

Company Registration No. 06684025

Connect Plus (M25) Holdings Limited

Report and Financial Statements

31 March 2015

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Connect Plus (M25) Holdings Limited

Report and financial statements 2015

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Connect Plus (M25) Holdings Limited

Company Registration No. 06684025

Group strategic report

The directors, in preparing this Strategic Report, have complied with section 414c of the Companies Act 2006.

Principal activity

Connect Plus (M25) Holdings Limited is incorporated in the United Kingdom, registered in England and Wales and domiciled in the United Kingdom. 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, a wholly owned subsidiary, 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 construction of this initial upgrade was completed in July 2012. On 21 December 2012 the Highways Agency commissioned a further 45km of road widening on the M25 under the existing agreement and construction was completed in March 2015.

No change in the group's or company's activities is anticipated.

Review of the business

The group has performed well financially and costs have been in line with the base case projections prepared in 2009 after adjusting for inflation.

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:

	2015	2014
	£'000	£'000
Profit after taxation	23,500	21,471
Net assets	51,740	49,774

The directors consider that these KPIs are in line with expectations.

Principal risks

The principal risks have been considered in the Directors' Report under Financial Risk Management.

This report was approved by the board on 24 September 2015 and signed on its behalf



Alastair Campbell
Secretary

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

Connect Plus (M25) Holdings Limited

Company Registration No. 06684025

Directors' report

The directors present their report together with the audited financial statements of the company and group for the year ended 31 March 2015. The directors expect the general level of operating activity to continue at current levels. There have been no changes to the company's operating activities in the year under review and none are currently contemplated.

The following information has been disclosed in the group strategic report:

- Principal Activities and Business Review
- Key Performance Indicators

Results and dividends

The group recorded a profit for the year after taxation of £23,500,000 (2014: profit £21,471,000). The directors declared a dividend in respect of the year ended 31 March 2015 of £21,534,000 (2014: £11,588,000).

Going concern

The group operates a long term operations and maintenance contract for the M25 motorway. 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 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 2015 was £100 (2014: £100) which consisted of 100 ordinary shares of £1 each.

Principal risks and uncertainties

Meeting the commitments to the Secretary of State for Transport and delivering a safe and efficient service are critical to the group's success. Identifying, anticipating and managing operational risks is key to meeting these objectives.

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. Interest rate risk is managed via interest swaps held to hedge the interest cost of the group's loans. 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 obligations.

Connect Plus (M25) Holdings Limited

Company Registration No. 06684025

Directors' report (continued)

Financial instruments

The financial risk management objectives of the company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. Financial instruments are not used for speculative purposes. Interest rate swaps are in place until 31 March 2036 to hedge 100% of interest expense.

Credit and cash flow risks to the company arise from its client, the Secretary of State for Transport. The credit and cash flow risks are not considered significant as the client is the UK Government.

The company's liquidity risk is principally managed through financing the company by means of long term borrowings with an amortisation profile that matches the expected availability of funds from the company's operating activities. In addition the company maintains reserve bank accounts to provide short term liquidity against future debt service and other expenditure requirements. The company continues to be profitable with strong reserves in the Balance Sheet and the directors foresee this to continue in the future.

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.

Post balance sheet event

On 1st April 2015 the government made Highways England Company Limited the direct counterparty for the PFI contract in place of the Secretary of State for Transport. No material effect on the business is projected as a result of this change.

Directors and their interests

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

P A Bannister	
N Thomas	
T Jones	
A Campbell	(Company Secretary)
B Walker	
A Benhatta	
D Steel	(resigned 20 August 2014)
B Johns	(resigned 20 May 2014)
J Guyett	(appointed 22 September 2014)
D Hughes	(appointed 22 September 2014)
C Richardson	(appointed 22 September 2014).

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

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.

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Directors' report (continued)

Provision of information to auditors


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.

This report was approved by the board on 24 September 2015 and signed on its behalf



Alastair Campbell
Company Secretary

24 September 2015

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

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

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 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 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 2015 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 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 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.

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 2015 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

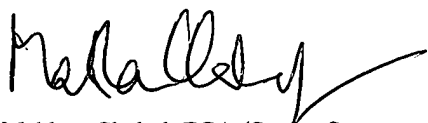
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

24th September 2015

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Consolidated profit and loss account
For the year ended 31 March 2015

		Group	
	Notes	2015	2014
		£'000	£'000
Turnover	2	172,316	367,684
Cost of sales		(151,829)	(346,600)
Gross profit		20,487	21,084
Administrative expenses		(14,398)	(13,771)
Operating profit	3	6,089	7,313
Interest receivable and similar income	4	123,987	124,985
Interest payable and similar charges	5	(100,319)	(104,413)
Profit on ordinary activities before taxation		29,757	27,885
Tax on profit on ordinary activities	6	(6,257)	(6,414)
Profit on ordinary activities after taxation for the financial year	14	23,500	21,471

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
Company Registration No. 06684025

Consolidated balance sheet
31 March 2015

		Group	
	Notes	2015 £'000	2014 £'000
Current assets			
Debtors: amounts falling due within one year	7	45,751	124,950
Debtors: amounts falling due after one year	8	1,159,859	1,165,956
Investments due within one year	9	63,336	116,093
Cash at bank and in hand		116,431	35,062
		<u>1,385,377</u>	<u>1,442,061</u>
Creditors: amounts falling due within one year	10	<u>(83,452)</u>	<u>(131,202)</u>
Net current assets		<u>1,301,925</u>	<u>1,310,859</u>
Creditors: amounts falling due after more than one year	11	<u>(1,250,185)</u>	<u>(1,261,085)</u>
Net assets		<u>51,740</u>	<u>49,774</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	<u>51,740</u>	<u>49,774</u>
Shareholders' funds	15	<u>51,740</u>	<u>49,774</u>

The financial statements of Connect Plus (M25) Holdings Limited, company registration number 06684025 were approved by the Board of Directors on 24 September 2015 and signed on its behalf by:




A Campbell
 Company Secretary and Director

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Company balance sheet
31 March 2015

		Company	
	Notes	2015 £'000	2014 £'000
Fixed assets			
Investment in subsidiary undertakings	16	-	-
Cash at bank and in hand		-	-
		<hr/>	<hr/>
Net assets		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	-	-
		<hr/>	<hr/>
Shareholders' funds	15	<hr/>	<hr/>

The financial statements of Connect Plus (M25) Holdings Limited, company registration number 06684025 were approved by the Board of Directors on 24 September 2015 and signed on its behalf by:



A Campbell
Company Secretary and Director

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Cash flow statement
For the year ended 31 March 2015

		Group	
	Notes	2015	2014
		£'000	£'000
Net cash inflow from operating activities	17a	167,192	118,208
Returns on investments and servicing of finance			
Interest received		510	464
Interest paid		(99,326)	(105,971)
Net cash outflow from returns on investments and servicing of finance		(98,816)	(105,507)
Taxation paid		(6,274)	(7,265)
Net cashflow before use of liquid resources and financing		62,102	5,436
Management of liquid resources			
Decrease in treasury deposits		52,757	7,385
Net cashflow from management of liquid resources		52,757	7,385
Financing			
Loans repaid		(11,956)	(10,424)
Dividends paid		(21,534)	(11,588)
Net cashflow from financing		(33,490)	(22,012)
Increase (decrease)/ in cash in the year	17c	81,369	(9,191)

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts
For the year ended 31 March 2015

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 Strategic Report all of which are continuing.

Basis of consolidation

The Group financial statements consolidate the financial statements of Connect Plus (M25) Holdings Limited and its subsidiary undertaking drawn up to 31 March 2015. All inter-company balances, transactions and profits are eliminated on consolidation. No profit and loss account is presented for the Company, as permitted by section 408 of the Companies Act 2006. The Company recorded a profit for the year after taxation of £21,534,000 (2014: £11,588,000).

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.

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

1. Accounting policies (continued)

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.

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 3 to 5.

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.

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

1. Accounting policies (continued)

Finance costs

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

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.

2. Turnover

Turnover by origin and destination:

	2015 £'000	2014 £'000
United Kingdom	172,316	367,684

3. Operating profit

	2015 £'000	2014 £'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 £52,000 (2014: £17,000).

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

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. All staff costs are borne by the shareholders of Connect Plus (M25) Holdings Limited which seconds its employees to the company and charges related service costs.

The company had no employees during the year (2014: none).

4. Interest receivable and similar income

	2015 £'000	2014 £'000
Bank interest receivable	510	465
Interest imputed on contract debtor receivable	123,477	124,520
	123,987	124,985

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

5. Interest payable and similar charges

	2015	2014
	£'000	£'000
Bank interest payable	74,734	77,965
Amortisation of loan issue costs	1,314	1,362
Interest payable to associated undertakings	24,271	25,086
	<u>100,319</u>	<u>104,413</u>

6. Tax on profit on ordinary activities

	2015	2014
	£'000	£'000
The tax charge is based on the profit for the year and comprises:		
Current tax		
UK corporation tax charge at 21% (2014: 23%)	6,257	6,414
Amounts (under)/over provided in previous period	-	-
Total tax on profit on ordinary activities	<u>6,257</u>	<u>6,414</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:

	2015	2014
	£'000	£'000
Profit on ordinary activities before tax	<u>29,757</u>	<u>27,885</u>
Tax on profit on ordinary activities at applicable UK corporation tax rate of 21% (2014: 23%)	6,249	6,414
Effect of:		
Expenditure not deductible for tax	<u>8</u>	<u>-</u>
Current tax charge for year	<u>6,257</u>	<u>6,414</u>

A reduction to the UK Corporation tax rate has been announced. The change proposed to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have been substantially enacted at the balance sheet date.

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

7. Debtors

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Contract debtor receivable	11,556	10,734	-	-
Trade debtors	8,512	86,702	-	-
Amounts due from associate undertakings	852	1,037	-	-
Other debtors, prepayments	24,831	26,477	-	-
	<u>45,751</u>	<u>124,950</u>	<u>-</u>	<u>-</u>

8. Debtors: amounts falling due after one year

	2015	2014
	£'000	£'000
Contract debtor receivable	<u>1,159,859</u>	<u>1,165,956</u>

9. 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.

10. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade creditors	1,312	72,564	-	-
Other creditors and accruals	23,590	15,176	-	-
Amounts due to associated undertakings	37,119	23,439	-	-
Corporation tax	2,872	2,888	-	-
Other taxes and social security costs	5,664	4,498	-	-
Loans from associated undertaking (note 12)	2,167	1,929	-	-
Secured bank loans (note 12)	10,728	10,708	-	-
	<u>83,452</u>	<u>131,202</u>	<u>-</u>	<u>-</u>

11. Creditors: amounts falling due after one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Loans from associated undertaking (note 12)	195,474	196,960	-	-
Secured bank loans (note 12)	1,054,711	1,064,125	-	-
	<u>1,250,185</u>	<u>1,261,085</u>	<u>-</u>	<u>-</u>

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

12. Loans

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Loans from associated undertaking (note 19)	197,641	198,889	-	-
Secured bank loans	1,065,440	1,074,833	-	-
	<u>1,263,081</u>	<u>1,273,722</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"). The bank loans bear interest at fixed rates and at variable rates at a margin over the London Inter-Bank Offered Rate and are repayable in instalments up to 2036. The loans are secured over the group's rights, title and interest in certain assets and/or revenues and have certain covenants attached.

In order to hedge against interest rate variations on the loans the company has entered into an interest rate swap agreement whereby the company 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 2015 was a liability of £266m (2014: £137m). 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 company entered into a series of RPI swap contracts. The fair value of the RPI swaps at 31 March 2015 was a liability of £69m (2014: £99m). Market value has been used to determine the fair value.

During the year £nil (2014: £nil) of interest was capitalised.

The group borrowings are repayable as follows:

	2015	2014
	£'000	£'000
Repayable within one year	12,896	12,637
Repayable between one and two years	7,456	12,215
Repayable between two and five years	33,941	24,620
Repayable after five years	<u>1,230,214</u>	<u>1,246,991</u>
	1,284,507	1,296,463
Less: unamortised issue costs	<u>(21,426)</u>	<u>(22,741)</u>
	<u>1,263,081</u>	<u>1,273,722</u>

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

13. Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

14. Profit and loss account

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 1 April 2014/2013	49,774	39,891	-	-
Profit for the financial year	23,500	21,471	21,534	11,588
Dividends paid	(21,534)	(11,588)	(21,534)	(11,588)
At 31 March 2015/2014	51,740	49,774	-	-

15. Shareholders' funds

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Opening shareholders' funds	49,774	39,891	-	-
Profit for the financial year	23,500	21,471	21,534	11,588
Dividends paid	(21,534)	(11,588)	(21,534)	(11,588)
Closing shareholders' funds	51,740	49,774	-	-

16. Fixed asset investments

	Company £
Cost and net book value:	
Shares in subsidiary undertakings	
At 1 April 2014 and 31 March 2015	100

Principal subsidiary undertakings as at 31 March 2015

Subsidiary undertakings	Country of incorporation	Shareholding
Connect Plus (M25) Limited	United Kingdom	100%

Connect Plus (M25) Limited is incorporated in the United Kingdom 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
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

17. Notes to the consolidated cash flow statement

(a) Net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating profit	6,089	7,313
Decrease in debtors	208,773	75,712
(Decrease)/increase in creditors	(47,670)	35,183
Net cash inflow from operating activities	167,192	118,208

(b) Analysis of net cashflow to movement in net debt

	31 March 2014 £'000	Cash flow £'000	Non-cash change £'000	31 March 2015 £
Cash at bank and in hand	35,062	81,369	-	116,431
Investments: Treasury deposits	116,093	(52,757)	-	63,336
Debt due within one year	(12,637)	11,956	(12,215)	(12,896)
Debt due after one year	(1,283,826)	-	12,215	(1,271,611)
Net debt	(1,145,308)	40,568	-	(1,104,740)

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

	2015 £'000	2014 £'000
Increase/(decrease) in cash in the year	81,369	(9,191)
Decrease in investments	(52,757)	(7,385)
Decrease in debt	11,956	10,424
Change in net debt resulting from cash flows	40,568	(6,152)
Net debt at 1 April 2014/2013	(1,145,308)	(1,139,156)
Net debt at 31 March 2015/2014	(1,104,740)	(1,145,308)

18. Capital commitments

	2015 £'000	2014 £'000
Contracted but not provided for	-	-

Connect Plus (M25) Holdings Limited
Company Registration No. 06684025

Notes to the accounts (continued)
For the year ended 31 March 2015

19. Related party transactions

The group purchased construction services totalling £42.2m (2014: £226.8m) from an unincorporated joint venture comprising Balfour Beatty Civil Engineering Limited and Skanska J.V. Projects Limited. As of 31 March 2015 the group owed £2.7m (2014: £0.1m) to this unincorporated joint venture. The group purchased construction services totalling £19.5m (2014: £3.3m) from Balfour Beatty Civil Engineering Ltd. The balance outstanding as of 31 March 2015 was £3.1m (2014: £0.2m) with Balfour Beatty Civil Engineering Ltd.

The group purchased road maintenance services totalling £72.3m (2014: £68.0m) from an unincorporated joint venture comprising Balfour Beatty Civil Engineering Limited, Atkins Limited and Egis Road Operations UK Limited. The outstanding balance as of 31 March 2015 was £16.3m (2014: £9.7m)

The group purchased project management services of £1.1m (2014: £2.2m) from Balfour Beatty Management Limited, £nil (2014: £nil) from Atkins Limited, £0.7m (2014: £0.3m) from Balfour Beatty Investments Limited, £0.3m (2014: £0.2m) from Transroute UK Limited and £0.5m (2014: £1.0m) from Skanska Infrastructure Investment UK Limited. The balances outstanding as of 31 March 2015 were £nil (2014: £0.4m) with Balfour Beatty Management Limited, £0.2m (2014: £0.2) with Skanska Infrastructure Investment UK Limited, £133k (2014: £11k) with Balfour Beatty Capital Limited and £10k (2014: £10k) with Atkins Limited.

The group incurred interest on loans of £24.3m (2014: £25.1m) to Connect Plus (M25) Intermediate Limited, a company owned by the controlling parties, and as 31 March 2015 owed Connect Plus (M25) Intermediate Limited £197.6m (2014: £198.9m) plus accrued interest of £12.0m (2014: £12.3m).

20. Controlling parties

At 31 March 2015 Connect Plus (M25) Holdings Limited was the parent company of the largest and smallest group of which the Company was a member and for which group financial statements are drawn up.

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