



Citylink Telecommunications Holdings Limited

Directors' Report and Financial Statements

For the Year Ended

31st March 2013

Company Registration No 03734966



A05 *A2NUP79E* #81
23/12/2013
COMPANIES HOUSE

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

Directors

J Howe
D Lambert (resigned 18 10 2012)
A Vachell
G I Craig
I McCullagh (resigned 28 08 2013)

Company Secretary

P Waller

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Registered Office

Third Floor
9-11 Grosvenor Gardens
London, SW1W 0BD

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31st March 2013

No political or charitable donations were made during the year

PRINCIPAL ACTIVITIES

The principal activity of the group is to carry on the business of taking over and upgrading London Underground's existing radio and telecommunications systems and implementing and operating a new system under a 20 year concession which began on November 1999

BUSINESS REVIEW

With the construction of the new system now complete, the group continues with the operating and maintenance phase of the project and to date the system continues to perform well

No material deductions were levied by London Underground against the group that could not be flowed down to sub contractors

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year was £14.2m (2012 £14.3m) Core project revenues and margins remained consistent with last year

£16.7m (2012 nil) of dividends were paid during the year and following the year end the board approved a further dividend of £9m (2012 £5.7m), which was subsequently paid in June

SHARE CAPITAL

Details of the authorised and issued share capital are shown in note 17

DIRECTORS' INTERESTS

No director benefited from qualifying third party indemnity provisions

POLICY ON PAYMENT OF CREDITORS

It is the policy to comply with the terms of supply agreed with suppliers Where payment terms are not negotiated the group endeavours to adhere to the supplier's standard terms The average creditor days outstanding were 32 (2012 32)

FINANCIAL INSTRUMENTS

Details of the group's loans and hedging arrangements are shown in note 13 to these accounts

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

KEY PERFORMANCE INDICATORS

The company's management produce comparisons of forecasted and actual IRR from the finance model and analyse any fluctuations. The directors believe that there are no other key performance indicators that require disclosure for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the company is that of system failure which would lead to financial penalties from London Underground. The design, construction and facility management operations are subcontracted out. Significant risks are passed down to the key subcontractors within limits set out as liability caps. These are capped at £2.5m per annum, with £1m of that to the account of the O&M contractor.

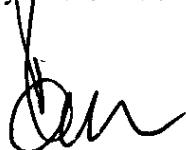
DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors will be proposed at the annual general meeting.

By order of the board



P. Waller

Company Secretary

30th October 2013

Registered Office 3rd Floor, 9-11 Grosvenor Gardens, London, SW1W 0BD

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Citylink Telecommunications Holdings Limited

We have audited the financial statements of CityLink Telecommunications Holdings Limited for the year ended 31 March 2013 set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

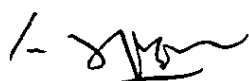
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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, 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



Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

31 October 2013

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Note	2013 £'000	2012 £'000
Turnover	2	55,399	57,279
Net operating costs		(42,168)	(44,810)
		<hr/>	<hr/>
Operating profit	3	13,231	12,469
Interest receivable and other income	6	18,873	20,090
Interest payable and similar charges	7	(15,382)	(17,189)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		16,722	15,370
Tax on profit on ordinary activities	8	(2,564)	(1,089)
		<hr/>	<hr/>
Profit for the period		14,158	14,281

A statement of movement on reserves is given in Note 18

The group has no recognised gains or losses for the current year other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

All items in the profit and loss account relate to continuing operations

The notes on pages 11 to 22 form part of these financial statements

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

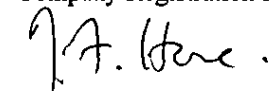
BALANCE SHEET AS AT 31st MARCH 2013

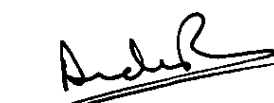
	Note	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
FIXED ASSETS					
Investments	9	-	-	10,673	10,673
CURRENT ASSETS					
Debtors falling due within one year	10	44,168	43,969	-	-
Debtors falling due after one year	10	251,902	286,217	-	-
Cash at bank and in hand	11	69,552	71,189	-	-
		365,622	401,375	-	-
Creditors: amounts falling due within one year	12	(62,894)	(52,358)	-	-
NET CURRENT ASSETS		302,728	349,017	-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		302,728	349,017	10,673	10,673
Creditors: amounts falling due after more than one year	12	(143,006)	(186,140)	-	-
Provisions for liabilities and charges	15	(35,361)	(35,901)	-	-
NET ASSETS		124,361	126,976	10,673	10,673
CAPITAL AND RESERVES					
Called up share capital					
Allotted, called up and fully paid	17	10,673	10,673	10,673	10,673
Profit and loss account		113,688	116,303	-	-
SHAREHOLDERS' FUNDS	18	124,361	126,976	10,673	10,673

The notes on pages 11 to 22 form part of these financial statements

The financial statements were approved by the board of directors on 30th October 2013 and were signed on its behalf by

Company Registration No 03734966


J Howe
Director


A Pearson
Director

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	19	49,042	30,874
Returns on investment and servicing of finance			
Interest received		18,873	20,090
Interest paid		(16,050)	(22,640)
		<u>2,823</u>	<u>(2,550)</u>
Tax paid		(1,518)	(16)
Dividends paid		(16,773)	-
Net cash inflow before financing		<u>33,574</u>	<u>28,309</u>
Financing			
(Decrease)/Increase in bank debt falling due within one year	20	(35,211)	2,367
Decrease in bank debt falling due after more than one year	20	-	(34,858)
Decrease in cash	20	<u>(1,637)</u>	<u>(4,183)</u>

The notes on pages 11 to 22 form part of these financial statements

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013 NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

A summary of the company's principal accounting policies, which have been consistently applied for both financial years is set out below

Basis of Preparation

The accounts have been prepared under the historic cost convention on the basis that the Group is a going concern in accordance with accounting standards and UK Generally Accepted Accounting Practice

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2013. Under section 408(3) of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Investments

Investments are stated at cost less impairment

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of the timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not received by the balance sheet date, except as required by FRS19

Turnover

Turnover represents amounts received and receivable for operating and maintenance and other services excluding value added tax under the concession agreement for the period. Turnover during the construction phase in respect of the construction activity reflects the value of work done

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Going concern

The shareholders funds at 31 March 2013 show a surplus of £124.4m (2012 £126.9m). The company is not in breach of its covenant terms. The directors have reviewed the forecast and believe that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

Interest and finance costs

Interest costs are expensed to profit and loss account when incurred.

Financing costs comprise interest payable, and gains and losses on hedging instruments that are recognised in the income statement.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Interest payable during the construction phase of the contract is capitalised as part of the finance receivable.

Loan issue costs

Cost associated with the issue of loans are capitalised and netted off against the loan amount in the balance sheet. The finance cost of debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

All cash held by the company is held in accounts that are subject to restrictions of use under the Amended Facilities Agreement dated 2002. The Company must satisfy these requirements before being permitted to withdraw any amounts from these bank accounts.

Derivative financial instruments and hedging

The Company primarily uses interest rate swaps to hedge its risks associated with interest rate fluctuations. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Finance Debtor

The company is an operator of a Private Finance Initiative ("PFI") contract. The underlying asset is not deemed to be an asset of the Company under Financial Reporting Standard 5 Application Note F.

During the construction phase of the project, all attributed expenditure is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using a project specific rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 5 Application Note G. The Company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of those services is recognised when those services are performed.

2. TURNOVER

Group

Turnover relates wholly to amounts paid under the concession agreement and is considered to be arising from one class of business and all generated in the UK.

3. OPERATING PROFIT

Group	2013 £'000	2012 £'000
Operating Profit is stated after charging		
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiary pursuant to legislation	28	28
Audit of these financial statements	2	2
Other services relating to taxation	5	5

4. EMOLUMENTS OF DIRECTORS

Group

The directors did not receive any remuneration from the company during the year. Fees are due to the shareholding companies of the parent company for the services of the directors to the group. The amounts payable for the year totalled £345,000 (2012: £390,000).

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

5. STAFF NUMBERS AND COSTS

Group

The group had no employees during the period (2012 nil).

6. INTEREST RECEIVABLE AND OTHER INCOME

Group

	2013	2012
	£'000	£'000
Interest receivable on finance debtor	13,889	15,369
Bank interest receivable	951	237
Interest income in respect of enabling works arrangement	<u>4,033</u>	<u>4,484</u>
	<u>18,873</u>	<u>20,090</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

Group

	2013	2012
	£'000	£'000
Amounts payable		
On bank loans and overdrafts	(14,966)	(16,836)
Amortisation of finance costs	(416)	(353)
	<u>(15,382)</u>	<u>(17,189)</u>

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

8. TAXATION

Group

The tax charge comprises:

	2013 £'000	2012 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	(3,104)	(18)
Adjustment in respect of previous years	-	-
<i>Deferred tax</i>		
Deferred tax charge	540	(1,071)
Adjustment in respect of previous years	-	-
	<u>(2,564)</u>	<u>(1,089)</u>

Factors affecting the current tax charge:

	2013 £000	2012 £000
Profit on ordinary activities before tax	<u>16,722</u>	<u>15,370</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	4,013	3,996
Effects of -		
Items not deductible for tax purposes	1	1
Taxable income charged to the finance debtor account	7,904	8,176
(Decrease) / Increase in tax losses carried forward	(4,966)	(7,126)
Small companies relief	-	(5)
Capital allowances for the period in excess of depreciation	<u>(3,848)</u>	<u>(5,025)</u>
Current tax charge for the year	<u>3,104</u>	<u>18</u>

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. These reductions will reduce the company's future current tax charge accordingly.

The company has no losses available to carry forward (2012 £21 million) to set against future taxable profits arising from the same trade.

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

9. INVESTMENTS

Company

	2013	2012
	£'000	£'000
Interest in Group undertakings		
at 31 March	<u>10,673</u>	<u>10,673</u>

The principal subsidiary undertaking is Citylink Telecommunications Limited, a wholly owned subsidiary whose only activity is to carry out the Connect contract for London Underground, incorporated in the UK

10. DEBTORS

Group	2013	2012
	£'000	£'000
Trade debtors	10,549	11,903
Prepaid expenses	23	95
Accrued income	7,237	7,185
Finance debtors due within one year	26,359	24,786
	<u>44,168</u>	<u>43,969</u>
Accrued income falling due after one year	46,910	57,508
Finance debtors due after one year	185,315	211,674
Other long term debtors	19,677	17,035
	<u>251,902</u>	<u>286,217</u>
TOTAL	<u>296,070</u>	<u>330,186</u>

Accrued income falling due after one year represents amounts for the provision of Enabling Works services. This is to be repaid by London Underground over the remaining term of the Enabling Works loan.

The cumulative amount of capitalised interest contained in amounts recoverable on contract and finance debtors is £64.98m (2012 £72.59m)

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

11. CASH AND FINANCIAL ASSETS

	2013 £'000	2012 £'000
Financial Assets	38,788	41,255
Cash and other deposits	30,764	29 934
	<u>69,552</u>	<u>71,189</u>

Financial assets represent funds on fixed term deposit accounts. These deposits were placed for 6 months and are due to mature on the 31st May 2013

12. CREDITORS

Group	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade creditors – others	9	45
Trade creditors - related parties – Thales Transport and Security Limited	3,240	4,778
Other creditors including tax and social security	3,733	3,774
Unitary Charge control account	4,785	2,703
Bank loans due within one year - see note 13	37,641	35,211
Less arrangement fees – see note 13	(416)	(416)
Interest free loan from Thales	5,909	-
Accruals	7,993	6,263
	<u>62,894</u>	<u>52,358</u>
Amounts falling due after more than one year		
Bank loans due between two and five years - see note 13	111,896	135,547
Bank loans due after more than five years - see note 13	-	13,990
Less arrangement fees – see note 13	(905)	(1,321)
Interest free loan from Thales due after more than five years	-	5,909
Subordinated Debt – see note 14	32,015	32,015
	<u>143,006</u>	<u>186,140</u>

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

13. BANK LOANS

Group

The Group has a £500 million facility provided by a syndicate of banks, with Bayerische Landesbank acting as agent in order to finance the new radio and transmission system as contracted in the concession agreement. This includes a £145 million loan facility to fund Enabling Works required for the new system. Interest on the facility is charged at rates linked to LIBOR. The loan is repayable in instalments over the next 4 years with final repayment due in 2016. The above repayment classifications are based on an estimate of the likely repayments to be made in accordance with the facilities agreement. The banks have step-in rights to replace the company as the concession company in certain circumstances.

Arrangement fees of £5,768,750 were paid in November 1999, of which £4,447,750 have been amortised. The balance of £1,321,000 (2012: £1,737,000) has been included in bank loans.

The group has interest rate swaps with notional principals that vary over time and are intended to hedge the interest cost of the bank loans. The Term loan is set at the rate of 6.173% while the Enabling Works loan is covered by 3 swaps at rates of 5.137%, 5.18% and 4.7425%. See note 24.

14. SUBORDINATED DEBT

Group

During the year ended 31 March 2006 the group issued £32million of 12% Subordinated Debt to its shareholders. Repayment of interest has begun although principal repayments continue to be deferred.

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

15. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred Taxation £'000
Balance at 1 April 2012	35,901
Charge for year	(540)
	<hr/>
Balance at 31 March 2013	<u>35,361</u>

Deferred tax is provided for in full on timing differences that are expected to reverse. The directors believe that the losses carried forward will be able to be used against profits arising in future periods.

	2013 £000	2012 £000
Accelerated capital allowances	22,808	26,229
Other timing differences	12,553	14,638
Tax losses	-	(4,966)
	<hr/>	<hr/>
	<u>35,361</u>	<u>35,901</u>

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. These reductions will reduce the company's future current tax charge accordingly.

16. COMMITMENTS

No commitments existed at the year end.

17. CALLED UP SHARE CAPITAL

Company	2013 £'000	2012 £'000
10,672,819 ordinary shares of £1 each	<u>10,673</u>	<u>10,673</u>

The shares issued during the year ended 31 March 2006 were £1 ordinary shares and were called to maintain the required debt equity ratio following the final drawdown on the Term Loan at 30th April 2005.

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Group	Share Capital £'000	Profit & Loss £'000	Total £'000
Balance at 1 April 2012	10,673	116,303	126,976
Profit for the year	-	14,158	14,158
Dividends paid	-	(16,773)	(16,773)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2013	<u>10,673</u>	<u>113,688</u>	<u>124,361</u>
Company	Share Capital £'000	Profit & Loss £'000	Total £'000
Balance at 1 April 2012	10,673	-	10,673
Dividends received	-	16,773	16,773
Dividends paid	-	(16,773)	(16,773)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2013	<u>10,673</u>	<u>-</u>	<u>10,673</u>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Group	2013 £'000	2012 £'000
Operating profit	13,231	12,469
Decrease in debtors	9,330	7,788
Decrease in finance debtors	24,786	23,299
Increase/(Decrease) in creditors	1,695	(12,683)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>49,042</u>	<u>30,874</u>

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

20. ANALYSIS OF CHANGES IN NET DEBT

Group

	2013	Cashflow	Non-Cash	2012
	£'000	£'000	£'000	£'000
Cash at bank	69,552	(1,637)	-	71,189
Bank debt repayable within one year	(37,641)	35,211	(37,641)	(35,211)
Bank debt repayable after one year	(111,896)	-	37,641	(149,537)
Loan arrangement fees	1,321	-	(416)	1,737
Other loans repayable after more than one year	(37,924)	-	-	(37,924)
	(116,588)	33,574	(416)	(149,746)

21. RELATED PARTY TRANSACTIONS

Group

The shareholders of Citylink Telecommunications Holdings Limited are Thales Transport and Security Limited, Palio (No 12) Limited, Infrastructure Investments Holdings Limited and Motorola Solutions Limited

Thales Transport and Security Limited have been contracted to provide operations and maintenance services to the group and to carry out improvements to the existing system and new system

The shareholders invoice the group for the services of the directors. The charge for the year is disclosed in note 4 none of which was outstanding at the year-end (2012 nil)

The amounts outstanding to related parties at the year end are disclosed in note 12. The amount paid to Thales Transport and Security during the year was £40.3m (2012 £42.6m)

22. POST BALANCE SHEET EVENTS

Group

Following the year end the shareholdings and subordinated loan stock held by Motorola Solutions Limited was sold equally to Infrastructure Investments Holdings Limited and Palio (No 12) Limited

Following the year end the board approved a dividend of £9m which was subsequently paid in June 2013

CITYLINK TELECOMMUNICATIONS HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2013

NOTES TO THE ACCOUNTS (continued)

23. OFF BALANCE SHEET ARRANGEMENTS

Group

The Group manages its exposure to interest rate risk on external loans by entering in to interest rate swaps. At the balance sheet date the following arrangements were in place

	Rate	2013 £'000	2012 £'000
Bank Loan	6.173%	87,261	112,103
Enabling Works Loan – Tranche 1	5.173%	24,461	27,243
Enabling Works Loan – Tranche 2	5.180%	32,818	38,395
Enabling Works Loan – Tranche 3	4.743%	5,994	7,003

The fair value of the interest rate swaps is a liability of £16.49m (2012: £21.61m)