 1 Avenue Eugène Freyssinet, 78061 Saint-Quentin-en-Yvelines, Cedex - France.

22 Related party transactions

Allied Infrastructure Management Limited is a wholly owned subsidiary of Colas Limited. As permitted by FRS 102 para 33.1A (Related Party Disclosures), the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with group entities. There were no other related party transactions disclosable under FRS 102 para 33.1A.

23 Directors benefits: advances, credits and guarantees

Four Directors advanced the Company an unsecured loan as shown below. The loan was interest free and had no fixed date for repayment. The amount outstanding was included within other creditors. The loan was fully repaid on 28.11.2016.

| | At 1.11.2016 | Advance | Repaid | At 31.12.2017 |
|----------|--------------|---------|--------|---------------|
| | £ | £ | £ | £ |
| P. Brown | 15,000 | - | 15,000 | - |
| R. Brown | 33,949 | - | 33,949 | - |
| I. Jones | 33,949 | - | 33,949 | - |
| | 82,898 | - | 82,898 | - |