

**Company Registered No: 05525609**

**TAY VALLEY LIGHTING (LEEDS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

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**TAY VALLEY LIGHTING (LEEDS) LIMITED**

**05525609**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**H M Murphy  
A L Roshier  
A G Waddington**

**SECRETARY:**

**Imagile Secretariat Services Limited**

**REGISTERED OFFICE:**

**Broad Quay House (Third Floor)  
Princes Street  
Bristol  
BS1 4DJ**

**AUDITOR:**

**Deloitte LLP**

**Registered in England and Wales.**

**STRATEGIC REPORT**

**ACTIVITIES AND BUSINESS REVIEW**

**Activity**

The principal activity of the Company continues to be the provision of street lighting services.

During the period under review, the Company was 50:50 owned by SSE plc and Royal Bank Leasing Limited, a member of The Royal Bank of Scotland Group plc. These entities provide the Company with direction and access to all the central resources it needs and determined policies in all key areas such as finance, risk, human resources and environment. The directors believe that performance indicators specific to Royal Bank Leasing Limited and SSE plc are not necessary or appropriate for an understanding of the development, performance or position of the business, other than as shown in these financial statements.

The annual reports of SSE plc review these matters from the perspective of the owner. Copies can be obtained from SSE plc, Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ.

The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies, or through the group's website at [www.rbs.com](http://www.rbs.com).

**Review of the year**

**Business review**

The directors are satisfied with the Company's performance in the year.

The directors, having made such enquiries as they considered appropriate in respect of the ability of SSE plc to continue to perform the operational requirements, believe that there are no concerns.

The directors have also reviewed the asset quality, which is subject to annual reviews, and they believe that the quality of the asset remains high in both the immediate and long term.

**Financial performance**

The Company's financial performance is presented on pages 8 to 18.

The retained profit for the year was £nil (2015: £nil). The directors do not recommend the payment of a dividend.

At the end of the year, the balance sheet showed total assets of £71,084,000 (2015: £76,053,000), including income-generating assets comprising inventory of £67,038,000 (2015: £71,711,000), trade and other receivables of £2,373,000 (2015: £1,165,000) and cash of £1,673,000 (2015: £3,177,000) together representing a decrease of 6.53%. Total shareholders' funds were £nil (2015: £nil).

**Principal risks and uncertainties**

The Company is funded by facilities from The Royal Bank of Scotland plc. These are fixed interest rate loans denominated in the functional currency and carry no significant financial risk.

The Company seeks to minimise its exposure to financial risks other than equity and credit risk, further information on financial risk management policies and exposures is disclosed in notes 1 and 10.

**STRATEGIC REPORT (continued)****Going concern**

The directors, following ongoing review of forecast models to the end of the service concession contract, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, including the ability to service the restructured debt facility as referred to in note 15 of the financial statements. The financial statements have therefore been prepared on a going concern basis.

**Post balance sheet events**

On 30 March 2017, SSE plc and Royal Bank Leasing Limited sold their interests in the Company to TVL (L) Holdings Limited in exchange for cash consideration. The ultimate parent undertaking and controlling party is now DIF Infrastructure IV CV. The debt was also restructured on the same date. Under the new ownership, SSE plc continues to provide the facilities management services to the Company on an arm's length basis and the assumption of nil profit or loss will no longer apply. Further details are provided in note 15.

**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 a strategic report, directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and 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 at the end of the year and 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 Financial Reporting Standard 101 has been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the strategic report, directors' report and financial statements comply with the requirements of 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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

  
H M Murphy

Director

Date: 27/9/2017

**DIRECTORS' REPORT**

The strategic report includes the review of the year, Directors' Responsibilities Statement and disclosure of information to the Company's auditor.

**DIRECTORS AND SECRETARY**

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 2.

From 1 January 2016 to date the following changes have taken place:

<b>Director</b>	<b>Appointed</b>	<b>Resigned</b>
T D Crome		28 June 2016
A J P M Breugelmans		24 November 2016
O Temple		24 November 2016
S K Anderson	24 November 2016	29 March 2017
M C Rough	24 November 2016	29 March 2017
J N McDaid	30 December 2016	29 March 2017
S J Caterer		29 March 2017
A P Johnson		29 March 2017
J Bailey		29 March 2017
H M Murphy	29 March 2017	
A L Roshier	29 March 2017	
A G Waddington	29 March 2017	
<b>Secretary</b>		
RBS Secretarial Services Limited		29 March 2017
Imagile Secretariat Services Limited	5 July 2017	

Approved by the Board of Directors and signed on its behalf.



**H M Murphy**

**Director**

Date: 27 / 9 / 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAY VALLEY LIGHTING (LEEDS) LIMITED**

We have audited the financial statements of Tay Valley Lighting (Leeds) Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards and Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAY VALLEY LIGHTING  
(LEEDS) LIMITED (continued)**

**Opinion 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report or the Directors' Report.

**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 Taylor*

**Mark Taylor FCA** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
**Bristol, United Kingdom**

Date *29 September 2017*



**TAY VALLEY LIGHTING (LEEDS) LIMITED**

05525609

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2016**

<b>Income from continuing operations</b>	<b>Notes</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Turnover		15,313	13,907
Cost of sales		(11,118)	(9,522)
Operating expenses		(74)	(73)
<b>Operating profit</b>		<b>4,121</b>	<b>4,312</b>
Finance costs	4	(4,121)	(4,312)
<b>Result before tax</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Tax charge</b>		<b>-</b>	<b>-</b>
<b>Result and total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

The accompanying notes form an integral part of these financial statements.

**TAY VALLEY LIGHTING (LEEDS) LIMITED**

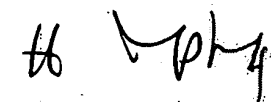
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**BALANCE SHEET**  
as at 31 December 2016

	Notes	2016 £'000	2015 £'000
<b>Assets</b>			
<b>Current assets</b>			
Inventories	6	67,038	71,711
Trade and other receivables	7	2,373	1,165
Cash		1,673	3,177
<b>Total assets</b>		<b>71,084</b>	<b>76,053</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	8	69,968	73,642
Trade and other payables	9	1,116	2,411
<b>Total liabilities</b>		<b>71,084</b>	<b>76,053</b>
<b>Equity</b>			
Called up share capital	11	-	-
Retained earnings		-	-
<b>Total equity</b>		-	-
<b>Total liabilities and equity</b>		<b>71,084</b>	<b>76,053</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27/9/ 2017  
and signed on its behalf by:



**H M Murphy**  
Director

**TAY VALLEY LIGHTING (LEEDS) LIMITED****05525609****STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2016**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>At 1 January 2015</b>	-	-	-
Result for the year	-	-	-
<b>At 31 December 2015</b>	-	-	-
Result for the year	-	-	-
<b>At 31 December 2016</b>	-	-	-

Total comprehensive income for the year of £nil (2015: £nil) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**a) Presentation of accounts**

These financial statements are prepared on a going concern basis and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, and standards not yet effective. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc and of SSE plc; these accounts are available to the public and can be obtained as set out in note 14.

The accounts are prepared on the historical cost basis.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in the UK and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

The few changes to IFRSs that were effective from 1 January 2016 have had no material effect on the Company's financial statements for the year ended 31 December 2016.

**b) Revenue recognition**

Turnover comprises income generated from the provision of street lighting services under a Private Finance Initiative (PFI) contract. Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

**c) Financial assets**

On initial recognition, financial assets are classified into held-to-maturity investments; loans and receivables; held-for-trading; designated as at fair value through profit or loss; or available-for-sale financial assets.

**Loans and receivables**

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. Accounting policies (continued)****d) Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

**e) Financial liabilities**

On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest method.

**f) Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the balance sheet when the obligation is discharged, cancelled, or expires.

**g) Inventories and long-term contracts**

The amount of long-term contracts are measured at cost incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover. This amount is included within work in progress in inventory. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long-term contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfer to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

**2. Critical accounting policies and key sources of estimation uncertainty**

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent.

In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements.

The judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**2. Critical accounting policies and key sources of estimation uncertainty (continued)****Inventory and work in progress**

The valuation of the work in progress balance at year end and the transfer from work in progress to the profit and loss account requires an estimate of the expected outturn of the whole project, which has been established on the basis that the Company does not make a profit or a loss during the term of the contract. The directors are required to consider cash flow projections for income, costs and borrowings in order to assess whether a nil profit or loss is still achievable.

**3. Staff costs**

The Company has no employees (2015: nil).

The directors' emoluments for Scott Keelor Anderson, Mark Charles Rough, Adrianus Breugelmans, Owen Temple and Jonathan Bailey were paid by SSE plc. All other directors who served in 2016 were paid by The Royal Bank of Scotland Group plc. No recharge is being made to the Company in respect of any directors. It is not possible to allocate directors' remuneration between the companies of which they are directors and employees.

**4. Finance costs**

	2016 £'000	2015 £'000
Interest on loans from related party	4,121	4,312

**5. Result before tax**

Result on ordinary activities before tax is stated after charging:	2016 £'000	2015 £'000
Auditor's remuneration – audit services	5	5

**6. Inventories**

	2016 £'000	2015 £'000
Work in progress	67,038	71,711

**7. Trade and other receivables**

	2016 £'000	2015 £'000
Trade receivables	2,373	1,165

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. Borrowings

	2016 £'000	2015 £'000
Loans from related party due within one year	69,968	73,642

Loan amounts due to joint venture companies are unsecured, at an interest rate of 5.625% (2015: 5.625%). Loan repayments are due quarterly. The loan is repayable on demand and therefore is classified as a current liability.

## 9. Trade and other payables

	2016 £'000	2015 £'000
Trade Payables	845	1,917
Other payables	271	494
	<u>1,116</u>	<u>2,411</u>

## 10. Financial instruments and risk management

## (i) Categories of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to the fair value.

All financial assets are classed as loans and receivables. All financial liabilities are classed as amortised cost.

## (ii) Financial risk management

The principal risks associated with the Company's businesses are as follows:

## Interest rate risk

Interest rate risk arises where assets and liabilities have different re-pricing maturities. The risk management objective is to mitigate sensitivity to interest rate fluctuations through fixed rate debt. Interest bearing liabilities are held at fixed rate to ensure certainty of cash flows.

The interest profile of the Company's assets and liabilities is as follows:

2016	Fixed rate £'000	Variable rate £'000	Non- interest earning £'000	Total £'000
<b>Financial assets</b>				
Trade receivables	-	-	2,373	2,373
Cash	-	1,673	-	1,673
	-	<u>1,673</u>	<u>2,373</u>	<u>4,046</u>
<b>Financial liabilities</b>				
Borrowings	69,968	-	-	69,968
Trade and other payables	-	-	850	850
	<u>69,968</u>	-	<u>850</u>	<u>70,818</u>
<b>Net financial (liabilities)/assets</b>	<u>(69,968)</u>	<u>1,673</u>	<u>1,523</u>	<u>(66,772)</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 10. Financial instruments and risk management (continued)

## (ii) Financial risk management (continued)

## Interest rate risk (continued)

2015	Fixed rate £'000	Variable rate £'000	Non- interest earning £'000	Total £'000
<b>Financial assets</b>				
Trade receivables	-	-	1,165	1,165
Cash	-	3,177	-	3,177
		3,177	1,165	4,342
<b>Financial liabilities</b>				
Borrowings	73,642	-	-	73,642
Trade and other payables	-	-	1,927	1,927
	73,642	-	1,927	75,569
<b>Net financial (liabilities)/assets</b>	<b>(73,642)</b>	<b>3,177</b>	<b>(762)</b>	<b>(71,227)</b>

Assuming that the balances receivable and/or payable at the balance sheet date were receivable and/or payable for the whole year, had interest rates been 0.5% higher and all other variables held constant, the Company's result before tax for the year would not have been materially affected (2015: result before tax for the year would not have been materially affected). There would be no other material impact on equity.

**Credit risk**

The table below provides details of credit exposures for those financial assets not impaired.

<u>Sector</u>	<u>No. of counterparties</u>	2016 £'000	2015 £'000
Public Sector	1 (2015: 1)	2,368	1,155
RBS group undertakings		1,677	3,187
Maximum credit exposure		4,045	4,342

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality. The obligations of the Public Sector under the Project Agreement are underwritten by the UK Government.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 10. Financial instruments and risk management (continued)

## (ii) Financial risk management (continued)

## Financial liabilities

The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments

	0 - 3 months £'000	4 - 12 months £'000
<b>2016</b>		
Borrowings	1,963	111,890
Trade and other payables	850	-
	<u>2,813</u>	<u>111,890</u>
<b>2015</b>		
Borrowings	1,963	119,742
Trade and other payables	1,927	-
	<u>3,890</u>	<u>119,742</u>

## Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

## 11. Share capital

	2016 £	2015 £
Authorised: 1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity shares 2 Ordinary shares of £1	<u>2</u>	<u>2</u>

The Company has one class of ordinary shares which carry no right to fixed income.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**12. Capital resources**

The Company's capital consists of equity comprising issued share capital, loans from related parties. As at 31 December 2016, the Company's shares are 50% owned by The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by the RBS group's policy which is to maintain a strong capital base: it is not separately regulated. The RBS group has complied with the Prudential Regulation Authority's capital requirements throughout the year.

**13. Capital and other commitments**

	2016 £000	2015 £000
Contracts placed for future capital expenditure not provided in the financial statements	<u>10,350</u>	<u>10,407</u>

The Company has entered into a £108.6 million loan facility with Royal Bank Leasing Limited. This facility has fixed draw downs until June 2031. As at 31 December 2016, the future draw downs are £10.4m (2015: £10.4m). The Company is committed to repay the loan quarterly until June 2031. See note 15 for details of changes in borrowing facilities during 2017.

**14. Related parties**

During the period under review, the Company was owned on a 50:50 basis by SSE plc and Royal Bank Leasing Limited.

At 31 December 2016, the results of the Company are consolidated into those of SSE plc, a Company incorporated in Great Britain and registered in Scotland. Copies of the group financial statements of SSE plc can be obtained from the Company Secretary's office, 200 Dunkeld Road, Perth PH1 3AQ.

Royal Bank Leasing Limited is a member of The Royal Bank of Scotland Group plc, which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements of The Royal Bank of Scotland Group plc may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh EH12 1HQ.

**UK Government**

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly-owns, and as a result the UK Government and UK Government controlled bodies are related parties of the Company.

Transactions between the Company, the UK Government and UK Government controlled bodies consisted solely of corporation tax and value added tax except those disclosed below:

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 14. Related parties (continued)

<b>Transactions with Royal Bank Leasing Limited</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Administrative fees	69	68
Loans received	57	8
Loans repaid	3,730	3,540
Interest on loans	4,121	4,312
	<hr/>	<hr/>
<b>Southern Electric Contracting Limited</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Contractors' fees	6,444	9,131
	<hr/>	<hr/>
<b>Leeds City Council</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Unitary charge and additional capital income	15,313	13,907
	<hr/>	<hr/>
<b>Payable at year end</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Royal Bank Leasing Limited	69,968	73,642
Southern Electric Contracting Limited	845	1,917
	<hr/>	<hr/>
<b>Receivable at year end</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Leeds City Council	2,369	1,155
	<hr/>	<hr/>
<b>Cash and cash equivalents</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Cash with Royal Bank of Scotland plc	1,673	3,177
	<hr/>	<hr/>

SSE Contracting Limited is a fully owned subsidiary of SSE plc.

## 15. Post balance sheet events

On 30 March 2017, SSE plc and Royal Bank Leasing Limited sold their interests in the Company to TVL (L) Holdings Limited in exchange for cash consideration. The ultimate parent undertaking and controlling party is now DIF Infrastructure IV CV.

On the same date, the debt was restructured as follows. The Company borrowed £18,782,000 from TVL (L) Holdings at a fixed interest rate of 6.0%. The debt is unsecured and repayments are due to be made on a quarterly basis until 30 June 2031.

The loan due to Royal Bank Leasing Limited was novated to National Westminster Bank plc at a fixed interest rate of 4.595% plus a margin of 1.074%, with the final repayment due on 31 December 2030. £7,272,000 of additional debt was drawn with National Westminster Bank plc at a variable rate of interest of LIBOR plus a margin of 1.4%, with the final repayment due on 30 June 2030. Both loans are secured in favour of National Westminster Bank plc.

In order to hedge the potential variability in interest cash flows associated with the additional debt, the Company entered into a floating to fixed interest rate swap with a nominal value equal to the additional debt principal outstanding for the term of the additional debt. This results in the Company paying 1.291% per annum and receiving LIBOR.