

Company registration number 04814739 (England and Wales)

**CLAYMORE ROADS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

# CLAYMORE ROADS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	John George Richard Dixon Philip Partridge David Davies
<b>Secretary</b>	Infrastructure Managers Limited
<b>Company number</b>	04814739
<b>Registered office</b>	8th Floor 6 Kean Street London WC2B 4AS
<b>Independent Auditors</b>	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

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# CLAYMORE ROADS LIMITED

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# CLAYMORE ROADS LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2024*

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The directors present their annual report and the audited financial statements of Claymore Roads Limited ("the Company") for the year ended 31 December 2024.

#### **Principal activities**

The principal activity of the Company during the year was a special purpose PFI company responsible for the design, construction, financing, and operation of the A92 Dundee to Arbroath Road. The Company has contracted with Angus Council for a period to 2035.

#### **Results and dividends**

The results for the year are set out on page 8.

The loss for the financial year, after taxation, amounted to £202,397 (2023: £259,004).

The Directors do not foresee any significant change in the Company's activities in the coming financial year.

There were no dividends paid in the year (2023: £nil). The Directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of approval of the financial statements were as follows:

John George  
Richard Dixon  
Philip Partridge  
David Davies

#### **Qualifying third party indemnity provisions**

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors. The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore Morgan Sindall Group plc and InfraRed Capital Partners (Management) LLP maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies. These provisions remain in force at the reporting date.

#### **Financial instruments**

Many of the cash flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through the Company by means of long term borrowings.

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

#### **Auditors**

The independent auditors, Johnston Carmichael LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# CLAYMORE ROADS LIMITED

## DIRECTORS' REPORT (CONTINUED)

***FOR THE YEAR ENDED 31 DECEMBER 2024***

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### **Key performance indicators**

The performance of the Company from a cash perspective is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. In 2024 the cash position has remained healthy with a year end balance of £10.8m (2023: £9.8m). However, as discussed in note 1.2 the Company is in breach of the banking covenants. The breach of the lending covenants is being monitored and addressed.

### **Climate change**

The Directors recognise that it is important to disclose their view of the impact of climate change on the Company. The Company's key operational contracts are long-term and with a small number of known counterparties. In most cases, the cashflows from these contracts can be predicted with reasonable certainty for at least the medium-term. Having considered the Company's operations, its contracted rights and obligations and forecast cash flows, there is not expected to be a significant impact upon the Company's operational or financial performance arising from climate change.

### **Going concern**

These financial statements have been prepared on the going concern basis for the reasons set out in the Accounting Policies in note 1.2.

### **Small companies exemption**

This report has been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006. Exemption has been taken from the requirement to prepare a Strategic Report.

This report was approved by the board of directors on 26 June 2025 and signed by order of the board by:

Steve Cooper

For and on behalf of Infrastructure Managers Limited

**Secretary**

26 June 2025

# CLAYMORE ROADS LIMITED

## **DIRECTORS' RESPONSIBILITIES STATEMENT** ***FOR THE YEAR ENDED 31 DECEMBER 2024***

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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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

They are 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 also 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.

The financial statements were approved and signed by the director and authorised for issue on 26 June 2025

Richard Dixon  
**Director**

# CLAYMORE ROADS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLAYMORE ROADS LIMITED

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### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Claymore Roads Limited ('the company') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the Company is in breach of its lending covenants, as a consequence of which the lenders have reserved their rights of enforcement. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# CLAYMORE ROADS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CLAYMORE ROADS LIMITED (CONTINUED)

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- a
- t
- c
- w or;
- threport and from the requirement to prepare a Strategic report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

##### *Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

# CLAYMORE ROADS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CLAYMORE ROADS LIMITED (CONTINUED)

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We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006
- Corporation Tax legislation
- UK Generally Accepted Accounting Practice

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Recalculating the unitary charge received by taking the base charge per the project agreement and uplifting for retail price index;
- Agreeing a sample of months' income receipts to invoice and bank statements;
- Performing an assessment on the service margins used in the year and agreeing margins used to the active financial models;
- Reconciling the finance income and amortisation to the finance debtor reconciliation to ensure allocation methodology is in line with contractual terms and relevant accounting standards;
- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and assessing judgements made by management in their calculation of accounting estimates for potential management bias.
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

# **CLAYMORE ROADS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CLAYMORE ROADS LIMITED (CONTINUED)**

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Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

#### **Use of our report**

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.

#### **Allison Dalton (Senior Statutory Auditor)**

for and on behalf of Johnston Carmichael LLP

7-11 Melville Street

Edinburgh

EH3 7PE

26 June 2025

# CLAYMORE ROADS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
<b>Turnover</b>	<b>3</b>	2,623,797	3,775,246
Cost of sales		(1,745,547)	(2,960,006)
<b>Gross profit</b>		878,250	815,240
Administrative expenses		(590,075)	(530,811)
<b>Operating profit</b>	<b>4</b>	288,175	284,429
Interest receivable and similar income	<b>6</b>	3,128,454	3,205,226
Interest payable and similar expenses	<b>7</b>	(3,619,026)	(3,748,659)
<b>Loss before taxation</b>		(202,397)	(259,004)
Taxation on loss	<b>8</b>	-	-
<b>Loss for the financial year</b>		(202,397)	(259,004)
<b>Other comprehensive income/(expense)</b>			
Fair value gain/(loss) on cash flow hedging instruments, net of tax		868,465	(408,853)
<b>Total comprehensive income/(expense) for the year</b>		666,068	(667,857)

All the activities of the company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

# CLAYMORE ROADS LIMITED

## STATEMENT OF FINANCIAL POSITION

**AS AT 31 DECEMBER 2024**

	Notes	2024 £	£	2023 £	£
<b>Current assets</b>					
Debtors: amounts falling due within one year	9	11,053,546		11,883,048	
Debtors: amounts falling due after one year	9	35,987,651		38,537,274	
Cash at bank and in hand		10,818,155		9,829,977	
		<u>57,859,352</u>		<u>60,250,299</u>	
<b>Creditors: amounts falling due within one year</b>	10	(56,316,678)		(58,453,877)	
<b>Net current assets</b>			1,542,674		1,796,422
<b>Creditors: amounts falling due after more than one year</b>	11		(6,326,880)		(7,246,696)
<b>Net liabilities</b>			<u>(4,784,206)</u>		<u>(5,450,274)</u>
<b>Capital and reserves</b>					
Called up share capital	14		306,728		306,728
Hedging reserve	15		(599,037)		(1,467,502)
Profit and loss reserve	16		(4,491,897)		(4,289,500)
<b>Total shareholders' deficit</b>			<u>(4,784,206)</u>		<u>(5,450,274)</u>

The notes on pages 11 to 21 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 26 June 2025 and are signed on its behalf by:

Richard Dixon  
**Director**

Company registration number 04814739 (England and Wales)

# CLAYMORE ROADS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital £	Hedging reserves £	Profit and loss reserve £	Total £
<b>Balance at 1 January 2023</b>	306,728	(1,058,649)	(4,030,496)	(4,782,417)
<b>Year ended 31 December 2023:</b>				
Loss for the financial year	-	-	(259,004)	(259,004)
Other comprehensive income:				
Fair value movements on cash flow hedging instruments, net of tax	-	(408,853)	-	(408,853)
Total comprehensive income for the year	-	(408,853)	(259,004)	(667,857)
<b>Balance at 31 December 2023</b>	306,728	(1,467,502)	(4,289,500)	(5,450,274)
<b>Year ended 31 December 2024:</b>				
Loss for the financial year	-	-	(202,397)	(202,397)
Other comprehensive income:				
Fair value movements on cash flow hedging instruments, net of tax	-	868,465	-	868,465
Total comprehensive expense for the year	-	868,465	(202,397)	666,068
<b>Balance at 31 December 2024</b>	306,728	(599,037)	(4,491,897)	(4,784,206)

Included in the fair value movement on cash flow hedging instrument is £(99,349) (2023: £27,578) that was recycled through Interest Payable in the Statement of Comprehensive Income.

The notes on pages 11 to 21 form part of these financial statements.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **1 Accounting policies**

#### **Company information**

Claymore Roads Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom and is registered in England and Wales. The registered office is located at 8th Floor, 6 Kean Street, London, WC2B 4AS.

The principal activity of the Company during the year was a special purpose PFI company responsible for the design, construction, financing, and operation of the A92 Dundee to Arbroath Road. The Company has contracted with Angus Council for a period to 2035.

#### **1.1 Accounting convention**

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 £.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities. The principal accounting policies adopted are set out below and have been consistently applied to the years presented, unless otherwise stated.

The Company has taken advantage of the exemption in Section 7 'Statement of Cash Flows' which states that a small company is not required to prepare a Statement of Cash Flows.

#### **1.2 Going concern**

The Directors have considered use of the going concern basis in the preparation of the financial statements.

Previously, the Directors had reported there to be a number of uncertainties present relating to litigation and a breach of lending covenants. There is no longer any ongoing litigation and all claims have been resolved. The lenders were supportive of the litigation action taken by the Company. However, in part due to the historic costs incurred to resolve these matters and due to higher than initially forecast expenditure for major maintenance the Company has been in breach of lending covenants in both the prior and current year.

The breach of the lending covenants is being monitored and addressed. The lenders have reserved their rights of enforcement in respect of these breaches, but have not taken any enforcement action. The Directors are implementing an action plan and are in discussion with the lenders to manage and agree measures to rectify these lending covenant breaches. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have concluded that it is appropriate to continue to adopt the going concern basis of accounting in preparing these annual financial statements.

In reaching this conclusion, the Directors acknowledge that the non-waiver of the breaches of covenants indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

#### **1.3 Turnover**

Turnover represents the services' share of the management services income received by the Company for the provision of a PFI (Private Finance Initiative) asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of the finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 1 Accounting policies

(Continued)

#### 1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

The Company is obligated to keep a separate cash reserve in respect of future major maintenance and debt service costs, some of which has been placed in fixed term deposit accounts. This restricted balance, which is shown on the statement of financial position within the "cash at bank and in hand" balance for cash balances, amounts to £6,618,384 at the year-end (2023: £7,742,952).

#### 1.5 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and debtors 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

##### **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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. The fair values of the derivatives have been calculated by discounting the fixed cash flows at forecasted forward interest rates over the term of the financial instrument. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.7 Hedge accounting

The Company has entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps").

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

As described in note 12, the Company's, borrowings and hedge agreements are linked to SONIA.

### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.9 Finance debtor

The Company has taken the transition exemption in FRS102 Section 35.10(i) that allows the Company to continue the service concession arrangement accounting policies from previous UK GAAP.

The Company accounts for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Company on the design and construction of the asset have been treated as a finance debtor within these financial statements.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2024**

### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 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:

##### *Lifecycle*

Lifecycle costs are a significant portion of future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle costs is subject to estimation, uncertainty and changes in the amount and timing of expenditure that could have material impacts. The risk here is mitigated by future estimates of lifecycle expenditure being prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. Lifecycle costs borne by the Company are recognised as they are incurred and estimated over the remaining contract period.

##### *Fair value of derivative contracts*

Fair values for derivative contracts are based on mark-to-market valuations provided by the contract counterparty. Whilst these can be tested for reasonableness, the exact valuation methodology and forecast assumptions for future interest rates or inflation rates are specific to the counterparty.

##### *Service concession contract*

Accounting for the service concession contract and finance debtor requires estimation of service margin, finance debtor interest rates and associated amortisation profile which is based on projected trading results to the end of the contract.

### 3 Turnover

	2024	2023
	£	£
<b>Turnover analysed by class of business</b>		
Rendering of services	2,623,797	3,775,246
	<u>          </u>	<u>          </u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

### 4 Operating profit

	2024	2023
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	24,500	23,250
	<u>          </u>	<u>          </u>

Included in the fee above is £2,625 (2023: £2,502) for the audit of the immediate parent entity Claymore Roads (Holdings) Limited.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 5 Employees

The average number of persons employed by the Company during the financial year amounted to nil (2023: nil). The directors are not employed by the Company and receive remuneration from another company for their services as directors of this entity and a number of fellow subsidiaries. It is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries.

### 6 Interest receivable and similar income

	2024 £	2023 £
<b>Interest income</b>		
Interest on bank deposits	449,586	356,926
Interest received on finance debtor	2,640,004	2,777,679
Other interest income	38,864	70,621
	<hr/>	<hr/>
	3,128,454	3,205,226
	<hr/>	<hr/>

### 7 Interest payable and similar expenses

	2024 £	2023 £
Interest on bank overdrafts and loans	2,874,406	3,004,039
Interest payable to group undertakings	744,620	744,620
	<hr/>	<hr/>
	3,619,026	3,748,659
	<hr/>	<hr/>

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 8 Taxation on loss

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2024 £	2023 £
Loss before taxation	(202,397)	(259,004)
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.52%)	(50,599)	(60,918)
Deferred tax not recognised on tax losses	50,599	60,918
Taxation charge for the year	-	-

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. The 23.52% rate used above in the prior year reflected 9 months of this new rate and 3 months of the previous rate of 19%.

### 9 Debtors

	2024 £	2023 £
<b>Amounts falling due within one year:</b>		
Trade debtors	-	43,777
Finance debtor	2,581,172	2,367,444
Prepayments and accrued income	8,472,374	9,471,827
	11,053,546	11,883,048
<b>Amounts falling due after more than one year:</b>		
Finance debtor	35,987,651	38,537,274
<b>Total debtors</b>	47,041,197	50,420,322

Amounts held on deposit at the year end totalling £7,666,091 which matured in March 2025 have been classified as cash at bank at the year end.

Included in prepayments and accrued income is £7,721,373 (2023: £8,601,992) relating to the unitary charge control account, of which £8m is forecast to be received within the next 12 months via unitary charge receipts with amounts received being offset by service concession accounting adjustments.

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 10 Creditors: amounts falling due within one year

	Notes	2024 £	2023 £
Bank loans	12	44,154,758	46,708,607
Trade creditors		464,313	117,949
Amounts owed to Group undertakings		10,433,498	9,688,877
Taxation and social security		243,405	121,685
Accruals and deferred income		1,020,704	1,816,759
		<u>56,316,678</u>	<u>58,453,877</u>

Amounts owed to group undertakings relate to accrued interest of £10,433,498 (2023: £9,688,877) on subordinated debt due to the shareholders.

### 11 Creditors: amounts falling due after more than one year

	Notes	2024 £	2023 £
Other borrowings	12	5,727,844	5,727,844
Derivative financial instruments		599,036	1,467,502
Other creditors		-	51,350
		<u>6,326,880</u>	<u>7,246,696</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	5,727,844	5,727,844
	<u>5,727,844</u>	<u>5,727,844</u>

### 12 Loans and overdrafts

	2024 £	2023 £
Bank loans	44,154,758	46,708,607
Loans from Group undertakings	5,727,844	5,727,844
	<u>49,882,602</u>	<u>52,436,451</u>
Payable within one year	44,154,758	46,708,607
Payable after one year	5,727,844	5,727,844
	<u>49,882,602</u>	<u>52,436,451</u>

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2024**

### 12 Loans and overdrafts

(Continued)

a) Bank loans relates to a facility provided by Santander and Friends Life Ltd, between 2003 to 2008 the Company borrowed funds under three term loans of £31,343,276, £7,000,000 and £24,343,276; the former is repayable in 2033 and the two latter ones in 2035. The total of the loan drawn as at 31 December 2024 was £44,287,162 (2023: £46,802,147). The facility is repayable semi-annually in March and September on an agreed profile. Interest is also payable semi-annually in March and September and is charged part at a fixed rate of 6.27% and SONIA plus margin (+1.24%) per annum.

Issue costs of £132,404 (2023: £93,540) have been set off against total senior debt.

The Company has breached lending covenants under the terms of its loan agreements and these breaches are continuing. They are as a result of higher than forecast expenditure for major maintenance and one-off costs associated with previous litigation. The lenders have written to the Company to notify them of the breaches and have reserved their rights of enforcement. Lenders supported the litigation and the Company is monitoring the breaches and continuing in discussions with lenders to explore measures to manage and rectify the covenant breaches.

Due to the lending covenant breaches all debt due to the lender has been shown as falling due within one year.

b) Loans from group undertakings relate to subordinated debt provided from its shareholders, which bears interest at 13% per annum and is repayable in 2036.

### 13 Financial instruments

	2024 £	2023 £
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Derivative financial instruments	599,036	1,467,502

#### Hedging arrangements

Derivatives are financial instruments that derive their value from the price of an underlying item, such as interest rates or other indices. The Company's use of derivative financial instruments is described below.

#### Interest rate swaps

The Directors believe that the hedging relationship between the interest rate swaps and related variable rate bank loans is highly effective and as a consequence have concluded that these derivatives meet the definition of a cash flow hedge and have formally designated them as such.

The Company's derivative financial instruments are carried at fair value. The net carrying value of the derivative financial instruments at 31 December 2024 amounted to net liabilities of £599,036 (2023: £1,467,502). All of the movements during the year in the fair value of these derivative financial instruments have been recorded in the hedging reserve amounting to a credit of £868,465 (2023: debit of £408,853).

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 14 Called up share capital

	2024 Number	2023 Number	2024 £	2023 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary Shares of £1 each	306,728	306,728	306,728	306,728

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

### 15 Hedging reserve

The hedging reserve records fair value movements on cash flow and net investment hedging instruments.

### 16 Profit and loss reserve

Profit and loss reserve records retained earnings and accumulated losses.

### 17 Related party transactions

#### Transactions with related parties

The Company is wholly owned by Claymore Road (Holdings) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

The Directors consider the material related party transactions undertaken by the Company during the year are with the shareholders of its immediate parent undertaking, Claymore Roads (Holdings) Limited:

Description of transaction		Income		Expense	
		2024	2023	2024	2023
		£	£	£	£
Infrastructure Investments Roads Limited	Sub debt interest	-	-	372,310	372,310
Infrastructure Investments Roads Limited	Provision of services	-	-	83,461	79,847
Morgan Sindall Investments Limited	Sub debt interest	-	-	372,310	372,310
Morgan Sindall Investments Limited	Provision of services	-	-	83,461	79,847

#### Balances with related parties

		Amounts owed by related parties		Amounts owed to related parties	
		2024	2023	2024	2023
		£	£	£	£
Infrastructure Investments Roads Limited		-	-	8,351,312	8,082,104
Morgan Sindall Investments Limited		-	-	8,340,368	8,124,761

# CLAYMORE ROADS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

***FOR THE YEAR ENDED 31 DECEMBER 2024***

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### **18 Ultimate controlling party**

The Company is a wholly owned subsidiary undertaking of Claymore Road (Holdings) Limited, a company incorporated in England. The registered address of this company is 8th Floor 6 Kean Street, London, United Kingdom, WC2B 4AS.

Claymore Road (Holdings) Limited is jointly owned by Morgan Sindall Investments Limited and Infrastructure Investments (Roads) Limited. In the opinion of the directors there is no ultimate controlling party.

