

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 MARCH 2009**

Company Registration No: 3310620

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COMPANIES HOUSE



UK HIGHWAYS MANAGEMENT SERVICES LIMITED

Directors

M Mercer-Deadman
N Smith
G Farley

Company Secretary

A A Swift

Auditors

KPMG LLP
2 Cornwall Street
Birmingham. B3 2DL

Principal Bankers

HSBC
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

Lawyers

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

Registered office

24 Birch Street
Wolverhampton
WV1 4HY

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the year ended 31 March 2009.

PRINCIPAL TRADING ACTIVITIES

The principal activity of the company is to carry on the business of managing companies which design, build, finance and operate (DBFO) roads projects in the United Kingdom as part of the Private Finance Initiative.

During the year the company provided management services to UK Highways M40 Limited, which is responsible for the M40 DBFO project for junctions 1 to 15 of the M40 motorway, and UK Highways A55 Limited, which is responsible for the A55 DBFO project for a new trunk road in Anglesey, North Wales.

REVIEW OF THE YEAR

The loss on ordinary activities after taxation for the year was £18,000 (2008: £44,000 profit).

DIVIDENDS

The directors do not recommend the payment of a dividend.

SHARE CAPITAL

Details of the authorised and issued share capital are shown in note 11.

DIRECTORS

The following directors held office during the year and subsequently: -

M Mercer-Deadman

D Potts (Resigned 1st October 2008)

R C Turner (Resigned 8th June 2009)

N Smith (Appointed 1st October 2008)

G Farley (Appointed 8th June 2009)

POLICY ON PAYMENT OF CREDITORS

It is policy to comply with the terms of supply agreed with suppliers. Where payment terms are not negotiated the company endeavours to adhere with the suppliers' standard terms. The average number of creditor days outstanding for the company was 118 days (2008: 56 days).

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

UK HIGHWAYS MANAGEMENT SERVICES LIMITED
REPORT OF THE DIRECTORS (Continued)

AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will continue in office.

By Order of the Board

For and on behalf of UK Highways Management Services Ltd

A handwritten signature in black ink, appearing to read 'G. Farley', written over the printed name and title.

G. Farley
Director

3rd December 2009

Registered Office: 24 Birch Street, Wolverhampton. WV1 4HY.

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

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

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the members of UK Highways Management Services Limited

We have audited the financial statements of UK Highways Management Services Ltd for the year ended 31st March 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, and if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 consider 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 in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

2 Cornwall Street, Birmingham, B3 2DL

3 December 2009

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £'000	2008 £'000
Other operating income	2	707	594
Administrative costs		(737)	(546)
Operating (loss)/profit	3	<u>(30)</u>	<u>48</u>
Interest receivable		5	6
(Loss)/Profit on ordinary activities before taxation		<u>(25)</u>	<u>54</u>
Tax on loss/(profit) on ordinary activities	5	7	(10)
(Loss)/profit for the financial year	13	<u>(18)</u>	<u>44</u>

There were no recognised gains and losses in either the current or preceding financial year other than the (loss)/profit stated above.

All items in the profit and loss account relate to continuing operations.

There were no material differences between the results as stated above and the results as stated on a historic cost basis.

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible Assets	7	4	-
CURRENT ASSETS			
Debtors due within one year	8	82	32
Cash at bank and in hand		280	229
		<u>362</u>	<u>261</u>
CREDITORS: Amounts falling due within one year	9	(271)	(148)
NET CURRENT ASSETS		<u>91</u>	<u>113</u>
NET ASSETS		<u>95</u>	<u>113</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	13	95	113
EQUITY SHAREHOLDER'S FUNDS	12	<u>95</u>	<u>113</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors on 3rd December 2009 and were signed on its behalf by:



G. Farley
Director

UK HIGHWAYS MANAGEMENT SERVICES LIMITED
YEAR ENDED 31 MARCH 2009
NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with other group undertakings.

The charge for taxation is based on the result for each year and takes into account deferred taxation, calculated in accordance with the requirements of FRS19. Deferred tax assets or liabilities, which arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation, are calculated on a non-discounted full provision basis.

Under FRS1 (revised 1996), the company is exempt from the requirement to prepare a Cashflow Statement as it qualifies as a small company.

Tangible Fixed Assets are stated at historical cost. Depreciation is calculated on a straight line basis in order to write down the cost of assets to their estimated residual value over their expected useful lives as follows:

Office Equipment – 5 years

2. OTHER OPERATING INCOME

Other operating income comprises of charges to UK Highways M40 Limited and UK Highways A55 Limited for managing the DBFO projects.

3. OPERATING LOSS/PROFIT

	2009	2008
	£'000	£'000
Operating loss/profit is stated after charging:		
Auditors Remuneration:		
- Fees payable to the Company's auditor for the audit of the annual accounts.	4	4
- Fees payable to the Company's auditor and its associates for other services – Taxation Services	4	4

4. STAFF NUMBERS AND COSTS AND EMOLUMENTS OF DIRECTORS

The directors did not receive any remuneration during the year (2008: £nil).

The company's directors act for the shareholders and do not allocate specific time to the company. As such an accurate apportionment of their emolument is not made.

UK HIGHWAYS MANAGEMENT SERVICES LIMITED
YEAR ENDED 31 MARCH 2009
NOTES TO THE ACCOUNTS (Continued)

4. STAFF NUMBERS AND COSTS AND EMOLUMENTS OF DIRECTORS (Continued)

The average number of persons employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2009	2008
Administration	3	3
General Manager	1	1

	2009 £'000	2008 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	159	162
Social Security costs	17	21
	<u>176</u>	<u>183</u>

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

a. Analysis of tax (credit)/charge for the year

	2009 £'000	2008 £'000
Current tax	(4)	6
Deferred tax (see note 6)	(1)	11
Prior year adjustment	(2)	(7)
Total tax on (loss)/profit on ordinary activities	<u>(7)</u>	<u>10</u>

b. Factor affecting the tax (credit)/charge for the year

The tax (credit)/charge assessed on the (loss)/profit on ordinary activities is lower than (2008: lower than) the standard rate of corporation tax in the UK as described below.

	2009 £'000	2008 £'000
Current tax reconciliation		
(Loss)/Profit on ordinary activities before taxation	<u>(25)</u>	<u>54</u>
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	(7)	17
Effects of:-		
Increase/(Decrease) in trade losses carried forward	1	(11)
Impact of change in rate on losses carried back	2	-
Current tax (credit)/charge for the year	<u>(4)</u>	<u>6</u>

UK HIGHWAYS MANAGEMENT SERVICES LIMITED
YEAR ENDED 31 MARCH 2009
NOTES TO THE ACCOUNTS (Continued)

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (Continued)

c. Factors affecting current tax charges

The company has trade losses available to be carried forward of £7,147 (2008: Nil), which will be available to set against trading profits arising in future periods.

6. DEFERRED TAX ASSET

	2009	2008
	£'000	£'000
Deferred tax asset		
At beginning of year	-	11
Recognised in year	1	(11)
At end of year	<u>1</u>	<u>-</u>

The deferred tax balance provided at 20% comprises unrelieved tax losses.

7. TANGIBLE FIXED ASSETS

	Office Equipment	Total
	£'000	£'000
Cost		
At 1 April 2008	-	-
Additions	4	4
At 31 March 2009	<u>4</u>	<u>4</u>
Accumulated Depreciation		
At 1 April 2008	-	-
Charge for the year	-	-
At 31 March 2009	<u>-</u>	<u>-</u>
Net book value		
At 31 March 2009	<u>4</u>	<u>4</u>
At 1 April 2008	<u>-</u>	<u>-</u>

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

YEAR ENDED 31 MARCH 2009

NOTES TO THE ACCOUNTS (Continued)

8. DEBTORS

	2009 £'000	2008 £'000
Due within one year:		
Trade debtors	77	32
Corporation tax	4	-
Deferred tax (Note 6)	1	-
	<u>82</u>	<u>32</u>

9. CREDITORS

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Trade creditors	241	92
Amounts owed to holding company	7	7
Other creditors including tax and social security	16	15
Corporation tax	-	6
Accruals	7	28
	<u>271</u>	<u>148</u>

10. CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2009 or at 31 March 2008.

11. CALLED UP SHARE CAPITAL

	Number	£
<i>Authorised, allotted, called up and fully paid</i>		
- £1 ordinary shares at 31 March 2009 and 31 March 2008	<u>1</u>	<u>1</u>

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2009 £'000	2008 £'000
(Loss)/Profit for the financial year	(18)	44
Opening equity shareholder's funds	113	69
Closing equity shareholder's funds	<u>95</u>	<u>113</u>

UK HIGHWAYS MANAGEMENT SERVICES LIMITED

YEAR ENDED 31 MARCH 2009

NOTES TO THE ACCOUNTS (Continued)

13. MOVEMENTS ON RESERVES

Profit and Loss Account

	2009 £'000	2008 £'000
At beginning of year	113	69
(Loss)/profit for the year	(18)	44
	<hr/>	<hr/>
At end of year	95	113
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14. RELATED PARTY TRANSACTIONS

The shareholders of the company's immediate parent, UK Highways Limited, are Carillion Private Finance Limited, and John Laing Infrastructure Limited. John Laing Infrastructure Limited and Semperian Subholdings M40 Limited are the shareholders in UK Highways M40 (Holdings) Limited. Carillion Private Finance Limited and John Laing Infrastructure Limited are shareholders in UK Highways A55 (Holdings) Limited. The company has a management agreement with both companies to manage the DBFO projects. Other operating income receivable in respect of management fees were £256,845 (2008: £266,253) from UK Highways M40 Limited and £225,030 (2008: £216,192) from UK Highways A55 Limited.

The shareholders of UK Highways Limited provide staff and other services to the company under management agreements to allow the company to perform its obligations to UK Highways M40 Limited and UK Highways A55 Limited. £144,354 was charged in aggregate by the shareholders in the year (2008: £136,578).

Balances outstanding with related parties are as follows:

	2009 £'000	2008 £'000
Debtors		
UK Highways A55 Limited	2	11
UK Highways M40 Limited	-	21
	<hr/>	<hr/>
	2	32
	<hr/>	<hr/>

	2009 £'000	2008 £'000
Creditors		
Carillion Construction Limited	-	49
Laing Investments Management Services Limited	73	24
UK Highways M40 Limited	82	-
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	155	73
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10

UK HIGHWAYS MANAGEMENT SERVICES LIMITED
YEAR ENDED 31 MARCH 2009
NOTES TO THE ACCOUNTS (Continued)

15. COMPANY STATUS

The company is a wholly owned subsidiary undertaking of UK Highways Limited. The accounts of that company can be obtained from 24 Birch Street, Wolverhampton. WV1 4HY.