

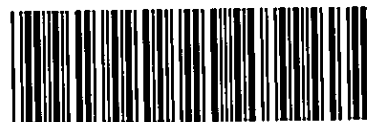
Company Registration No. 06684025

Connect Plus (M25) Holdings Limited

Report and Financial Statements

31 March 2012

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Connect Plus (M25) Holdings Limited

Report and financial statements 2012

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Connect Plus (M25) Holdings Limited

Director's Report

The directors present their report together with the audited financial statements of the company and group for the year ended 31 March 2012

Principal activity and business review

The principal activity of the group is the operation of a 30 year PFI contract to develop and maintain the M25 motorway. The company is an investment holding company whose sole business is the holding of an investment in its wholly owned subsidiary Connect Plus (M25) Limited.

On 20 May 2009 Connect Plus (M25) Limited entered into a Private Finance Initiative contract with the Secretary of State for Transport to upgrade and maintain the M25 motorway for 30 years. The Directors expect the general level of activity to continue at current levels. There have been no changes to the Company's activities in the year under review and none are currently contemplated.

Going concern

The group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group has adequate resources to continue in operational existence for the foreseeable future. The road widening works central to the PFI contract were completed post balance sheet date and the company is forecasting it will start generating significant positive operational cash flow over the next 18 months. The company is meeting the key operational requirements of the PFI contract and the Highway Agency and also operating within the required parameters of lenders. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis are found in note 1.

Share capital

The issued share capital of the company as at 31 March 2012 was £100 (2011: £100) which consisted of 100 ordinary shares of £1 each.

Results and dividends

The group recorded a profit for the year after taxation of £13,388,000 (2011: profit £3,021,000). The directors do not propose to declare a dividend in respect of the year ended 31 March 2012 (2011: £nil).

Principal risks and uncertainties

The group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments to the Secretary of State for Transport and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil our contractual obligations.

Contractual relationships

The group operates within a contractual relationship with its primary customer the Secretary of State for Transport. A significant impairment of this relationship could have a direct and detrimental effect on the group's results and could ultimately result in termination of the concession. To manage this risk the group has regular meetings with the Secretary of State for Transport's representatives including discussions on performance, project progress, future plans and customer requirements.

Connect Plus (M25) Holdings Limited

Directors' Report (continued)

Key performance indicators

The group has set specific business objectives, which are monitored using a number of key performance indicators ('KPIs'). The relevant KPIs for this report are detailed below

	2012 £'000	2011 £'000
Profit after taxation	13,388	3,021
Net assets	17,879	4,491

The directors consider that these KPIs are in line with expectations

Directors' Indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report

Directors and their interests

The following persons were directors of the company throughout the year, except where noted

P A Bannister
C L Birdsong
R Joosten (resigned 22 March 2012)
T Jones
D Steel
P Noble (Chairman)
A Campbell (Secretary)
B Walker
A Benhatta (appointed 22 March 2012)
B Johns (appointed 22 March 2012)

None of the directors held any interest in the company's shares during the year

Payment to suppliers

The group agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms, subject to the terms and conditions being met by the suppliers. As at 31 March 2012 creditor days for the group amounted to 31 days (2011 31 days)

Financial risk management

The group is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the group's activities and the assets contained within the group's balance sheet, the only financial risk the directors consider relevant to the group is liquidity risk. Both the liquidity and credit risks are mitigated by the company having financial reserves to cover its construction obligations.

Connect Plus (M25) Holdings Limited

Directors' Report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and
- the 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

In accordance with Section 487(2) of the Companies Act 2006 the company has dispensed with the obligation to appoint an auditor annually and accordingly Deloitte LLP shall be deemed to be reappointed as auditor for a further term

By order of the Board



Alastair Campbell
Secretary

20 September 2012

Connect Plus House
St Albans Road
South Mimms
Hertfordshire
EN6 3NP

Connect Plus (M25) Holdings Limited

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
- 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 to 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.

Independent auditor's report to the members of Connect Plus (M25) Holdings Limited

We have audited the financial statements of Connect Plus (M25) Holdings Limited for the year ended 31 March 2012 which comprise the consolidated profit and loss account the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 20. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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). 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 group's and the parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's 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.

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 auditor's report to the members of Connect Plus (M25) Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Makhan Chahal, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

20 September 2012

Connect Plus (M25) Holdings Limited

Consolidated profit and loss account For the year ended 31 March 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	396,808	338,425
Cost of sales		(380,857)	(326 610)
Gross profit		15,951	11,815
Administrative expenses		(10,533)	(9,929)
Operating profit	3	5,418	1,886
Interest receivable and similar income	4	36,779	5,463
Interest payable and similar charges	5	(24,089)	(3,157)
Profit on ordinary activities before taxation		18,108	4 192
Tax on profit on ordinary activities	6	(4,720)	(1,171)
Profit on ordinary activities after taxation for the financial year	15	13 388	3,021

There were no recognised gains or losses in either year other than the reported profit shown above consequently no separate statement of total recognised gains and losses is presented

All activities are from continuing operations in the United Kingdom

Connect Plus (M25) Holdings Limited

Consolidated balance sheet As at 31 March 2012

		Group	
	Notes	2012 £'000	2011 £'000
Current assets			
Construction work-in-progress	7	624,989	548,623
Debtors	8	21,260	32,327
Debtors amounts falling due after one year	9	479,554	209,599
Investments due within one year	10	76,485	61,049
Cash at bank and in hand		35,946	29,127
		<u>1,238,234</u>	<u>880,725</u>
Creditors amounts falling due within one year	11	<u>(54,568)</u>	<u>(57,091)</u>
Net current assets		<u>1,183,766</u>	<u>823,634</u>
Creditors amounts falling due after more than one year	12	<u>(1,165,787)</u>	<u>(819,143)</u>
Net assets		<u><u>17,879</u></u>	<u><u>4,491</u></u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	<u>17,879</u>	<u>4,491</u>
Shareholders' funds	16	<u><u>17,879</u></u>	<u><u>4,491</u></u>

The financial statements of Connect Plus (M25) Holdings Limited, company registration number 06684025 were approved by the Board of Directors on 20 September 2012 and signed on its behalf by



A Campbell
Director

Connect Plus (M25) Holdings Limited

Company balance sheet As at 31 March 2012

	Notes	Company	
		2012 £'000	2011 £'000
Fixed assets			
Investment in subsidiary undertakings	17	-	-
		<hr/>	<hr/>
Net assets		-	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	-	-
		<hr/>	<hr/>
Shareholders' funds	16	-	-
		<hr/>	<hr/>

The financial statements of Connect Plus (M25) Holdings Limited, company registration number 06684025 were approved by the Board of Directors on 20 September 2012 and signed on its behalf by



A Campbell
Director

Connect Plus (M25) Holdings Limited

Consolidated cash flow statement For the year ended 31 March 2012

	Notes	2012 £'000	2011 £'000
Net cash outflow from operating activities	18a	(251,114)	(274,070)
Returns on investments and servicing of finance			
Interest received		617	492
Interest paid		(73,054)	(52,293)
Net cash outflow from returns on investments and servicing of finance		(72,437)	(51,801)
Taxation paid		(2,820)	(1,563)
Net cashflow before use of liquid resources and financing		(326,371)	(327,434)
Management of liquid resources			
Decrease/(Increase) in treasury deposits		(15,436)	1,923
Net cashflow from management of liquid resources		(15,436)	1,923
Financing			
Loans drawn		(348,626)	349,424
Net cash inflow from financing		(348,626)	349,424
Increase in cash in the year	18b	6,819	23,913

Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

1. Accounting policies

A summary of the principal accounting policies of the company, all of which have been applied consistently during the year and where relevant the preceding period is set out below

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. They include the results of the activities described in the Directors' Report all of which are continuing

Turnover

Revenue is recognised as turnover as it is earned and represents amounts due exclusive of value added tax, in respect of services provided to the Secretary of State for Transport

Construction work-in-progress

All construction costs including the capitalised interest on finance and incidental costs up to the date of completion of major works are recorded as construction work in progress

FRS 5 Finance debtor

The company operates a Private Finance Initiative ("PFI") contract. The underlying asset is not deemed to be an asset of the company under Financial Reporting Standard 5 Application Note F "Private Finance Initiative and Similar Contracts"

During the construction phase of the project, all attributable expenditure is included in construction work in progress. Upon the asset becoming operational, the costs are transferred to the FRS 5 finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using a project specific rate. The remainder of the PFI unitary charge income is included within turnover

Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in full in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Finance costs

Finance costs in relation to bank loans are recognised at a constant rate in accordance with the carrying value of these loans

Connect Plus (M25) Holdings Limited

Notes to the accounts For the year ended 31 March 2012

1 Accounting policies (continued)

Borrowings

Bank loans are initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in that period.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument. The company does not hold or issue derivative financial instruments for speculative purposes.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 1 and 2.

The current economic conditions create some general uncertainty. The directors have reviewed the Group's supply chain and do not believe that any specific risk has been identified. The directors have also considered the ability of the Secretary of State for Transport to meet their payment obligations for the M25 PFI contract and do not consider this to be a material risk. The company's forecasts and projections, taking account of reasonably possible counterparty performance, show the company expects to be able to continue to operate for the full term of the concession. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence.

Finance costs

Finance costs in relation to bank loans are recognised at a constant rate in accordance with the carrying value of these loans.

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Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

2 Turnover

Turnover by origin and destination

	2012 £'000	2011 £'000
United Kingdom	396,808	338,425

3. Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging		
Fees payable to the company's auditor for the audit of the company's annual accounts	1	1
The audit of the company's subsidiaries pursuant to legislation	20	19

Amounts payable to Deloitte LLP by the company in respect of non audit services were £nil (2011 £nil)

All audit costs are borne by Connect Plus (M25) Limited in both years

With the exception of P Noble the directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company in the year (2011 £nil) All staff costs are borne by the shareholders of Connect Plus (M25) Holdings Limited which second its employees to the company and charges related service costs P Noble received £41k remuneration during the year (2011 £41k) borne by Connect Plus M25 Limited

The company had no employees during the year (2011 nil)

4. Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest receivable	617	492
Interest imputed on contract debtor receivable	36,162	4,971
	36,779	5,463

5. Interest payable and similar charges

	2012 £'000	2011 £'000
Bank interest payable	19,824	2,606
Amortisation of loan issue costs	345	45
Interest payable to associated undertakings (note 19)	3,920	506
	24,089	3,157

Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

6. Tax on profit on ordinary activities

	2012 £'000	2011 £'000
The tax charge is based on the profit for the year and comprises		
Current tax		
UK corporation tax charge at 26% (2011 28%)	4,710	1,174
Amounts over provided in previous period	10	(3)
Total tax on profit on ordinary activities	<u>4,720</u>	<u>1,171</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	18,108	4,192
Tax on profit on ordinary activities at applicable UK corporation tax rate of 26% (2011 28%)	4,708	1,174
Effect of Expenditure not deductible for tax	2	-
Current tax charge for year	<u>4,720</u>	<u>1,174</u>

In the Finance Act 2011 the main rate of UK corporation tax was reduced from 26% to 25% from 1 April 2012. In the March 2012 budget statement a further reduction to 24% from 1 April 2012 was announced and this was substantively enacted on 26 March 2012. As a result of these changes the deferred tax balances have been remeasured accordingly.

Additional changes were announced in the March 2012 budget statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. A further reduction is proposed to reduce the main rate to 22% from 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

7. Construction work in progress

	Group	
	2012 £'000	2011 £'000
Construction work in progress	<u>624,989</u>	<u>548,623</u>

Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

8. Debtors

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade debtors	-	14,078	-	-
Vat receivable	2,675	4,695	-	-
Amounts due from associate undertakings	159	22	-	-
Other debtors, prepayments	18,426	13,532	-	-
	<u>21,260</u>	<u>32,327</u>	<u>-</u>	<u>-</u>

9. Debtors: amounts falling due after one year

	2012 £'000	2011 £'000
Contract debtor receivable	<u>479,554</u>	<u>209,599</u>

10. Investments due within one year

Investments due within one year represents amounts held on deposit with financial institutions which are not available for withdrawal without penalty in under 24 hours and, in accordance with the Group's funding arrangements, are restricted and may not be useable to fund the ongoing operations of the Group

11. Creditors: amounts falling due within one year

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	4,714	1,920	-	-
Other creditors and accruals	15,593	20,889	-	-
Amounts due to associated undertakings	29,847	34,096	-	-
Corporation tax	2,087	186	-	-
Loan from associated undertaking (note 13)	539	-	-	-
Secured bank loans (note 13)	1,788	-	-	-
	<u>54,568</u>	<u>57,091</u>	<u>-</u>	<u>-</u>

Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

12 Creditors: amounts falling due after one year

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loans from associated undertaking (note 13)	181,812	129,072	-	-
Secured bank loans (note 13)	983,975	690,071	-	-
	<u>1,165,787</u>	<u>819,143</u>	<u>-</u>	<u>-</u>

13 Loans

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loans from associated undertaking (note 19)	182,351	129,072	-	-
Secured bank loans	985,763	690,071	-	-
	<u>1,168,114</u>	<u>819,143</u>	<u>-</u>	<u>-</u>

The bank loans represent amounts borrowed under facility agreements with a commercial bank syndicate and the European Investments Bank ("EIB"). As of 31 March 2012 the company had committed undrawn banking facilities of £95m. The bank loans bear interest at fixed rates and at variable rates a margin over the London Inter-Bank Offered Rate and are repayable in instalments between 2012 and 2030. The loans are secured over the company's rights, title and interest in certain assets and/or revenues, and over the immediate parent company's shares in the company and have certain covenants attached.

The commercial bank syndicate has guaranteed EIB repayment of £196m of the loans EIB has made to the company (2011 £138.8m). The commercial bank syndicate has provided the company a committed letter of credit facility of £247m for the sole purpose of providing this guarantee and as of 31 March 2012 none of the letters of credit had been utilised.

In order to hedge against interest rate variations on the loans the group has entered into an interest rate swap agreement whereby the group has agreed to exchange at monthly intervals with its bankers sums reflecting the difference between floating and fixed interest rates calculated on a predetermined notional principal amount. The fair value of the interest rate swaps at 31 March 2012 was a liability of £20.0m (2011 £49.9m). Market value has been used to determine the fair value.

In order to hedge the value of future PFI contract receipts to be received from the Secretary of State for Transport until 31 March 2036, the group has entered into a series of RPI swap contracts. The fair value of the RPI swaps at 31 March 2012 was a liability of £91.3m (2011 £80.6m). Market value has been used to determine the fair value.

Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

13 Loans (continued)

The group borrowings are repayable as follows.

	2012 £'000	2011 £'000
Repayable within one year	2 327	-
Repayable between one and two years	10,490	-
Repayable between two and five years	31,702	34,710
Repayable after five years	1,148,673	809,856
	<u>1,193,192</u>	<u>844,566</u>
Less unamortised issue costs	(25,078)	(25,423)
	<u>1,168,114</u>	<u>819,143</u>

14. Called up share capital

	2012 £	2011 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. Profit and loss account

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
At 1 April	4,491	1,470	-	-
Profit for the financial year	13 388	3,021	-	-
At 31 March	<u>17,879</u>	<u>4,491</u>	<u>-</u>	<u>-</u>

16. Shareholders' funds

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Opening shareholders funds	4,491	1,470	-	-
Profit for the financial year	13,388	3,021	-	-
Closing shareholders funds	<u>17,879</u>	<u>4,491</u>	<u>-</u>	<u>-</u>

Connect Plus (M25) Holdings Limited

Notes to the accounts For the year ended 31 March 2012

17 Fixed asset investments

	Company £
Cost and net book value:	
Shares in subsidiary undertakings	
At 1 April 2011 and 31 March 2012	100

Principal subsidiary undertakings as at 31 March 2012

Subsidiary undertakings	Country of incorporation	Shareholding
Connect Plus (M25) Limited	Great Britain	100%

Connect Plus (M25) Limited is incorporated in Great Britain and registered in England and Wales

In the opinion of the directors the value of the investments in the subsidiary undertaking is not less than the amount stated in the balance sheet

Connect Plus (M25) Holdings Limited

Notes to the accounts For the year ended 31 March 2012

18 Notes to the consolidated cash flow statement

(a) Net cash outflow from operating activities

	2012 £'000	2011 £'000
Operating profit	5 418	1 886
Increase in construction work in progress	(24,842)	(85 230)
Increase in debtors	(222,726)	(213,001)
(Decrease)/Increase in creditors	(8 964)	22 275
Net cash inflow from operating activities	(251,114)	(274,070)

(b) Net cash outflow from operating activities

	31 March 2011 £'000	Cash flow £'000	Non-cash change £'000	31 March 2012 £
Cash at bank and in hand	29 127	6,819	-	35,946
Investments Treasury deposits	61,049	15,436	-	76,485
Debt due within one year	-	(2 327)	-	(2,327)
Debt due after one year	(844 566)	(348 299)	-	(1,190,865)
Net debt	(754,390)	(326,371)	-	(1,080 761)

(c) Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
Increase in cash in the year	6 819	23 913
Increase/(decrease) in investments	15 436	(1 923)
Increase in debt	(348,626)	(349,424)
Change in net debt resulting from cash flows	(326,371)	(327,434)
Net debt at 1 April	(754 390)	(426,956)
Net debt at 31 March	(1,080,761)	(754 390)

Connect Plus (M25) Holdings Limited

Notes to the accounts

For the year ended 31 March 2012

19. Related party transactions

The group purchased construction services totalling £315.0m (2011 £309.2m) from an unincorporated joint venture comprising Balfour Beatty Civil Engineering Limited and Skanska J V Projects Limited. As of 31 March 2012 the group owed £24.3m (2011 £34.0m) to this unincorporated joint venture. The outstanding balance is repayable with 12 months and does not accrue interest.

The group purchased road maintenance services totalling £54.0m (2011 £53.9m) from an unincorporated joint venture comprising Balfour Beatty Civil Engineering Limited and WS Atkins Limited and Egis Road Operations UK Limited.

The group paid project development and bidding costs of £0.9m (2011 £1.2m) to Balfour Beatty Capital Limited, £0.9m (2011 £1.2m) to Skanska Infrastructure Investment UK Limited, £0.1m (2011 £0.1m) to Egis Projects SA and £0.1m (2011 £0.1m) to WS Atkins Limited.

The group purchased project management services of £1.9m (2011 £2.2m) from Balfour Beatty Management Limited, £0.6m (2011 £0.5m) from WS Atkins Limited, £0.2m (2011 £0.3m) from Balfour Beatty Capital Limited, £0.3m (2011 £0.3m) from Transroute UK Limited and £0.6m (2011 £0.6m) from Skanska Infrastructure Investment UK Limited. The balances outstanding as of 31 March 2012 were £nil (2011 £nil) with Balfour Beatty Management, £nil (2011 £nil) with Skanska Infrastructure Investment UK Limited, £28k (2011 £nil) with Balfour Beatty Capital Limited and £nil (2011 £49k) with WS Atkins Limited.

The group paid interest on loans of £11.1m (2011 £7.1m) to Connect Plus (M25) Intermediate Limited, a company owned by the controlling parties, and as 31 March 2012 owed Connect Plus (M25) Intermediate Limited £182.4m (2011 £129.1m).

20. Controlling parties

The controlling parties are Balfour Beatty plc, Skanska AB, WS Atkins plc and Egis Projects SA, in the ratio 40:40:10:10.