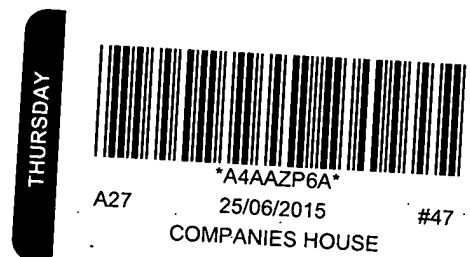


Road Management Services (Darrington) Limited
Annual report and financial statements
for the year ended 31 December 2014

Registration number: 4612119



Road Management Services (Darrington) Limited

Annual report and financial statements for the year ended 31 December 2014

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Road Management Services (Darrington) Limited

Directors and advisors

Directors	D Bowler
	N Rae
	L Henry
	C Snart
	P Dodd (Alternate)
	C Maronne (Alternate)
Company secretary	Semperian Secretariat Services Limited
Registered office	Third Floor Broad Quay House Prince Street Bristol BS1 4DJ
Solicitors	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD
Bankers	Citibank NA 5 Carmelite Street London EC4Y 0PA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 31 Great George Street Bristol BS1 5QD

Road Management Services (Darrington) Limited

Strategic report for the year ended 31 December 2014

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Results, principal activities and review of business

On 13 February 2003, the company entered into a design, build, finance and operate (DBFO) contract with the Secretary of State for the Environment, Transport and the Regions to upgrade the 53km section of the A1(M) in Yorkshire from Darrington to Dishforth.

The new construction works comprised two major schemes to upgrade the road to motorway standard.

The first scheme was the improvement of the A1 between Darrington and Hook Moor, the junction with the M1, and is referred to as the A1(M) Ferrybridge to Hook Moor Scheme. The existing dual two lane all-purpose trunk road has been upgraded to a dual three lane motorway constructed to a new alignment, amounting to 16.5km, bypassing the communities of Knottingley, Ferrybridge, Brotherton and Fairburn.

A new junction, Holmfield Interchange, has been built between the A1(M) and the M62, located to the north-west of Wentcliffe Hill and to the north of Pontefract, close to Ferrybridge Power Station. The interchange caters for six of the possible eight movements between the proposed motorway and the M62. The two movements not accommodated are the M62 westbound to A1 southbound and A1 northbound to M62 eastbound. Both of these movements continue to utilise the existing M62/A1 Junction 33 at Ferrybridge. Due to free-flow design many of the link roads pass over or under link roads as well as the two motorways, resulting in the need for seven bridges with an additional two to allow the motorway to cross adjacent side roads.

The scheme also includes works to de-trunk parts of the existing A1 trunk road, some of which have become two-lane single carriageway roads, handed back to the local Highways Authority.

The second scheme was to upgrade the existing A1 motorway standard between Wetherby and Walshford on a new alignment, amounting to 5.3km of new road to the east of the existing road. The motorway is typically dual three lane standard except for a short length of two lane standard at the southbound tie-in with the Wetherby Bypass. The existing A1 was retained for local access purposes, de-trunked and handed back to the local highways authority.

The 2 lane section at Wetherby Bypass was upgraded by the Highways Agency with a completion in July 2009 such that the whole length of the Project Road is to dual 3 lane motorway standard.

The company continues to maintain the Project Road and will continue to do so in accordance with the requirements of the DBFO contract for the remaining term of the concession.

Commencing on 7 May 2003 and for a period of 33 years, the company is receiving annual Congestion Management Payments for carrying out the operation and maintenance of the roads to the satisfaction of the Highways Agency.

The profit for the year is set out in the profit and loss account on page 10. The directors consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

Post balance sheet events

On 31 March 2015, Road Management Services (Darrington) Limited cancelled variation bonds with a nominal value of £1,500,000 against a corresponding portion of the on-loan from Road Management Services (Finance) Public Limited Company, reducing the nominal value of the bond from £113,240,000 to £111,740,000.

Principal risks and uncertainties

The company has taken on the activity, as detailed above, and is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the Directors' report.

Road Management Services (Darrington) Limited

Strategic report for the year ended 31 December 2014

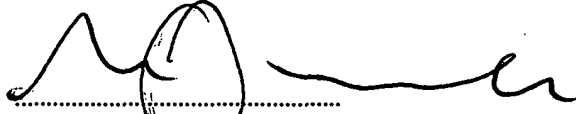
Key performance indicators ('KPIs')

Three KPIs are used to measure the performance of the company:

1. The maximisation of the revenue from the Congestion Management Payments, which require the traffic to be moving at a minimum of 90 kilometres per hour.
2. The achievement of cash flow targets as set out in the annual budgets. At the year end the actual cash balance exceeded its target.
3. The maintenance of the shareholders' internal rate of return as projected in the financial models which are produced on a regular basis. A recently updated financial model shows sufficient levels of cash flow for the company to meet its financial obligations to its creditors and to maintain returns to shareholders.

Eleven other performance indicators are measured on a monthly basis while a further seventeen are measured either quarterly or annually. Each performance target has minimum performance levels. They cover a broad range of subjects including response times, health and safety, network availability and traffic monitoring.

By order of the Board


.....
On behalf of Semperian Secretariat Services Limited
Company secretary

23 JUN 2015

Road Management Services (Darrington) Limited

Registration number: 4612119

Directors' report

for the year ended 31 December 2014

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Future developments

No significant changes are expected to the company's activities, as set out in the Strategic Report, in the foreseeable future.

Dividends and transfers to reserves

A dividend of £4,030,000 (£7.67 per ordinary share) was paid during the year, (2013: £2,834,000, £5.40 per ordinary share).

Financial risk management

The risk management policy of the company is designed to identify and manage risk at the earliest possible point. The company keeps a detailed risk register which is formally reviewed by the board on a bi-annual basis. The directors have policies for managing each of these risks and they are summarised below:

Financial instrument risk

A subsidiary of the company, Road Management Services (Finance) PLC has raised finance through guaranteed secured bonds and bank borrowings and has on-lent these to Road Management Services (Darrington) Limited, which has placed surplus cash in short term investments.

The guaranteed secured bonds have a coupon of 2.8332% index linked and the bank borrowings have a coupon of 2.3774% index linked. A proportion of the company's investments are held in an index linked deposit fund to hedge the bond loans. The company operates a long-term business and its policy is to finance it with long-term borrowings.

Interest rate risk

The senior debt interest has been fixed through the use of fixed funding rates, plus a margin, as set out in note 12.

Inflation risk

A proportion of the cash flows generated from the roadway concession increase in line with RPI and this covers all expenditure which is affected by inflation.

Credit risk

The roadway concession cash flows are secured under contract from the Highways Agency, a government body.

Liquidity risk

The company is required to hold at all times funds in a reserve account equal to the sum required for the next debt service payment. Under the financing arrangements the company can elect to make a loan to the shareholders, via its immediate parent undertaking, from this reserve account in return for letters of credit amounting to the same value. During 2008 such a loan was made amounting to £9,000,000. In addition the company is required to maintain levels of net cash flow in each year equal to 1.125 times the annual debt service payments.

The liquidity risk is further managed via the intra-group loan agreements in place to define funding arrangements between the Company and Road Management Services (Darrington) Holdings Limited.

Road Management Services (Darrington) Limited

Directors' report for the year ended 31 December 2014 (continued)

Legislative risk

The company faces legislative risks such as any matters which would materially increase the flow of traffic on the roadway through restrictions placed on traffic movements on any alternative routes, a policy which forces traffic onto this roadway or by major developments in the locality which increases traffic volumes, which could adversely impact the company. These risks are managed by close monitoring by management of significant developments and maintaining an awareness regarding exposure to penalties.

Directors of the company

The directors of the company during the year, and up to the date of signing the financial statements, are set out below:

D Bowler (appointed 25 June 2014)

N Rae

L Henry

C Snart

P Dodd (Alternate)

B Wynne-Simmons (resigned 25 June 2014)

C Maronne (Alternate) (appointed 25 June 2014)

R Barrientos (Alternate) (resigned 21 March 2014)

D Bowler (Alternate) (resigned 25 June 2014)

Road Management Services (Darrington) Limited

Directors' report for the year ended 31 December 2014 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and 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 prepared 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 apply them consistently;
- make judgements and accounting 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 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.

Going concern

The Company is dependent upon intra-group loan agreements for funding, which is funded by Road Management Services (Finance) PLC, a subsidiary of the company. Road Management Services (Finance) PLC has raised finance through guaranteed secured bonds and bank borrowings and has on-lent these to Road Management Services (Darrington) Limited.

The Board acknowledges that, in respect of the bank borrowings which have been on-lent to Road Management Services (Darrington) Limited, Citibank is no longer classified as a "qualifying" bank (as defined in the loan agreement) in respect of the European Investment Bank ("EIB") loan due to the downgrading of its rating. The AMBAC rating was downgraded in November 2008 and April 2009 (to below BBB). This created uncertainty due to the risk that EIB may request that this institution be replaced. Given the continued discussions with EIB, the directors are assured that adequate safeguards are in place to enable this funding to remain in place for the foreseeable future.

In addition, we note a waiver letter was provided in respect of the AMBAC downgrade, dated 14 January 2015, which covers the period to 31 January 2016. This letter postpones testing of the covenant until 31 January 2016.

The Board believes it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements of the company.

Road Management Services (Darrington) Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, so far as the director is aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ('PwC') are unaware, and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that PwC are aware of that information.

Independent auditors

Grant Thornton UK LLP resigned as auditors during the year and PricewaterhouseCoopers LLP were appointed in their place.

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

By order of the Board



.....
On behalf of Semperian Secretariat Services Limited
Company secretary

23 JUN 2015

Road Management Services (Darrington) Limited

Independent auditors' report to the members of Road Management Services (Darrington) Limited

Report on the financial statements

Our opinion

In our opinion, Road Management Services (Darrington) Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Road Management Services (Darrington) Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Road Management Services (Darrington) Limited

Independent auditors' report to the members of Road Management Services (Darrington) Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



.....
Katharine Finn (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

24 June 2015

Road Management Services (Darrington) Limited

Profit and loss account for the year ended 31 December 2014

	Note	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000 (restated)
Turnover	1	27,053	25,621
Cost of sales		(6,659)	(6,410)
Gross profit		20,394	19,211
Administrative expenses		(745)	(737)
Operating profit	2	19,649	18,474
Interest receivable and similar income	3	155	113
Interest payable and similar charges	4	(15,712)	(14,742)
Profit on ordinary activities before taxation		4,092	3,845
Tax on profit on ordinary activities	5	(681)	(262)
Profit for the financial year	15	3,411	3,583

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The movements on reserves are shown in note 15 to the financial statements.

Road Management Services (Darrington) Limited

Balance sheet as at 31 December 2014

	Note	31 December 2014 £ '000	31 December 2013 £ '000 (restated)
Fixed assets			
Tangible assets	7	212,992	216,365
Investments	8	50	50
Current assets			
Debtors: amounts falling due within one year	9	40,023	38,472
Investments	10	1,704	1,704
Cash at bank and in hand		18,165	19,702
		59,892	59,878
Creditors: amounts falling due within one year	11	(14,798)	(13,278)
Net current assets		45,094	46,600
Total assets less current liabilities		258,136	263,015
Creditors: amounts falling due after more than one year	12	(239,920)	(243,994)
Provisions for liabilities	13	(5,695)	(5,881)
Net assets		12,521	13,140
Capital and reserves			
Called up share capital	14	525	525
Profit and loss account	15	11,996	12,615
Total shareholders' funds	15	12,521	13,140

The financial statements on pages 10 to 23 were approved by the Board on 22 June and signed on its behalf by:



N Rae
Director

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014

1 Principal accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below:

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

After making enquiries of management, existing shareholders and existing and potential financiers, the Board have a reasonable expectation that the company has the necessary resources to continue in operational existence as they consider expected future cash flows to be sufficient to support the company for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. See the Directors report for further details.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised to reflect the value of services provided through applying a margin on the expenditure incurred over the life of the contract (including operating costs, depreciation and net finance costs), this margin being reviewed annually by reference to the risk related to the contract's stage of completion and an assessment of overall contract margin anticipated over its 33 year life. No margin has been recognised during the construction phase of the concession contract.

FRS 5 Application Note F 'Private finance initiative and similar contracts'

In accordance with the requirements of FRS 5 Application Note F 'Private Finance Initiative and similar Contracts', it has been determined that the balance of risks and rewards derived from the underlying asset is borne by the company and, accordingly, the asset created under the contract has been accounted for as a fixed asset.

Fixed asset investments

Investments held as fixed assets are shown at cost less provision for impairment.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Asset class	Depreciation method and rate
Leasehold Property	Over 30 years
Plant & Machinery	Over 5 to 15 years
Roadway	On annuity basis over remaining period of the concessions contract

The annuity basis is deemed to be the most appropriate systematic basis of depreciation, reflecting the consumption of the roadways economic benefit by the company, over its economic life.

Current asset investments

Current asset investments are included at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Re-stated comparatives

During the year the company has reviewed its classification of certain Profit and Loss and Balance Sheet items. A number of reclassifications have been made to the prior year figures, notably in respect of debtors, creditors and administrative expenses, in order to better reflect the operations of the company and improve the accuracy of comparative information. As these were reclassifications only, there was no overall effect on the level of shareholders' funds.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Principal accounting policies (continued)

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

2 Operating profit

	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000
Operating profit is stated after charging:		
Depreciation	3,373	3,102

The company had no employees during the year (2013: none), other than the directors, who did not receive any remuneration (2013: £nil).

The audit fee in respect of the company was £10,000 for the year (2013: £16,000).

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

3 Interest receivable and similar income

	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000
Interest receivable on bank deposits	40	20
Bond indexation receivable	44	36
Bond interest receivable	48	48
Shareholder loan interest receivable	23	9
	155	113

4 Interest payable and similar charges

	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000
Interest payable on senior debt	13,525	12,482
Interest payable on subordinated debt	1,377	1,443
Other bank charges and similar fees	635	637
Amortisation of debt issue costs	175	180
	15,712	14,742

Interest payable on intercompany loans is linked to the underlying indexed bonds and loans recognised within Road Management Services (Finance) Plc and Road Management Services (Darrington) Holdings Limited.

During the year ended 31 December 2013, the Directors reviewed the method of calculating the indexation charges incurred on the company's index linked loans and bonds. The Directors decided to change this basis from one which applies monthly movements in RPI to the debt instruments, to one that pro-rates the six monthly indexation charges evenly over the periods covered, as this better reflects the six monthly period over which interest is payable and reduces monthly interest volatility intra-year.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000
Current tax:		
Corporation tax charge	865	-
Deferred tax (note 13)		
Origination and reversal of timing differences	14	231
Adjustment in respect of prior periods	86	31
Impact of tax rate adjustment	(284)	-
Tax charge on profit on ordinary activities	681	262

(b) Factors affecting current tax charge

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000 (restated)
Profit on ordinary activities before taxation	4,092	3,845
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	880	894
Effects of:		
Movement in accelerated capital allowances	105	104
(Decrease)/increase in unutilised tax losses carried forward	(120)	(998)
Current tax charge for the year (note 5(a))	865	-

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

During the year, the UK corporation tax rate changed to 21% from 1 April 2014. Further changes have been substantively enacted to reduce the rate of corporation tax to 20% from 1 April 2015. Deferred tax balances have been remeasured.

6 Dividends

	Year ended 31 December 2014 £ '000	Year ended 31 December 2013 £ '000
Dividends paid - £7.67 per share (2013: £5.40 per share)	4,030	2,834

7 Tangible fixed assets

	L/Term Leasehold Property £ '000	Plant & machinery £ '000	Road construction costs £ '000	Total £ '000
Cost:				
At 1 January 2014 and 31 December 2014	201	269	235,003	235,473
Depreciation				
Beginning of the year	44	269	18,795	19,108
Charge for the year	7	-	3,366	3,373
At 31 December 2014	51	269	22,161	22,481
Net book value:				
At 31 December 2014	150	-	212,842	212,992
At 31 December 2013	157	-	216,208	216,365

The concession to operate the roadway has been acquired from the Highways Agency for a period of thirty three years. Expenditure on improvements to the roadway is reflected in the roadway concession asset and includes net capitalised finance costs up to the date of completion of £31,524,000 (2013: £31,524,000).

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Investments

	31 December 2014 £ '000	31 December 2013 £ '000
Shares in group undertakings	50	50

The shares in group undertakings represents 100% of the issued ordinary share capital of Road Management Services (Finance) PLC, a company incorporated in England and Wales.

9 Debtors: amounts falling due within one year

	31 December 2014 £ '000	31 December 2013 £ '000 (restated)
Trade debtors	2,606	-
Prepayments and accrued income	2,810	2,930
Other debtors	25,607	26,229
Shareholder loan	9,000	9,000
Group relief receivable	-	313
	40,023	38,472

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Current asset investments

	31 December 2014 £ '000	31 December 2013 £ '000
Listed investments	1,704	1,704

Listed investments

The market value of the listed investments at 31 December 2014 was £1,704,000 (2013: £1,704,000).

Under the terms of the bond issue and agreements with the shareholders of the Group it was agreed that the entity would subscribe for a portion of the instruments. Accordingly, on 26th February 2003 the Group repurchased a certain number of the issued bonds.

Refer to note 18 for details of the cancellation of these bonds on 31 March 2015.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

11 Creditors: amounts falling due within one year

	31 December 2014 £ '000	31 December 2013 £ '000 (restated)
Senior debt	9,695	8,568
Subordinated debt	656	656
Trade creditors	316	-
Accruals and deferred income	854	1,190
Amounts owed to group undertakings	2,193	2,189
Corporation tax	116	-
Other taxation and social security	569	625
Other creditors	50	50
Consortium relief payable	349	-
	14,798	13,278

The Senior debt balance referred to above relates to finance on-loaned from Road Management Services (Finance) PLC. Refer to note 12 for further information.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Creditors: amounts falling due after more than one year

(a) Debt

	31 December 2014 £ '000	31 December 2013 £ '000
Senior debt	110,621	113,143
Subordinated debt	13,443	14,099
Bond debt	127,775	127,720
Less: included in creditors falling due within one year	(10,351)	(9,224)
Less: unamortised issue costs	(1,568)	(1,744)
	239,920	243,994

(b) Maturity of debt

	31 December 2014 £ '000	31 December 2013 £ '000
Less than one year	10,511	9,390
Between one and two years	10,484	10,591
Between two and five years	41,927	37,762
In more than five years	188,917	197,219
	251,839	254,962
Less: included in creditors falling due within one year	(10,351)	(9,224)
Less: unamortised issue costs	(1,568)	(1,744)
	239,920	243,994

A subsidiary of the company, Road Management Services (Finance) PLC has raised finance through guaranteed secured bonds and bank borrowings and has on-lent these to Road Management Services (Darrington) Limited, which has placed surplus cash in short term investments.

The guaranteed secured bonds have a coupon of 2.8332% index linked and the bank borrowings have a coupon of 2.3774% index linked. A proportion of the company's investments are held in an index linked deposit fund to hedge the bond loans. The company operates a long-term business and its policy is to finance it with long-term borrowings.

The Bond and EIB loan are secured by charges and assignments in favour of Road Management Services (Finance) PLC and over all the assets of Road Management Services (Darrington) Limited.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Creditors: amounts falling due after more than one year (continued)

The Bond and bank loan have the benefit of an unconditional and irrevocable financial guarantee as to all payments of interest and principal issued, by the monoline insurer AMBAC.

Subordinated debt on-loaned to the company by Road Management Services (Darrington) Holdings Limited is repayable in six-monthly instalments commencing on 31 March 2008 over the period to the end of the concession agreement. Interest is charged at 10%.

13 Provisions for liabilities

	31 December 2014 £ '000	31 December 2013 £ '000
Deferred taxation	5,695	5,881

The movements in deferred taxation during the year are as follows:

	31 December 2014 £ '000	31 December 2013 £ '000
At beginning of year	5,880	5,619
Charge to the profit and loss account (note 5(a))	(185)	262
At end of year	5,695	5,881

The deferred tax liability consists of:

Accelerated capital allowances	5,695	6,083
Tax losses recognised	-	(202)
	5,695	5,881

14 Called up share capital

	31 December 2014 £ '000	31 December 2013 £ '000
Allotted and fully paid		
525,248 Ordinary shares of £1 each	525	525

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

15 Reconciliation of movements in total shareholders' funds and reserves

	Share capital £ '000	Profit and loss account £ '000	Total Shareholders' funds £ '000
At 1 January 2013	525	11,866	12,391
Profit for the financial year	-	3,583	3,583
Dividends paid (note 6)	-	(2,834)	(2,834)
At 1 January 2014	525	12,615	13,140
Profit for the financial year	-	3,411	3,411
Dividends paid (note 6)	-	(4,030)	(4,030)
At 31 December 2014	525	11,996	12,521

16 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Road Management Services (Darrington) Holdings Limited, registered in England and Wales.

The ultimate parent undertaking and controlling party is Road Management Services (Darrington) Holdings Limited, which is the smallest group and largest group to consolidate these financial statements.

Road Management Services (Darrington) Holdings Limited is jointly owned and controlled by Semperian PPP Holdings Limited, AM Holdco Limited, Kellogg Brown & Root Limited and A1 PPP Infrastructure Holdings Limited.

Consolidated financial statements for Road Management Services (Darrington) Holdings Limited can be obtained from the Company Secretary at Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.

17 Related party transactions

Fees for staff, office and accounting services are payable by the company to Semperian Asset Management Ltd, which is associated with one of the shareholders of the company's parent company. During the year to 31 December 2014 these fees amounted to £215,710 (2013: £212,137).

During the year to 31 December 2014 the company was charged directors' fees by related parties associated with each of the shareholders. The fees charged were £208,508 (2013: £203,116) by Semperian PPP Investment Partners Limited, £104,254 (2013: £101,558) by BIIF Bidco Limited and £104,254 (2013: £101,558) by Kellogg Brown & Root Limited.

The group has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Road Management Services (Darrington) Holdings Limited group.

Road Management Services (Darrington) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

18 Post balance sheet events

On 31 March 2015, Road Management Services (Darrington) Limited cancelled variation bonds with a nominal value of £1,500,000 against a corresponding portion of the on-loan from Road Management Services (Finance) Public Limited Company, reducing the nominal value of the bond from £113,240,000 to £111,740,000.