

**REGISTRAR  
OF  
COMPANIES**

**ROAD LINK (A69) LIMITED**

**Report and Financial Statements**

**31 March 2001**



**Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff  
CF24 0TS**

**REPORT AND FINANCIAL STATEMENTS 2001**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

V Alocco  
J K Fowler  
C Morello  
R S Fullerton  
R Balme

**SECRETARY**

C R Franklin

**REGISTERED OFFICE**

Stocksfield Hall  
Stocksfield  
Northumberland  
NE43 7TN

**BANKERS**

Lloyds TSB Bank Plc

**SOLICITORS**

McGrigor Donald

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff  
CF24 0TS

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

### **ACTIVITIES**

On 12 January 1996 the company signed a Design, Build, Finance and Operate (DBFO) contract to maintain the A69 trunk road from Carlisle to Newcastle for 30 years from 1 April 1996 under the government's Private Finance Initiative. The company's principal activity is to maintain the A69 road on behalf of the Secretary of State for Transport and the Highways Agency.

### **REVIEW OF DEVELOPMENTS**

The results for the period are set out in detail on page 5. The financial position of the company at 31 March 2001 is shown on page 6.

The directors are satisfied with the results for the year and are confident of continued profitable trading in future years given favourable economic conditions.

### **DIVIDENDS**

The directors have paid interim dividends of £2,000,000 (2000 - £750,000) and propose a final dividend of £750,000 (2000 - £750,000) for the year.

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company, who served throughout the year, are shown on page 1. No director held an interest in the shares of the company or its parent company, Road Link (A69) Holdings Limited.

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on  
and signed on behalf of the Board



C R Franklin

Secretary

Date 28/11/01

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## AUDITORS' REPORT TO THE MEMBERS OF

### ROAD LINK (A69) LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

#### **Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

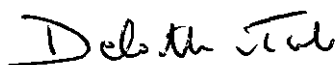
#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors

Date 30 November 2001

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2001**

	Note	2001 £	2000 £
<b>TURNOVER: continuing operations</b>	2	7,944,469	7,914,246
Cost of sales		<u>(2,933,954)</u>	<u>(3,577,176)</u>
Gross profit		5,010,515	4,337,070
Administrative expenses		(734,914)	(722,497)
Other operating income		<u>6,599</u>	<u>10,737</u>
<b>OPERATING PROFIT: continuing operations</b>	4	4,282,200	3,625,310
Interest receivable and similar income		286,350	325,077
Interest payable and similar charges	5	<u>(1,265,840)</u>	<u>(1,292,384)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,302,710	2,658,003
Tax on profit on ordinary activities	6	<u>(1,109,353)</u>	<u>(860,400)</u>
Dividends	7	<u>2,193,357</u> <u>(2,750,000)</u>	<u>1,797,603</u> <u>(1,500,000)</u>
<b>RETAINED (LOSS)/ PROFIT FOR THE FINANCIAL PERIOD</b>		(556,643)	297,603
<b>PROFIT AND LOSS ACCOUNT BROUGHT FORWARD</b>		<u>2,706,478</u>	<u>2,408,875</u>
<b>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</b>		<u>2,149,835</u>	<u>2,706,478</u>

There are no recognised gains or losses for the current and prior years other than as stated above.

**BALANCE SHEET**  
**31 March 2001**

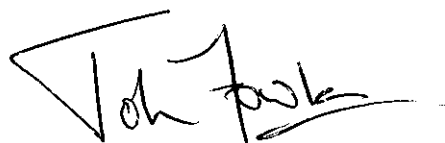
	Note	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	8	14,963,686	15,295,417
<b>CURRENT ASSETS</b>			
Debtors	9	1,107,033	1,166,174
Cash at bank and in hand		5,960,481	6,225,928
		7,067,514	7,392,102
<b>CREDITORS: amounts falling due within one year</b>	10	(4,833,767)	(4,255,908)
<b>NET CURRENT ASSETS</b>		2,233,747	3,136,194
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,197,433	18,431,611
<b>CREDITORS: amounts falling due after more than one year</b>	11	(14,183,596)	(14,861,131)
		3,013,837	3,570,480
Capital contributions	16	864,000	864,000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	2	2
Profit and loss account		2,149,835	2,706,478
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		2,149,837	2,706,480
		3,013,837	3,570,480

These financial statements were approved by the Board of Directors on

28/11/01

Signed on behalf of the Board of Directors

Director



**CASH FLOW STATEMENT**  
**Year ended 31 March 2001**

	Note	2001 £	2000 £
Net cash inflow from operating activities	17	<u>5,332,688</u>	<u>4,389,300</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		286,350	325,077
Interest paid		<u>(1,307,655)</u>	<u>(1,336,074)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(1,021,305)</u>	<u>(1,010,997)</u>
<b>Taxation</b>		(660,681)	(1,243,233)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		<u>(588,165)</u>	<u>(368,339)</u>
<b>Net cash outflow from investing activities</b>		<u>(588,165)</u>	<u>(368,339)</u>
Equity dividends paid		<u>(2,750,000)</u>	<u>(750,000)</u>
<b>Net cash inflow before financing</b>		<u>312,537</u>	<u>1,016,731</u>
<b>Financing</b>			
Bank loan repaid	19	<u>(577,984)</u>	<u>(535,292)</u>
<b>Net cash outflow from financing</b>		<u>(577,984)</u>	<u>(535,292)</u>
<b>(Decrease)/increase in cash</b>	18,19	<u><u>(265,447)</u></u>	<u><u>481,439</u></u>

**NOTES TO THE ACCOUNTS****Year ended 31 March 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Roads	5%
Plant and equipment:	
Traffic counting equipment	10%
Office furniture and equipment	20%
Computer equipment	33 <sup>1</sup> / <sub>3</sub> % per annum

**Road and structure maintenance work**

Maintenance work carried out on the A69 road, by-pass road and structures on the roads is assessed, for each particular case, as to the elements of capital and revenue expenditure. Where work of a capital nature is identified, the costs associated with that work are capitalised and written off over a period of 20 years. Work of a revenue nature is written off in the year incurred.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**2. TURNOVER**

Turnover represents revenue due from the Highways Agency as calculated by the DBFO contract. The calculation of 'shadow tolls' is based on vehicle usage of the A69 in the period of account.

The turnover and pre-tax profit, which arise in the United Kingdom, are attributable to the company's principal activity.

**NOTES TO THE ACCOUNTS****Year ended 31 March 2001****3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES****Directors' emoluments**

No directors received remuneration during the current or prior period.

	2001 No.	2000 No.
<b>Average number of persons employed</b>		
Directors	5	6
Company secretary	1	1
Administration	6	-
	<u>12</u>	<u>7</u>

**Staff costs**

	2001 £	2000 £
Wages and salaries	52,196	-
Social security costs	5,779	-
	<u>57,975</u>	<u>-</u>

**4. OPERATING PROFIT**

	2001 £	2000 £
<b>Operating profit is after charging:</b>		
Depreciation		
Owned assets	919,896	888,355
Loss on sale of fixed assets	-	1,321
Auditors' remuneration	4,500	4,500
	<u>924,400</u>	<u>894,176</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2001 £	2000 £
Bank loan commission and fees	20,132	20,132
Bank loan repayable partly after five years	1,197,079	1,208,352
Unsecured loan stock interest	48,629	63,900
	<u>1,265,840</u>	<u>1,292,384</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2001 £	2000 £
United Kingdom corporation tax at 30% (2000 - 31%)	1,091,498	885,183
Deferred taxation	-	(86,783)
	<u>1,091,498</u>	<u>798,400</u>
Adjustment in respect of prior years	17,855	62,000
	<u><u>1,109,353</u></u>	<u><u>860,400</u></u>

**7. DIVIDENDS**

	2001 £	2000 £
Interims paid - £1,000,000 per share (2000 - £375,000)	2,000,000	750,000
Final proposed - £375,000 per share (2000 - £375,000)	750,000	750,000
	<u><u>2,750,000</u></u>	<u><u>1,500,000</u></u>

**8. TANGIBLE FIXED ASSETS**

	Haltwhistle by-pass £	A69 Improve- ments £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 April 2000	16,983,000	595,332	174,856	17,753,188
Additions	-	577,731	10,434	588,165
Disposals	-	-	(9,959)	(9,959)
	<u>16,983,000</u>	<u>1,173,063</u>	<u>175,331</u>	<u>18,331,394</u>
At 31 March 2001	16,983,000	1,173,063	175,331	18,331,394
<b>Accumulated depreciation</b>				
At 1 April 2000	2,335,162	39,900	82,709	2,457,771
Charge for the year	849,150	49,100	21,646	919,896
Released on disposal	-	-	(9,959)	(9,959)
	<u>3,184,312</u>	<u>89,000</u>	<u>94,396</u>	<u>3,367,708</u>
At 31 March 2001	3,184,312	89,000	94,396	3,367,708
<b>Net book value</b>				
At 31 March 2001	<u><u>13,798,688</u></u>	<u><u>1,084,063</u></u>	<u><u>80,935</u></u>	<u><u>14,963,686</u></u>
At 31 March 2000	<u><u>14,647,838</u></u>	<u><u>555,432</u></u>	<u><u>92,147</u></u>	<u><u>15,295,417</u></u>

**NOTES TO THE ACCOUNTS****Year ended 31 March 2001****9. DEBTORS**

	2001 £	2000 £
Trade debtors	1,014,426	1,071,741
Prepayments and accrued income	92,607	94,433
	<u>1,107,033</u>	<u>1,166,174</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £	2000 £
Trade creditors	440,586	161,961
Amounts due to related parties	52,859	35,921
Accruals and deferred income	1,841,098	1,759,796
Bank loans	622,318	577,984
Other creditors including taxation and social security	249,552	273,062
Proposed dividend	750,000	750,000
Corporation tax	877,354	697,184
	<u>4,833,767</u>	<u>4,255,908</u>

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

	2001 £	2000 £
Bank loan	14,183,596	14,805,914
Trade creditors	-	55,217
	<u>14,183,596</u>	<u>14,861,131</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2001****12. BORROWINGS**

	2001 £	2000 £
Analysis of bank loan repayments:		
Within one year or on demand	622,318	577,984
Between one and two years	669,936	622,318
Between two and five years	4,213,372	2,558,236
After five years	9,300,288	11,625,360
	<u>14,805,914</u>	<u>15,383,898</u>
Amounts repayable by instalments some of which fall due after five years:		
Bank loan		
Total amount	14,805,914	15,383,898
Instalments due after five years	<u>9,300,288</u>	<u>11,625,360</u>

The bank loan is secured by a specific equitable charge over the freehold and leasehold properties of the company and fixed and floating charges over the assets of the company.

Interest is charged at a mix of fixed and variable rates.

The loan is repayable in six monthly instalments that commenced in the year ended 31 March 1999 and is repayable by 31 March 2015.

**13. DEFERRED TAX**

The amount of deferred tax provided in the financial statements and the potential amounts not provided are:

	Provided 2001 £	Unprovided 2001 £	Provided 2000 £	Unprovided 2000 £
Capital allowances in excess of depreciation	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE ACCOUNTS****Year ended 31 March 2001****14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2001 £	2000 £
Profit attributable to members of the company	2,193,357	1,797,603
Dividends	(2,750,000)	(1,500,000)
Net (reductions in)/additions to shareholders' funds	(556,643)	297,603
Opening shareholders' funds	2,706,480	2,408,877
Closing shareholders' funds	<u>2,149,837</u>	<u>2,706,480</u>

**15. CALLED UP SHARE CAPITAL**

	2001 £	2000 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**16. CAPITAL CONTRIBUTIONS**

This amount relates to long term funding from the shareholders of Road Link (A69) Holdings Limited in the same proportion as their shareholdings in the holding company.

The company has made commitments to issue variable rate unsecured loan stock to the member companies of its parent company, Road Link (A69) Holdings Limited, in line with the Facilities Agreement with the bank. Interest accrued during the year amounted to £48,629 (2000 - £63,900). Interest is charged at 2% per annum above the bank base rate.

Variable loan stock issued at 31 March 2001 amounted to £864,000 (2000 - £864,000) and will not exceed £2,240,110 in total.

**17. NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2001 £	2000 £
Operating profit	4,282,200	3,625,310
Depreciation	919,896	888,355
Loss on sale of fixed asset	-	1,321
Decrease/(increase) in debtors	59,141	(464,483)
Increase in creditors	71,451	338,797
Net cash inflow from operating activities	<u>5,332,688</u>	<u>4,389,300</u>

**NOTES TO THE ACCOUNTS****Year ended 31 March 2001****18. ANALYSIS OF NET DEBT**

	At 1 April 2000 £	Cash flow £	At 31 March 2001 £
Cash at bank and in hand	6,225,928	(265,447)	5,960,481
Debt due within one year	(577,984)	(44,334)	(622,318)
Debt due after one year	(14,805,914)	622,318	(14,183,596)
	<u>(9,157,970)</u>	<u>312,537</u>	<u>(8,845,433)</u>

**19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2001 £	2000 £
(Decrease)/increase in cash in the period	(265,447)	481,439
Cash inflow from increase in debt	<u>577,984</u>	<u>535,292</u>
Movement in net debt in the period	312,537	1,016,731
Net debt brought forward	<u>(9,157,970)</u>	<u>(10,174,701)</u>
Net debt carried forward	<u>(8,845,433)</u>	<u>(9,157,970)</u>

**20. CAPITAL COMMITMENTS**

	2001 £	2000 £
Contracted for but not provided	<u>-</u>	<u>-</u>

**21. PARENT COMPANY AND CONTROLLING PARTY**

The company is wholly owned by Road Link (A69) Holdings Limited, a company incorporated in England and Wales. Copies of this company's accounts may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

There is no overall controlling party of Road Link (A69) Holdings Limited.



## NOTES TO THE ACCOUNTS

Year ended 31 March 2001

## 22. RELATED PARTY TRANSACTIONS

During the year the company has been recharged costs (including VAT), incurred by the following companies. These companies are either shareholders of the parent company or companies controlled by those companies:

	Costs £	Balance owed at 31/3/01 £
Henry Boot Construction (UK) Limited	60,615	197
Impregilo UK Limited	48,859	-
Morrison Construction Group Limited	17,801	-
Pell Frischman Consultants Limited	27,496	-
Sina	3,450	-
Autostrada Torino Milano Spa	17,450	-
	<u>175,671</u>	<u>197</u>

During the period ended 31 March 2000 the company was recharged costs of £997,659 by related companies and at 31 March 2000 was owed £35,921 by these companies.