

Connect M77/GSO plc

**Annual report and financial statements for the
year ended 31 March 2015**



Registered Number: 04698798

Strategic Report

For the year ended 31 March 2015

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal Activity and Business Review

The Company is incorporated in Great Britain, registered in England and Wales and domiciled in the United Kingdom.

On 7 May 2003 a contract was signed with East Renfrewshire Council (on behalf of the Scottish Government for the M77 and South Lanarkshire Council and East Renfrewshire Council for the Glasgow Southern Orbital (GSO)) to design, build, finance and operate (DBFO) the M77 from Fenwick to Malletsheugh and the GSO from Malletsheugh to Philipshill, East Kilbride and sections of the A726 and to maintain these roads under a licence over a 32 year period as well as modify certain sections of the A77. In accordance with the concession agreement the Company is responsible for operating the roads together with carrying out all of the routine and major life cycle maintenance for the life of the concession.

The new road sections were opened to the public in April 2005 and the final completion certificate was issued in September 2005.

There have been no changes to the Company's activities in the year under review and none are currently contemplated.

The Company's operating profit and its loss on ordinary activities after taxation are in line with expectations.

Key Performance Indicators

The Company 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:

	31 March 2015	31 March 2014
	£'000	£'000
Loss after taxation	(5,418)	(5,163)
Net liabilities	(47,638)	(42,220)

The Directors consider that these KPIs are in line with current expectations. The portion of revenue from the traffic volumes varies year on year, however it is on a rising trend and the Directors have a reasonable expectation that this trend will increase in line with external forecast.

Principal Risks and Uncertainties

The Company recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the Public Private Partnership ("PPP") contract and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to enable the business to improve performance and fulfil its contractual obligations.

The main uncertainty affecting the Company is considered to be future traffic volumes which can be affected by economic and political factors. These are evaluated on a periodic basis.

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.

Strategic Report (continued)

For the year ended 31 March 2015

Principal Risks and Uncertainties (continued)

Financial instruments (continued)

Credit and cash flow risks to the Company arise from its client, East Renfrewshire Council. The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation.

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.

All borrowings are in the form of secured bonds issued at a fixed rate of interest of 5.404% per annum and secured loan stock issued at a fixed rate of interest of 12.1% per annum.

In addition the Company maintains reserve bank accounts to provide short term liquidity against future debt service and other expenditure requirements.

Contractual relationships

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

By order of the Board



P J McCarthy, Company Secretary
21 July 2015

6th Floor, 350 Euston Road
Regent's Place
London, United Kingdom
NW1 3AX

Directors' Report

For the year ended 31 March 2015

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2015.

The following information has been disclosed in the strategic report:

- Financial Risk Management
- Key Performance Indicators
- Principal Activity and Business Review

Results and Dividends

The Company recorded a loss for the year after taxation of £5,418,000 (2014 - loss £5,163,000). The Directors do not propose to pay a dividend in respect of the year ended 31 March 2015 (2014 - £nil).

Going Concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements (see note 1 to the financial statements).

Directors

The following persons were Directors of the Company throughout the year, except as noted:

A C Beauchamp	(Resigned 24/03/15)
D W Bowler	
A Dean	(Appointed 24/03/15)
L J Falero	(Appointed 25/06/14)
B R Walker	
B Wynne-Simmons	(Appointed 26/03/14; resigned 25/06/14)

Directors' Indemnities

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

Directors' Report (continued)

For the year ended 31 March 2015

Auditor

Each of the persons who is a Director at the date of approval of the report confirms that:

- i) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself 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 s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



P J McCarthy, Company Secretary
21 July 2015

6th Floor
350 Euston Road
Regent's Place
London, United Kingdom
NW1 3AX

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 ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

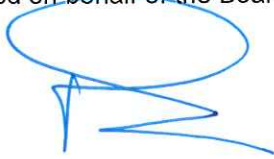
The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Director's Responsibility Statement (continued)

We confirm that to the best of our knowledge:

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of Connect M77/GSO plc as at 31 March 2015; and
- (b) the Strategic Report and the Directors' report include a fair review of the development and performance of the business and the financial position of Connect M77/GSO plc, together with a description of its principal risks and uncertainties.

Signed on behalf of the Board of Directors of Connect M77/GSO plc on 21 July 2015.

A handwritten signature in blue ink, consisting of a large, loopy initial 'A' followed by a series of horizontal and diagonal strokes.

A Dean
Director

Independent Auditor's Report to the Members of Connect M77/GSO plc

We have audited the financial statements of Connect M77/GSO plc for the year ended 31 March 2015 which comprise the Profit and Loss account, the Balance Sheet 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).

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 2015 and of its loss 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 M77/GSO plc (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, 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.



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

July 2015

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Profit and Loss Account

For the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	13,544	13,333
Cost of sales		(9,226)	(8,456)
Gross profit		<u>4,318</u>	<u>4,877</u>
Administrative expenses		(250)	(254)
Operating profit	3	4,068	4,623
Interest receivable and similar income	4	66	59
Interest payable and similar charges	5	(10,985)	(11,012)
Loss on ordinary activities before taxation		<u>(6,851)</u>	<u>(6,330)</u>
Tax credit on loss on ordinary activities	6	1,433	1,167
Loss on ordinary activities after taxation and retained for the financial year	14, 15	<u>(5,418)</u>	<u>(5,163)</u>

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

All activities are from continuing operations in the United Kingdom.

Balance Sheet

As at 31 March 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	7	104,294	109,435
Current assets			
Debtors			
- due within one year	8	2,166	2,204
- due after one year	8	2,013	1,918
Investments – due within one year	9	15,762	14,182
Cash at bank and in hand		495	1,387
		20,436	19,691
Creditors: amounts falling due within one year	10	(20,830)	(17,321)
Net current (liabilities)/assets		(394)	2,370
Total assets less current liabilities		103,900	111,805
Creditors: amounts falling due after more than one year	11	(151,538)	(154,025)
Net liabilities		(47,638)	(42,220)
Capital and reserves			
Called up share capital	13	50	50
Profit and loss account	14	(47,688)	(42,270)
Shareholders' deficit	15	(47,638)	(42,220)

These financial statements for Connect M77/GSO plc, company registration number 04698798, were approved by the Board of Directors and authorised for issue on 21 July 2015 and signed on its behalf by:



A Dean
Director

Notes to the financial statements

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 the preceding year, is set out below:

a) 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.

FRS 29 requires disclosures and presentation of financial instruments. The Company is a wholly-owned subsidiary of Connect M77/GSO Holdings Limited and accordingly is exempt from the disclosures required under FRS 29 (Financial Instruments: Disclosures) as these are detailed in the financial statements of Connect M77/GSO Holdings Limited.

b) Cash Flow Statement

The Company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) to prepare a cash flow statement as it is a wholly-owned subsidiary of Connect M77/GSO Holdings Limited, which prepares consolidated financial statements that include a cash flow statement and are publicly available.

c) Turnover

Revenue is recognised as turnover as it is earned and represents amounts due, exclusive of value added tax, in respect of services provided under the Design, Build, Finance and Operate (DBFO) Contract.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

The cost of the DBFO roads represents original cost plus capitalised interest on finance up to the date of completion. Depreciation of this cost is on the basis of usage over the period of the concession to operate the road and commenced when the road came into full use.

Depreciation on the DBFO infrastructure asset is calculated to amortise the cost of the assets using a formula of actual vehicle usage for the period proportionate to the total forecast usage over the remaining asset life. The forecast vehicle usage has been assessed by the Directors using information provided by independent third party consultants and judgement based upon past experience and local knowledge.

The carrying values of the tangible fixed assets are reviewed annually by the Directors to determine whether there has been any impairment to their values.

e) 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements (continued)

For the year ended 31 March 2015

1 Accounting policies (continued)

f) Finance costs

Finance costs in relation to the fixed rate senior secured bonds and the secured loan stock are recognised using the effective interest rate method under FRS 26 whereby expected interest over the life of the project is spread and recognised in each period.

g) Fixed rate senior secured bonds

Senior secured bonds are initially stated at the amount of the net proceeds after deduction of related 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.

h) 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 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 client (East Renfrewshire Council) to continue to pay unitary fees due under the concession contract to the Company and do not consider this to be a material risk. The Directors have also taken into account the waiver by Connect M77/GSO Holdings Limited of its right to receive interest for the years ending 31 March 2015 and 31 March 2016. Accordingly, the Directors consider that the main financial risk arises from the level of future traffic volumes. The Directors consider an external traffic forecast carried out in 2012 to be reasonable and have relied on this forecast for the Company's future traffic projections. Despite the Company showing net liabilities and recording a loss in the year the Company's projections, taking account of reasonably possible counterparty performance, show that the Company expects to be able to continue to operate for the foreseeable future.

The Directors acknowledge the risks arising from the accuracy of forecasts including traffic forecasts. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2 Segmental information

Turnover

Turnover by origin and destination:

	2015 £'000	2014 £'000
United Kingdom	13,544	13,333

All activities are from continuing operations in the United Kingdom.

Notes to the financial statements (continued)

For the year ended 31 March 2015

3 Operating profit

Operating profit is stated after charging:

	2015 £'000	2014 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15	15
Total audit fees	<u>15</u>	<u>15</u>
Depreciation	<u>5,141</u>	<u>5,107</u>

Amounts payable to Deloitte LLP by the Company in respect of non audit services were £nil (2014 - £nil).

The Directors received no salary, fees or other benefits in the performance of their duties in the current and preceding year. All staff costs are borne by the shareholders of Connect M77/GSO Holdings Limited who second employees to the Company and charge 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	<u>66</u>	<u>59</u>

5 Interest payable and similar charges

	2015 £'000	2014 £'000
Secured bond interest	8,157	8,509
Secured loan stock interest	2,828	2,503
Total interest payable and similar charges	<u>10,985</u>	<u>11,012</u>

6 Tax credit on loss on ordinary activities

	2015 £'000	2014 £'000
The tax credit is based on the loss for the year and comprises:		
Current tax		
Group relief – losses surrendered	1,338	1,345
Total current tax	<u>1,338</u>	<u>1,345</u>
Deferred tax		
Origination and reversal of timing differences (see note 9b)	95	(178)
Total deferred tax	<u>95</u>	<u>(178)</u>
Total tax credit on loss on ordinary activities	<u>1,433</u>	<u>1,167</u>

Notes to the financial statements (continued)

For the year ended 31 March 2015

6 Tax credit on loss on ordinary activities (continued)

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(6,851)	(6,330)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2014 - 23%)	1,439	1,456
Effects of:		
Other timing differences	(101)	(111)
Current tax credit for the year	1,338	1,345

In the Finance Act 2013 the main rate of UK corporation tax was reduced to 21% effective from 1 April 2014 and further reduced to 20% effective from 1 April 2015.

7 Tangible fixed assets

DBFO Roads

	£'000
Cost	
At 1 April 2014 and 31 March 2015	156,480
Depreciation	
At 1 April 2014	47,045
Charge for the year	5,141
At 31 March 2015	52,186
Net book value	
At 31 March 2015	104,294
At 31 March 2014	109,435

The cost of the DBFO Road includes cumulative capitalised interest of £13,139,000 (2014 - £13,139,000)

Finance costs have been capitalised within fixed assets based on a fixed rate of 5.404%.

8 Debtors

	2015 £'000	2014 £'000
Due within one year:		
Trade debtors	1,498	1,507
Other debtors – group relief receivable	668	697
	2,166	2,204
Due after one year:		
Deferred taxation	2,013	1,918
	2,013	1,918

Notes to the financial statements (continued)

For the year ended 31 March 2015

8 Debtors (continued)

a) *Deferred taxation*

	2015 £'000	2014 £'000
Other timing differences	(1,942)	(2,037)
Losses not utilised	3,955	3,955
At 31 March	<u>2,013</u>	<u>1,918</u>

b) *Movement during the year*

	2015 £'000	2014 £'000
At 1 April	1,918	2,096
Current year credit/(charge) to the profit and loss account	95	(178)
At 31 March	<u>2,013</u>	<u>1,918</u>

The deferred tax asset is recognised as it is foreseen that losses will be utilised against future profits which the Company reasonably forecasts to achieve.

9 Investments – due within one year

Investments due within one year represent amounts held on deposit with a financial institution which are not available for withdrawal without penalty in under 24 hours and, in accordance with the Company's funding arrangements, are restricted and cannot be used to fund the ongoing operations of the Company.

10 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	12	11
Secured loan stock interest	16,772	13,944
Accruals	1,204	924
VAT payable	185	177
Fixed rate guaranteed senior secured bonds	2,657	2,265
	<u>20,830</u>	<u>17,321</u>

All intercompany creditors are settled in accordance with the agreed payment terms.

Notes to the financial statements (continued)

For the year ended 31 March 2015

11 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Fixed rate guaranteed senior secured bonds	138,873	141,530
Less: unamortised arrangement fees	<u>(2,200)</u>	<u>(2,370)</u>
	136,673	139,160
Secured loan stock	<u>14,865</u>	<u>14,865</u>
	<u>151,538</u>	<u>154,025</u>

Fixed rate guaranteed senior secured bonds due 2034 of £152,429,000 were issued on 7 May 2003. The bonds have been unconditionally and irrevocably guaranteed by Syncora Guarantee (UK) Limited (formerly XL Capital Assurance (UK) Limited) for payment of principal and interest.

Interest on the bonds is payable semi-annually in arrears on 31 March and 30 September in each year at a fixed rate of 5.404% per annum commencing on 30 September 2003.

Unless previously redeemed or purchased and cancelled, the bonds will mature on 31 March 2034 and are subject to redemption in part from, and including, 30 September 2006 in accordance with the amortisation schedule set out in the bonds offering circular.

The secured loan stock bears interest at 12.1% per annum and accrues from the date of final completion. It is redeemable in instalments between 2015 and 2035, or as the Company elects, but subject to certain restrictions in the collateral deed. The secured loan stock is held by Connect M77/GSO Holdings Limited. Connect M77/GSO Holdings Limited has waived its right to receive interest for the years ending 31 March 2015 and 31 March 2016. Connect M77/GSO Holdings Limited has issued loan stock to its immediate shareholders with identical terms and conditions.

Notes to the financial statements (continued)

For the year ended 31 March 2015

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

All borrowings contain either a fixed or varying security interest over the assets of the Company, as defined by an intercreditor agreement. The bonds have certain covenants attached.

Fixed rate guaranteed senior secured bonds are stated net of unamortised issue costs of £2,200,000 (2014 - £2,370,000). The Company incurred total issue costs of £4,403,000 in respect of the fixed rate bonds. These costs, together with the interest expense, are allocated to the profit and loss amount over the term of the bonds. Interest is calculated using the effective interest rate method.

The Company has committed borrowing facilities available of £167,294,000 which have been fully drawn as at 31 March 2015 (2014 - £167,294,000).

	2015 £'000	2014 £'000
Fixed rate guaranteed senior secured bonds	139,330	141,425
Secured loan stock	14,865	14,865
	<u>154,195</u>	<u>156,290</u>

The borrowings are repayable as follows:

	2015 £'000	2014 £'000
Repayable within one year	2,657	2,265
Repayable between one and two years	3,029	2,657
Repayable between two and five years	11,513	10,197
Repayable after five years	136,996	141,171
	<u>154,195</u>	<u>156,290</u>

The loan stock of £14,865,000 is repayable after five years at the balance sheet date, 31 March 2015.

12 Financial instruments and derivatives

The Company's financial instruments comprise borrowings. The main purpose of these financial instruments is to raise finance for the construction and operation of the DBFO roads. The Company has not entered into derivatives transactions. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk. The Board's policy for managing this risk is summarised below:

Liquidity risk

The Company's policy throughout the year has been, in order to ensure continuity of funding, that substantially all of its borrowings should mature in more than one year.

Interest rate risk

The Company has no exposure to interest rate risk as all its borrowings are at a fixed rate of interest.

Foreign currency risk

The Company has no foreign currency transactions. All of the Company's borrowings are denominated in sterling.

Notes to the financial statements (continued)

For the year ended 31 March 2015

12 Financial instruments and derivatives (continued)

Interest rate profile

The interest rate profile of the Company's financial liabilities was as follows:

	2015 £'000	2014 £'000
Fixed rate borrowings	154,104	156,200

The fixed rate bonds have interest payable at 5.404% per annum and the secured loan stock has interest payable at 12.1% per annum.

Maturity of financial liabilities

The maturity profile of the Company's financial liabilities was as follows:

Borrowings	2015 £'000	2014 £'000
Repayable within one year	2,657	2,265
Repayable between one and two years	3,029	2,657
Repayable between two and five years	11,513	10,197
Repayable after five years	136,905	141,081
	<u>154,104</u>	<u>156,200</u>

Fair values

Set out below is a comparison of book values and fair values of the Company's financial instruments.

	Book value 2015 £000	Book value 2014 £'000	Fair value 2015 £000	Fair value 2014 £'000
Primary financial instruments held or issued to finance the Company's operations				
Fixed rate secured bonds	139,330	141,425	148,414	133,218
Secured loan stock	14,865	14,865	15,379	14,640
	<u>154,195</u>	<u>156,290</u>	<u>163,793</u>	<u>147,858</u>

Market value has been used to determine the fair value of the financial instruments at 31 March 2015 and 31 March 2014.

13 Called-up share capital	2015 £'000	2014 £'000
<i>Allotted, called-up and fully paid</i> 50,000 ordinary shares of £1 each	50	50

Notes to the financial statements (continued)

For the year ended 31 March 2015

14 Profit and loss account

	2015 £'000	2014 £'000
At 1 April	(42,270)	(37,107)
Loss for the financial year	(5,418)	(5,163)
At 31 March	<u>(47,688)</u>	<u>(42,270)</u>

15 Reconciliation of movements in shareholders' deficit

	2015 £'000	2014 £'000
Opening shareholders' deficit	(42,220)	(37,057)
Loss for the financial year	(5,418)	(5,163)
Closing shareholders' deficit	<u>(47,638)</u>	<u>(42,220)</u>

16 Capital commitments

	2015 £'000	2014 £'000
Contracted but not provided for	<u>188</u>	<u>188</u>

17 Related party transactions

During the year to 31 March 2015 Balfour Beatty Investments Limited, a wholly-owned subsidiary of Balfour Beatty plc, was employed under a Secondment Agreement with the Company for the provision of technical and managerial staff. The value of the contract provided in the year was £224,564 (2014 - £140,686). The amount included in creditors at the year end was £348,579 (2014 - £128,354).

During the year to 31 March 2015 Balfour Beatty Civil Engineering Limited, a wholly-owned subsidiary of Balfour Beatty plc, was employed under a contract with the Company for the provision of management services for the operation and maintenance of the DBFO roads. The value of the contract in the year was £4,084,639 (2014 - £3,207,576). The amount included in creditors at the year end was £244,688 (2014 - £166,346).

18 Ultimate parent companies and controlling parties

The Company's immediate parent company is Connect M77/GSO Holdings Limited, which is incorporated in Great Britain and registered in England and Wales. Connect M77/GSO Holdings Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of these financial statements are available from 6th Floor, 350 Euston Road, Regent's Place, London NW1 3AX.

The Company is jointly controlled by Balfour Beatty plc and BIIF LP (acting by its manager, 3i BIFM Investments Ltd).