
MORGAN-VINCI LIMITED

Company Registration No. 04229044

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

WEDNESDAY



L8RDOSV8

LD4

30/03/2011

142

COMPANIES HOUSE

**Annual report and financial statements
For the year ended 31 December 2010**

Contents	Page
COMPANY INFORMATION	1
DIRECTORS' REPORT	2-3
INDEPENDENT AUDITORS' REPORT	4-5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	8
PRINCIPAL ACCOUNTING POLICIES	9
NOTES TO THE FINANCIAL STATEMENTS	10-17

Company information

Directors	D W Bowler R J Dixon A J Livingston O Mathieu
Secretary	I M Nettleship
Head office	10 Fumival Street London EC4A 1AB
Registered office	Kent House 14-17 Market Place London W1W 8AJ
Independent auditors	Deloitte LLP Chartered Accountants and Statutory Auditor London, United Kingdom

Directors' report
For the year ended 31 December 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

Morgan-Vinci Limited is a special purpose PFI company responsible for the design, construction, financing, and operation of the Newport Southern Distributor Road

Directors

The directors who served during the year and to the date of signing these financial statements are shown on page 1

Directors' responsibilities statement

The directors are responsible for preparing the annual 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). 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 judgments and accounting 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 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.

Directors' report (continued)
For the year ended 31 December 2010

Independent auditors and disclosure of information to the independent auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved

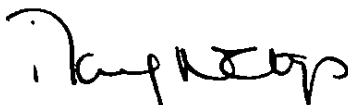
- So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an annual general meeting

The directors' report has been prepared in accordance with the special provisions relating to small companies in accordance with section 415 (1a) of the Companies Act 2006

By order of the Board



I M Nettleship
Company Secretary

28 March 2011

**Independent auditors' report to the members of
Morgan Vinci Limited**

We have audited the financial statements of Morgan Vinci Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds, the principal accounting policies and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement included in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing and (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on 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 2010 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of
Morgan Vinci Limited (continued)**

Matters on which we are required to report by exception

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Ian Krieger (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 March 2011

Profit and loss account
For the year ended 31 December 2010

		2010 £	2009 £
	Notes		
Turnover	1	6,005,325	6,042,209
Cost of sales		(924,704)	(997,399)
Gross profit		5,080,621	5,044,810
Administrative expenses		(1,830,097)	(1,830,096)
Operating profit		3,250,524	3,214,714
Interest receivable	3	15,205	10,302
Interest payable	4	(4,125,412)	(4,146,997)
Loss on ordinary activities before taxation	2	(859,683)	(921,981)
Tax on loss on ordinary activities	5	(191,161)	(182,864)
Loss on ordinary activities after taxation for the financial year	11	(1,050,844)	(1,104,845)

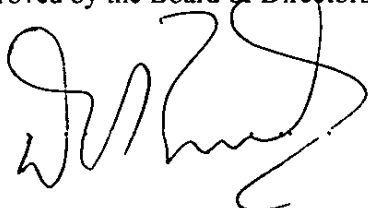
The results for the current and previous financial years derive from continuing operations

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	6	<u>55,378,261</u>	<u>57,155,964</u>
		<u>55,378,261</u>	<u>57,155,964</u>
Current assets			
Debtors	7	604,712	1,630,620
Cash at bank and in hand		<u>3,825,506</u>	<u>2,281,533</u>
		<u>4,430,218</u>	<u>3,912,153</u>
Creditors			
Amounts falling due within one year	8	<u>(3,770,508)</u>	<u>(3,934,160)</u>
Net current assets/(liabilities)		<u>659,710</u>	<u>(22,007)</u>
Total assets less current liabilities		56,037,971	57,133,957
Creditors			
Amounts falling due after one year	8	(62,985,756)	(63,224,944)
Provisions for liabilities	9	(504,829)	(310,783)
Net liabilities		<u>(7,452,614)</u>	<u>(6,401,770)</u>
Capital and reserves			
Called up share capital	10	941,314	941,314
Profit and loss account – deficit	11	(8,393,928)	(7,343,084)
Total shareholders' deficit		<u>(7,452,614)</u>	<u>(6,401,770)</u>

The financial statements of Morgan-Vinci Limited, company registration number 04229044, were approved by the Board of Directors and authorised for issue on 28 March 2011



D Bowler, Director



A Livingston, Director

Reconciliation of movements in shareholders' funds
For the year ended 31 December 2010

		2010	2009
		£	£
	Notes		
Opening shareholders' deficit		(6,401,770)	(5,296,925)
Loss for the year	11	(1,050,844)	(1,104,845)
Closing shareholders' deficit		<u>(7,452,614)</u>	<u>(6,401,770)</u>

Principal accounting policies
For the year ended 31 December 2010

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the applicable United Kingdom accounting standards

The director's have reviewed the liquidity requirements of the Company. The cash balance at 31 December 2010 is £3,825,506 (2009 £2,281,533). With note to the negative equity position, the Company has a long term contract with Newport City Council from which it is expected to receive sufficient funds to meet obligations as they fall due. In addition, the Company's future obligations have been modelled for more than 10 years and the Company will be able to meet future obligations as they fall due.

Having regard to the above and after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover relates to income receivable from Newport City Council for availability payments and sundry works due on the contract and includes revenue income from letting out the road for normal traffic use.

Taxation

Current tax is provided for amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Capitalised finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the costs of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Tangible fixed assets

Depreciation is provided in equal annual instalments on a straight line basis over estimated useful life of 37 years.

Principal accounting policies (continued)
For the year ended 31 December 2010

Cash flow statement

A cash flow statement is not present since the Company satisfies the definition of a small company in accordance with Financial Reporting Standard No 1 (revised)

Notes to the financial statements
For the year ended 31 December 2010

1. Analysis of turnover and loss on ordinary activities before taxation

All turnover and loss on ordinary activities before taxation relates to the Company's principal activity carried out in the UK

2. Loss on ordinary activities before taxation

	2010 £	2009 £
Loss on ordinary activities is stated after charging		
Fees payable to the Company's auditors for the audit of the company's annual accounts	11,500	11,500
Fees payable to the Company's auditors for other services to the company		
- tax services	5,500	6,394
Depreciation of tangible fixed assets	<u>1,777,703</u>	<u>1,777,700</u>

There are no employees of the Company and the directors are not entitled to any remuneration from the Company or any other companies under the terms of the shareholders' agreement

3. Interest receivable

	2010 £	2009 £
Bank interest receivable	<u>15,205</u>	<u>10,302</u>

4. Interest payable

	2010 £	2009 £
Loan interest payable	<u>4,125,412</u>	<u>4,146,997</u>

Interest payable of £949,566 (2009 £562,813) has been added to the shareholder loan

Notes to the financial statements
For the year ended 31 December 2010

5. a) Tax on loss on ordinary activities

	2010 £	2009 £
Current tax		
UK corporation tax payable at 28% (2009 28%)	(2,885)	2,885
Adjustment in respect of prior year	-	(636)
Total current tax	<u>(2,885)</u>	<u>2,249</u>
Deferred tax		
Current year charge	191,161	189,529
Adjustment in respect of prior year	2,885	(8,914)
Total deferred tax	<u>194,046</u>	<u>180,615</u>
Tax on loss on ordinary activities	<u>191,161</u>	<u>182,864</u>

The standard rate of corporation tax for the year based on the UK standard rate of corporation tax is 28% (2009 28%) The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

5. b) Factors affecting the tax charge for the period

	2010 £	2009 £
Current tax		
Loss on ordinary activities before tax	<u>(859,683)</u>	<u>(921,981)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 28% (2009 28%)	(240,711)	(258,155)
<i>Effects of</i>		
Expenses not deductible for tax purposes	497,757	497,756
Tax losses utilised	(257,046)	(236,716)
Prior year tax adjustment	(2,885)	(636)
Current tax charge for the year	<u>(2,885)</u>	<u>2,249</u>

Notes to the financial statement
For the year ended 31 December 2010

6. Tangible fixed assets

	Total £
Cost	
As at 1 January 2010 and at 31 December 2010	65,751,748
Accumulated depreciation	
As at 1 January 2010	8,595,784
Charge for year	<u>1,777,703</u>
As at 31 December 2010	<u>10,373,487</u>
Net book value	
As at 31 December 2010	<u>55,378,261</u>
As at 31 December 2009	<u><u>57,155,964</u></u>

The asset is a road built under a Private Finance Initiative contract

Included within the asset cost are finance costs of £6,270,542 (2009 £6,270,542)

7. Debtors

	2010 £	2009 £
Trade debtors	57,379	991,341
Other debtors	2,871	1,752
Prepayments and accrued income	<u>544,462</u>	<u>637,527</u>
	<u>604,712</u>	<u>1,630,620</u>

Notes to the financial statements
For the year ended 31 December 2010

8. Creditors

	2010 £	2009 £
Amounts falling due within one year:		
Bank loans	938,839	964,534
Less amortisation of fees	<u>(52,396)</u>	<u>(52,396)</u>
	886,443	912,138
Trade creditors	27,444	2,309
Amounts payable to related parties	-	23,656
Corporation tax	-	2,885
Other taxation and social security	224,824	240,002
Accruals and deferred income	<u>2,631,797</u>	<u>2,753,170</u>
	3,770,508	3,934,160
Amounts falling due after one year:		
Bank loans	58,109,554	58,787,890
Less amortisation of fees	<u>(1,506,376)</u>	<u>(1,558,771)</u>
	56,603,178	57,229,119
Amounts payable to related parties		
Shareholder loan notes (note 13)	<u>6,382,578</u>	<u>5,995,825</u>
	62,985,756	63,224,944
The maturity of obligations under loan funding:		
Within one year	938,839	964,534
In the second to the fifth year	3,956,900	3,961,412
Over five years	<u>60,535,232</u>	<u>60,822,303</u>
	65,430,971	65,748,249
Amortisation of fees	<u>(1,558,772)</u>	<u>(1,611,167)</u>
	63,872,199	64,137,082

The interest rate payable on the bank loan is 6 3%. Repayments are made every six months for the duration of the loan. The shareholders loan notes include interest payable of £949,566 and the interest rate on the shareholder loan notes is 6 3%. The shareholder loan is repayable every 6 months at which time the interest is added to the loan balance.

Notes to the financial statements
For the year ended 31 December 2010

9. Provision for liabilities

	2010 £	2009 £
Deferred tax liability		
Balance as at 1 January	310,783	130,168
Charge to the profit and loss account	191,161	189,529
Adjustment to prior year	2,885	(8,914)
Balance as at 31 December	<u>504,829</u>	<u>310,783</u>

An analysis of deferred taxation provided in the financial statements is as follows

Tax losses carried forward	(912,633)	(1,206,365)
Capitalised interest	<u>1,417,462</u>	<u>1,517,148</u>
	<u>504,829</u>	<u>310,783</u>

10. Called up share capital

	2010 £	2009 £
Allotted, called up and fully paid		
470,657 (2007 470,657) Class A ordinary shares of £1 each	470,657	470,657
470,657 (2007 470,657) Class B ordinary shares of £1 each	<u>470,657</u>	<u>470,657</u>
	<u>941,314</u>	<u>941,314</u>

All shares rank pari passu

11. Profit and loss account

	2010 £
Balance as at 1 January 2010 – deficit	(7,343,084)
Retained loss for the year	<u>(1,050,844)</u>
Balance as at 31 December 2010 – deficit	<u>(8,393,928)</u>

Notes to the financial statements
For the year ended 31 December 2010

12. Controlling parties

There is no controlling party as the Company is jointly owned by Morgan Sindall Investments (Newport SDR) Limited and Vinci Newport DBFO Limited. The respective shareholdings being 50% each.

13. Related party transactions

The directors consider the material transactions undertaken by the company during the year with related parties were as follows:

Nature of transaction	Transaction amount 2010 £	Amount due to related party at 2010 £	Transaction amount 2009 £	Amount due to related party at 2009 £
Morgan Sindall Investments (Newport SDR) Limited (Shareholder)				
Shareholder loan notes	(240,239)	(3,191,289)	(225,563)	(2,997,913)
*Morgan Sindall (Infrastructure) plc				
Provision of services	(88,131)	-	-	-
Morgan Sindall Investments Limited (Parent of shareholder)				
	(12,000)	-	(69,000)	-
Vinci Newport DBFO Ltd (Shareholder)				
Shareholder loan notes	(240,239)	(3,191,289)	(225,563)	(2,997,913)
Vinci Concessions (Indirect shareholder)				
Provision of services	(88,193)	-	(77,083)	-
**Morgan-Vinci CJV				
Turnover	57,370	57,370	554,529	424,000
***Ringway Infrastructure Services Limited				
Provision of services	(556,587)	(6,585)	(633,302)	(23,656)

The transaction amount relates to the purchase of goods and services at normal trade prices, excluding value added tax.

Notes to the financial statements
For the year ended 31 December 2010

13. Related Party Transactions (Continued)

***Morgan Sindall (Infrastructure) plc**

Morgan Sindall (Infrastructure) plc is an indirectly held 100% owned subsidiary of Morgan Sindall Group plc. Morgan Sindall Group plc is the parent company of Morgan Sindall Investments Limited which is the parent company of Morgan Sindall Investments (Newport SDR) Limited.

****Morgan- Vinci CJV**

Morgan-Vinci CJV is a 50% joint venture between Morgan Sindall (Infrastructure) plc (*) and Vinci Construction Grandes Projets. Vinci Construction Grand Projets is a 100% owned subsidiary of Vinci Construction SAS which is a 100% owned subsidiary of Vinci SA. Vinci SA has a 100% shareholding in Vinci Concessions SAS, the parent of Vinci Newport DBFO Limited.

*****Ringway Infrastructure Services Limited**

Ringway Infrastructure Services Limited is a 100% owned subsidiary of Eurovia Group Limited. Eurovia Group Limited is a 100% owned subsidiary of Eurovia SA which is a 100% owned subsidiary of Vinci S.A. Vinci S.A. has a 100% shareholding in Vinci Concessions SAS which is the parent of Vinci Newport DBFO Limited.