

# **Egis Road Operation (UK) Ltd**

Registered number: 06693340

## **Directors' report and financial statements**

**For the year ended 30 September 2015**

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# EGIS ROAD OPERATION (UK) LTD

## COMPANY INFORMATION

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<b>Directors</b>	Malcolm Carr Steven Preece Jean Pohn
<b>Company secretary</b>	Martin Miller
<b>Registered number</b>	06693340
<b>Registered office</b>	Wilberforce House Station Road London NW4 4QE
<b>Independent auditor</b>	Mazars LLP Chartered accountants & Statutory auditor Times House Throwley Way Sutton Surrey SM1 4JQ

# EGIS ROAD OPERATION (UK) LTD

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# **EGIS ROAD OPERATION (UK) LTD**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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The directors present their report and the audited financial statements for the year ended 30 September 2015.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors**

The directors who served during the year were:

Malcolm Carr  
Steven Preece  
Jean Pohu

### **Future developments**

The Directors expect the M25 operation and maintenance contract to continue. The detailed obligations under the contract do evolve to meet the changing needs of the Highways Agency and of motorway users. The impact of such changes on the company cannot be foreseen.

### **Matters covered in the Strategic report**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 3. These matters relate to the business review, and principal risks and uncertainties.

# EGIS ROAD OPERATION (UK) LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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### Disclosure of information to auditor

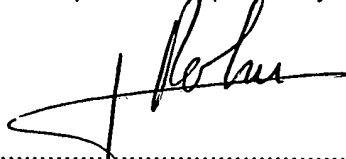
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
Jean Pohl  
Director

Date:

15 April 2016

# EGIS ROAD OPERATION (UK) LTD

## STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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### Business review

The company continues to operate within the CPS environment and provides support and solutions for the Dartford River Crossing and the M25. With the demise of the tolling and the introduction of the free flow system the directors do expect to see a change in the current management programme project. During the year the contract to operate the Dartford River Crossing was ceased and the joint arrangement no longer operates this scheme.

### Principal risks and uncertainties

The directors keep under review the risks to which the company is exposed and adjust their management and controls as necessary. The principal risks arise from its participation in a joint arrangement that has secured a 30 year contract for motorway operation and maintenance. The directors' assessment of the risks to the company, which arise mainly from the joint arrangement, are as follows:

#### *Financial performance*

The company is exposed to the financial performance of the joint arrangement over which it does not have direct control. The Egis Group has representatives on the management board of the joint arrangement. Through those representatives and receipt of regular financial information from the joint arrangement, the company is able to monitor and influence the performance of the joint arrangement. The joint arrangement has been subjected to a non-statutory audit by an independent firm of auditors during this period. The board of directors also sets budgets for company overheads and monitors expenditure.

#### *Income*

The joint arrangement obtains the majority of its income from a fixed contract. This income is increased incrementally for inflation. Work required under the contract includes periodic repair or replacement of major parts of the motorway system. Payment for these periodic outgoings is received in regular instalments. The joint arrangement is exposed to any shortfall between amounts received (plus accumulated interest) and actual cost of this cyclical work. The joint arrangement performs continuous reappraisal of optimum points for repair or replacement of the assets, and ensures reserves are sufficient to cover any potential deficit.

#### *Credit risk*

The directors consider credit risk to income to be negligible as the ultimate customer is Highways England (a government department). The funds accruing for the periodic repair or replacement of assets are held with UK and international banks. As these deposits exceed government guarantees, the joint arrangement is exposed to the risk of default by any of the holding institutions.

#### *Liquidity*

The directors consider that the company has sufficient funds available to pursue its principal activity.

#### *Exchange rates*

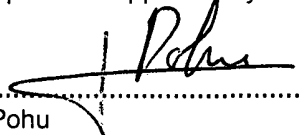
The company is exposed to exchange rate risks on the cost of services provided by its parent and other Egis Group companies in Europe.

#### *Supplier payment policy*

Suppliers are paid in line with agreed credit terms.

This report was approved by the board on

and signed on its behalf.

  
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Jean Pohn  
Director

15/04/2016

# **EGIS ROAD OPERATION (UK) LTD**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EGIS ROAD OPERATION (UK) LTD**

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We have audited the financial statements of Egis Road Operation (UK) Ltd for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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. 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.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 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.

### **Opinion on the 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.

## EGIS ROAD OPERATION (UK) LTD

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EGIS ROAD OPERATION (UK) LTD

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Elisabeth Maxwell

Elisabeth Maxwell (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered accountants and Statutory auditor

Times House  
Throwley Way  
Sutton  
Surrey  
SM1 4JQ

Date:

12<sup>th</sup> May 2016



# EGIS ROAD OPERATION (UK) LTD

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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	Note	2015 £	2014 £
Turnover	1,2	12,061,183	13,327,004
Cost of sales		(10,858,892)	(10,563,308)
		<hr/>	<hr/>
Gross profit		1,202,291	2,763,696
Administrative expenses		(364,516)	(394,397)
		<hr/>	<hr/>
Operating profit	3	837,775	2,369,299
Interest receivable and similar income		43,120	23,700
Interest payable and similar charges	7	(52,200)	(117,061)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		828,695	2,275,938
Tax on profit on ordinary activities	8	(169,882)	(500,706)
		<hr/>	<hr/>
Profit for the financial year	12	658,813	1,775,232
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and Loss Account.

The notes on pages 8 to 14 form part of these financial statements.

# EGIS ROAD OPERATION (UK) LTD

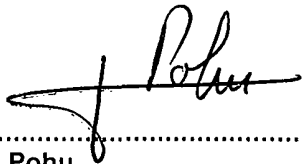
Registered number: 06693340

## BALANCE SHEET

AS AT 30 SEPTEMBER 2015

	Note	£	2015 £	£	2014 £
<b>Current assets</b>					
Debtors	9	2,346,866		3,101,546	
Cash at bank and in hand		357,246		1,169,763	
		<u>2,704,112</u>		<u>4,271,309</u>	
<b>Creditors: amounts falling due within one year</b>	10	(523,351)		(1,119,361)	
<b>Net current assets</b>			2,180,761		3,151,948
<b>Total assets less current liabilities</b>			<u>2,180,761</u>		<u>3,151,948</u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account	12		2,180,661		3,151,848
<b>Shareholders' funds</b>	13		<u>2,180,761</u>		<u>3,151,948</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Jean Pohu  
Director

Date: 15/04/2016

The notes on pages 8 to 14 form part of these financial statements.

# EGIS ROAD OPERATION (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

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### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (UK GAAP).

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have deemed it appropriate to prepare the financial statements on a going concern basis due to the forecast financial impact of the ongoing contractual agreement that the company is party to.

#### 1.3 Cash flow

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.

#### 1.4 Joint arrangements

The company has a contractual agreement with other participants to engage in joint activities that do not create entities carrying on a trade of their own. The company includes its share of the revenue and costs from such joint arrangements, measured in accordance with the terms of the arrangement, which is pro-rata to the company's interest in the joint arrangement.

Transactions between the joint arrangement vehicle and the company are eliminated in full.

#### 1.5 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.

#### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 1.7 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.

# EGIS ROAD OPERATION (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

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### 1. Accounting Policies (continued)

#### 1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

#### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Employees of Dartford River Crossing (DRC) that were transferred to Egis Road Operation (UK) Limited in September 2009 are members of the DRC Pension Scheme. This is a defined benefit pension scheme.

Egis Road Operation (UK) Limited has agreed with Highways England that Egis Road Operation (UK) Limited is not responsible for the liabilities of the pension scheme. Therefore any lump sum payments to the pension scheme that are due in relation to funding the deficit are the responsibility of Highways England.

Furthermore, monthly contributions due to the pension scheme as part of meeting the requirements of the statement of contributions and scheme rules are paid by Egis Road Operation (UK) Limited but reimbursed by Highways England. The payments made and received are included cost of sales and revenue respectively.

On the basis that Egis Road Operation (UK) Limited does not have any responsibility for contributions due to the pension scheme as this is ultimately funded by Highways England, the pension scheme is not accounted for as a defined benefit pension scheme in these financial statements and no scheme surplus or deficit is therefore recognised.

### 2. Turnover

The whole of the turnover is attributable to the principal activity of the company, being the maintenance contract in respect of the M25 motorway.

All turnover arose within the United Kingdom.

### 3. Operating profit

The operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Difference on foreign exchange	265	1,003

# EGIS ROAD OPERATION (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 4. Auditor's remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	28,000	27,000
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	3,750	3,400
All other non-audit services not included above	2,000	2,000

### 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	3,316,670	3,000,641
Social security costs	246,074	269,882
Other pension costs	11,892	18,043
	<u>3,574,636</u>	<u>3,288,566</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Directors	2	2
Operational	69	96
	<u>71</u>	<u>98</u>

### 6. Directors' remuneration

	2015 £	2014 £
Company pension contributions to defined contribution pension schemes	<u>5,400</u>	<u>5,400</u>
Amounts paid to third parties for directors' remuneration services	<u>39,360</u>	<u>38,946</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

# EGIS ROAD OPERATION (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 7. Interest payable

	2015 £	2014 £
On bank loans and overdrafts	-	632
Other financing arrangements of joint arrangement	52,200	108,600
On loans from group undertakings	-	7,829
	<u>52,200</u>	<u>117,061</u>

### 8. Taxation

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	169,882	509,770
Adjustments in respect of prior periods	-	(9,064)
	<u>169,882</u>	<u>500,706</u>
<b>Tax on profit on ordinary activities</b>		

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.5% (2014 - 22%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>828,695</u>	<u>2,275,938</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 - 22%)	169,882	500,644
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	397
Adjustments to tax charge in respect of prior periods	-	(9,064)
Other short term timing differences	-	8,729
	<u>169,882</u>	<u>500,706</u>
<b>Current tax charge for the year (see note above)</b>		

# EGIS ROAD OPERATION (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 9. Debtors

	2015 £	2014 £
Trade debtors	292,175	-
Amounts owed by joint venture	2,043,451	2,929,267
Other debtors	-	157,120
Prepayments and accrued income	11,240	15,159
	<u>2,346,866</u>	<u>3,101,546</u>

### 10. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	104,761	57,173
Corporation tax	93,931	393,645
Other taxation and social security	166,315	249,924
Other creditors	39,265	70,068
Accruals and deferred income	119,079	348,551
	<u>523,351</u>	<u>1,119,361</u>

### 11. Share capital

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 12. Reserves

	<b>Profit and loss account £</b>
At 1 October 2014	3,151,848
Profit for the financial year	658,813
Dividends paid	(1,630,000)
	<u>2,180,661</u>
At 30 September 2015	

# EGIS ROAD OPERATION (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

### 13. Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	3,151,948	1,976,716
Profit for the financial year	658,813	1,775,232
Dividends (Note 14)	(1,630,000)	(600,000)
Closing shareholders' funds	<u>2,180,761</u>	<u>3,151,948</u>

### 14. Dividends

	2015 £	2014 £
Dividends paid on equity capital	<u>1,630,000</u>	<u>600,000</u>

### 15. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The total pension cost for the year amounted to £34,456 (2014: £4,265)

At the period end, an amount of £5,857 was due to the defined contribution plans (2014: £9,232)

### 16. Operating lease commitments

At 30 September 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>37,168</u>	<u>39,169</u>

### 17. Related party transactions

The company has taken advantage of the exemption allowable under Financial Reporting Standard 8 from disclosing details of transactions with other group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.



# **EGIS ROAD OPERATION (UK) LTD**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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### **18. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Egis Road Operation SA. The ultimate parent undertaking is Caisse des Dépôts, a company incorporated in France. Copies of the consolidated financial statements can be obtained from 15 Avenue du Centre, CS 20538 Guyancourt, 78286 Saint Quentin en Yvelines Cedex, France.