

Company Registration No. 6714713

Connect Plus (M25) Intermediate Limited

Annual Report and Financial Statements

31 March 2016

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Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Annual Report and Financial Statements
For the year ended 31 March 2016

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Connect Plus (M25) Intermediate Limited

Company Registration No. 6714713

Strategic report

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

Principal activity

Connect Plus (M25) Intermediate Limited is incorporated in the United Kingdom, registered in England and Wales and domiciled in the United Kingdom. The company is a financing company whose sole business is lending to 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 construction of this initial upgrade was completed in July 2012. On 21 December 2012 Highways England 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 company's activities is anticipated.

Change to accounting framework

The Financial Reporting Council ('FRC') developed a set of new Financial Reporting Standards ('FRS') applicable for periods beginning on or after 1 March 2015 that provide a number of options for all UK entities. These revised financial reporting standards fundamentally reform financial reporting and are implemented by FRS 100 'Application of Financial Reporting Requirements' ('FRS 100'). FRS 100 sets out rules and guidance on the appropriate accounting framework options for companies and groups within FRS 101 'Reduced Disclosure Framework' ('FRS 101'), FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') or EU-adopted IFRS.

Transition to FRS 102

The Company has chosen to adopt FRS 102. The Company assessed the options available and by deciding to adopt FRS 102, the existing accounting treatment in the concession is retained to a high degree. This is because this choice of treatment allows the existing concession accounting treatment for the financial asset to be retained by invoking Schedule 35.10 and the 'grandfathering' provisions that permit the retention and use of the existing financial standard, FRS 5: Reporting the Substance of Transactions.

An explanation of how the transition affected the previously reported financial position and financial performance of the Company has been disclosed in Note 18 to the financial statements. The transition date from the previous accounting standards is 1 April 2014.

Review of the business

Connect Plus (M25) Limited has performed well financially and costs have been in line with the base case projections prepared in 2009 after adjusting for inflation. As a consequence Connect Plus (M25) Intermediate Limited is performing in line with its own base case projections

The company recorded a profit for the year after taxation of £nil (2015: £nil). The directors do not propose to declare a dividend in respect of the year ended 31 March 2016 (2015: £nil).

Key performance indicators

As this is a financing company, there are limited KPIs to monitor as it acts primarily as a provider of finance to Connect Plus (M25) Limited. Connect Plus (M25) Limited is meeting the key operational requirements of the PFI contract and Highways England and also operating within the required parameters of lenders, accordingly, the directors are confident that key performance targets are being met.

Principal risks

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

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Strategic report (continued)

This report was approved by the board on 12 September 2016 and signed on its behalf.



Alastair Campbell
Company Secretary
Connect Plus House
St Albans Road
South Mimms
Hertfordshire
EN6 3NP

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Directors' report

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2016. 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 Directors' report has been prepared in accordance with the provisions relating to small companies.

The following information has been disclosed in the Strategic Report:

- Principal activities and review of the business
- Key performance indicators

Going concern

The company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the company has adequate resources to continue in operational existence for the foreseeable future. Connect Plus (M25) Limited is meeting the key operational requirements of the PFI contract and Highways England and also operating within the required parameters of lenders. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Share capital

The issued share capital at 31 March 2016 was £100 (2015: £100), which consisted of 100 ordinary shares of £1 each.

Profit and dividends

The company recorded a profit for the year after taxation of £nil (2015: £nil). The directors do not propose to declare a dividend in respect of the year ended 31 March 2016 (2015: £nil).

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 company's success. Identifying, anticipating and managing operational risks is key to meeting these objectives.

Financial risk management

The company 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 company's activities and the assets contained within the company's balance sheet, the only financial risks the directors consider relevant to the company is liquidity risk. Both the liquidity and credit risk are mitigated by the company having financial reserves to cover its obligations.

Contractual relationships

The company operates within a contractual relationship with its associated entity Connect Plus (M25) Limited. Connect Plus (M25) Limited operates a PFI contract with the Secretary of State for Transport. A significant impairment of Connect Plus (M25) Limited's contractual relationship with the Secretary of State for Transport could have a detrimental effect on the company's results. To manage this risk the company's directors has regular meetings with the Secretary of State for Transport's representatives including discussions on performance, project progress, future plans and customer requirements.

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) Intermediate Limited
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Directors' report (continued)

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
J Guyett
D Hughes
C Richardson

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

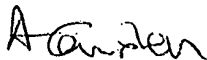
Provision of information to auditor

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.

This report was approved by the board on 22 September 2016 and signed on its behalf



Alastair Campbell
Company Secretary
Connect Plus House
St Albans Road
South Mimms
Hertfordshire
EN6 3NP

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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) Intermediate Limited

Company Registration No. 6714713

We have audited the financial statements of Connect Plus (M25) Intermediate Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Company Statement of Financial Position, the Company Statement of Cash flows, the Company Statement of Changes in Equity and the related notes 1 to 18. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 company's affairs as at 31 March 2016 and of its result 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.

**Independent auditor's report to the members of
Connect Plus (M25) Intermediate Limited (continued)
Company Registration No. 6714713**


Opinion on other matters 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.

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.

30th September 2016

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Statement of Comprehensive Income
For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Operating result	3	-	-
Interest receivable and similar income	4	24,478	24,271
Interest payable and similar charges	5	(24,478)	(24,271)
Result on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	6	-	-
Result on ordinary activities after taxation for the financial year		-	-
Total comprehensive income		-	-

All activities are from continuing operations in the United Kingdom.

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Company Statement of Financial Position
31 March 2016

	Notes	2016 £'000	restated 2015 £'000
Current assets			
Debtors: amounts falling due within one year	7	15,589	14,193
Debtors: amounts falling due after more than one year	8	202,846	205,490
Cash at bank and in hand		-	-
		<u>218,435</u>	<u>219,683</u>
Creditors: amounts falling due within one year	9	<u>(15,589)</u>	<u>(14,193)</u>
Net current assets		<u>202,846</u>	<u>205,490</u>
Creditors: amounts falling due after more than one year	10	<u>(202,846)</u>	<u>(205,490)</u>
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		-	-
Shareholders' funds		<u>-</u>	<u>-</u>

The financial statements of Connect Plus (M25) Intermediate Limited, company registration number 6714713 were approved by the Board of Directors on 22 September 2016 and signed on its behalf by:



A Campbell
 Company Secretary and Director

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Company Statement of Cashflows
For the year ended 31 March 2016

	Notes	2016 £'000	restated 2015 £'000
Net cash flow from operating activities	17(a)	-	-
Investing activities			
Interest received		24,478	24,271
Loan repayments from associated undertaking		1,653	1,248
Net cash flows from investing activities		26,131	25,519
Financing activities			
Interest paid		(24,478)	(24,271)
Loans repaid to associated undertaking		(1,653)	(1,248)
Net cash flows from financing activities		(26,131)	(25,519)
Net increase in cash		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year	17(b)	-	-
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		-	-
Cash equivalents		-	-
Cash and cash equivalents		-	-

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Company Statement of Changes in Equity
For the year ended 31 March 2016

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2014	-	-	-
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Dividends paid on equity shares	-	-	-
At 31 March 2015	-	-	-
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Dividends paid on equity shares	-	-	-
At 31 March 2016	-	-	-

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements
For the year ended 31 March 2016

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:

a) General information and basis of accounting

Connect Plus (M25) Intermediate Limited is a company incorporated in the Great Britain under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the Director's report on pages 3 to 4.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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.

These financial statements for the year ended 31 March 2016 are the first financial statements of Connect Plus (M25) Intermediate Limited prepared in accordance with FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014.

b) Financial instruments

As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard which has resulted in the recognition and additional disclosures of financial instruments held by the Company. Within the FRS 102 framework we adopted the provisions of IAS 39 to measure and recognise financial instruments. Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

c) Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

d) Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

e) Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

f) Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

g) Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

h) Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

i) 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.

Per the Change in Accounting Practice (COAP) Regulations (SI 2004/3271) all transitional FRS 102 tax adjustments are spread over 10 years (through deferred tax).

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

j) 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 Strategic report on pages 1 to 2 and the Directors' report on pages 3 to 4.

The current economic conditions create some general uncertainty particularly because of the recent UK referendum result. The directors have reviewed the company'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. The disclosure of the current swap valuations has resulted in a financial position of net liabilities however this should not affect the operational performance of the company. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence.

2 Critical accounting judgements and key sources of estimation uncertainty

The directors consider there to be no critical judgements, apart from those involving estimations which are dealt with separately below.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

The carrying value of the shareholder loans are based on calculations of the effective interest rate on the loan, calibrated using the projected payments or receipts over the life of the loan.

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Notes to the financial statements (continued)
For the year ended 31 March 2016

3. Operating profit

	2016 £'000	2015 £'000
Operating profit is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	1	1

Amounts payable to Deloitte LLP by the Company in respect of non audit services were £nil (2015: £nil).

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

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 (2015: £nil). The company has no employees.

4. Interest receivable and similar income

	2016 £'000	2015 £'000
Interest received on loans to associated undertakings (note 15)	24,478	24,271

5. Interest payable and similar charges

	2016 £'000	2015 £'000
Interest payable on loans from associated undertakings (note 15)	24,478	24,271

There was no interest capitalised in the current year (2015: £nil).

6. Tax

Tax on profit on ordinary activities

	2016 £'000	2015 £'000
The tax charge is based on the results for the year and comprises:		
Current tax		
UK corporation tax charge at 20% (2015: 21%)	-	-
Amounts over provided in previous periods	-	-
Total tax on profit on ordinary activities	-	-

The Finance Act 2015 was enacted on 26 October 2015 and provides for further rate reductions to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. These rates were substantively enacted at the statement of financial position date and have been reflected in the calculation.

Connect Plus (M25) Intermediate Limited
Company Registration No. 6714713

Notes to the financial statements (continued)
For the year ended 31 March 2016

7. Debtors: amounts falling due within one year

	2016	2015
	£'000	£'000
Other debtors and prepayments	12,432	12,026
Loans to associated undertaking (note 15)	3,157	2,167
	<u>15,589</u>	<u>14,193</u>

8. Debtors: amounts falling due after one year

	2016	restated 2015
	£'000	£'000
Loans to associated undertaking (note 15)	202,846	205,489

The debts due from associated companies all fall due after five years. The terms of these loans on interest and repayment are equivalent to the terms the company borrows money from its shareholders (note 11).

9. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Accruals and deferred income	12,432	12,026
Loans from associated undertakings (note 11)	3,157	2,167
	<u>15,589</u>	<u>14,193</u>

10. Creditors: amounts falling due after one year

	2016	restated 2015
	£'000	£'000
Loans from associated undertakings (note 11)	202,846	205,490

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements (continued)
For the year ended 31 March 2016

11. Loans

The company has received loans from associated entities as disclosed in note 15. The loans bear interest at a fixed rate of 12%. The borrowings are repayable as follows:

	2016 £'000	restated 2015 £'000
Repayable within one year	3,157	2,167
Repayable between one and two years	1,876	1,670
Repayable between two and five years	7,140	6,354
Repayable after five years	184,787	187,450
	<u>196,960</u>	<u>197,641</u>
FRS 102 adjustments	9,043	10,016
	<u>206,003</u>	<u>207,657</u>

12. Financial Instruments

The company has the following financial instruments:

	2016 £'000	2015 £'000
Financial assets valued at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised costs:		
- Accrued loanstock interest	12,432	12,026
- Amounts owed by group undertakings and undertakings in which the company has a participating interest	206,003	207,657
	<u>218,435</u>	<u>219,683</u>
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost		
- Accrued loanstock interest	12,432	12,026
- Amounts owed to group undertakings and undertakings in which the company has a participating interest	206,003	207,657
	<u>218,435</u>	<u>219,683</u>

13. Called up share capital

	2016 £	2015 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements (continued)
For the year ended 31 March 2016

14. Capital Commitments

	2016 £'000	2015 £'000
Contracted but not provided for	-	-

15. Related party transactions

The company has accepted loans from associated entities and has onward lent the funds received on equivalent terms to Connect Plus M25 Limited.

The total loans from associated entities as of 31 March 2016 were £78.8m (2015: £79.1m) from Balfour Beatty Infrastructure Investments Limited, £78.8m (2015: £79.1m) from Skanska Infrastructure Investment UK Limited, £19.7m (2015: £19.8m) from Atkins Investments UK Limited and £19.7m (2015: £19.8m) from Egis Investment Partners S.C.A. In addition as of 31 March 2016 the company had unpaid accrued interest on these loan balances of £5.0m (2015: £4.8m) due to Balfour Beatty Infrastructure Investments Limited, £5.0m (2015: 4.8m) due to Skanska Infrastructure Investment UK Limited, £1.2m (2015: £1.2m) due to Atkins Investments UK Limited and £1.2m (2015: £1.2m) due to Egis Investment Partners S.C.A. The total interest payable on these loans during the year was £9.7m (2015: £9.5m) to Balfour Beatty Infrastructure Investments Limited, £9.7m (2015: £9.5m) to Skanska Infrastructure Investment UK Limited, £2.4m (2015: £2.4m) to Atkins Investments UK Limited and £2.4m (2015: £2.4m) to Egis Investment Partners S.C.A.

The company received interest of £24.5m (2015: £24.3m) on loans made to Connect Plus (M25) Limited. As of 31 March 2016 the balance of loans owing from Connect Plus (M25) Limited was £197.0m (2015: £197.6m). As of 31 March 2016 £12.4m (2015: £12.0m) of accrued interest receivable from Connect Plus (M25) Limited from this loan was included in other debtors and prepayments.

All of the companies mentioned above are associates of the controlling parties identified in note 16.

16. Controlling parties

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

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements (continued)
For the year ended 31 March 2016

17. Notes to the cash flow statement

(a) Net cash flow from operating activities

	2016	2015
	£'000	£'000
Operating profit	-	-
Increase in debtors	-	-
Increase in creditors	-	-
	<u>-</u>	<u>-</u>
Net cash flow from operating activities	<u>-</u>	<u>-</u>

(b) Cash and cash equivalents

	2016	2015
	£'000	£'000
Cash at bank and in hand	-	-
	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>-</u>	<u>-</u>

Connect Plus (M25) Intermediate Limited
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Notes to the financial statements (continued)
For the year ended 31 March 2016

18. Explanation of transition to FRS102

This is the first year that the Company has presented its financial statements under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard, the most notable being the adoption of FRS 102 section 11 (Basic Financial Instruments) which changed the amortisation of shareholder loans.

Listed below are the notes to the reconciliation of equity at 31 March 2014 and 31 March 2015.

	At 1 April 2014 £'000	At 31 March 2015 £'000
Reconciliation of equity		
Equity reported under previous UK GAAP	-	-
FRS102 Adjustments to loans to associated undertakings (Note 1)	10,584	10,016
FRS 102 Adjustments to loans from associated undertakings (Note 1)	(10,584)	(10,016)
	-	-
Reconciliation of profit for 2015		£'000
Profit for the financial year under previous UK GAAP		-
FRS 102 Adjustments to loans to associated undertakings (Note 1)		(568)
FRS 102 Adjustments to loans from associated undertakings (Note 1)		568
Profit for the financial year under FRS102		-

Note 1- Interest on loans using effective interest rate

FRS 102 requires that the amortised cost of a financial instrument be calculated using the "effective interest method". This method allocates interest income / expense over the relevant period by applying the "effective interest rate" to the carrying amount of the financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. Implementation of FRS 102 changes the profile of the amortisation of the loan values.