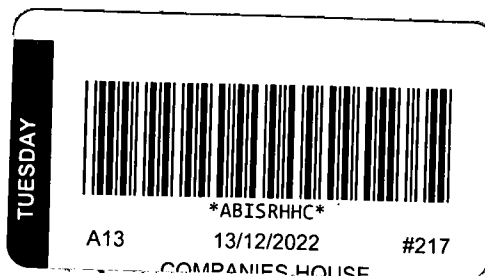


Registered number: 05632167

ENFIELD LIGHTING SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



ENFIELD LIGHTING SERVICES LIMITED

COMPANY INFORMATION

Directors	Thomas Samuel Cunningham Kashif Rahuf Jack Anthony Scott
Company secretary	Nicole Brodie
Registered number	05632167
Registered office	3rd Floor (South) 200 Aldersgate Street London EC1A 4HD
Independent auditor	RSM UK Audit LLP Chartered Accountants Third Floor, Priory Place New London Road Chelmsford Essex CM2 0PP

ENFIELD LIGHTING SERVICES LIMITED

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ENFIELD LIGHTING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The Directors present their report and the financial statements for the year ended 30 June 2022.

Principal activity

The principal activity of the Company is the design, installation, operation (including the procurement of energy), maintenance and financing of new, refurbished and existing public street lighting, associated equipment and apparatus for the London Borough of Enfield.

The scheme proposed an improvement in the current street lighting service that will involve the replacement of approximately 16,316 existing columns and 4,515 signs and bollards, with an uplift of 3,083 new columns which were installed during a five year Core Investment Programme ("CIP"). A proportion of the stock is replaced as part of the annual investment reviews post CIP.

The concession is due to expire in 2031; the Company intends to continue to comply with its obligations under the PFI agreement until this date.

Results and dividends

The profit for the year, after taxation, amounted to £243,563 (2021 - £261,170).

No dividends were paid in the year (2021 - £46,286 (£1.85 per share)).

Directors

The Directors who served during the year and up to the signing of these financial statements were:

Thomas Samuel Cunningham
Kashif Rahuf
Jack Anthony Scott

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Appropriate directors and officers liability insurance cover is in place in respect of all Directors and officers of the Company.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ENFIELD LIGHTING SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:

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Thomas Samuel Cunningham
Director

Date: 9 December 2022

ENFIELD LIGHTING SERVICES LIMITED
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**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- 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.

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

ENFIELD LIGHTING SERVICES LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENFIELD LIGHTING SERVICES LIMITED****Opinion**

We have audited the financial statements of Enfield Lighting Services Limited (the 'Company') for the year ended 30 June 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 June 2022 and of its profit 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's 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.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 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.

ENFIELD LIGHTING SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENFIELD LIGHTING SERVICES LIMITED
(CONTINUED)**

We have nothing to report in this regard.

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 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:

- 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Responsibilities of directors

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.

Auditor's 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 Auditor's 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.

ENFIELD LIGHTING SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENFIELD LIGHTING SERVICES LIMITED
(CONTINUED)**

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Company operates in and how the Company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

We have not identified any significant indirect laws and regulations critical to the Company's operations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

ENFIELD LIGHTING SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENFIELD LIGHTING SERVICES LIMITED
(CONTINUED)**

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.

RSM UK AUDIT LLP

Nicholas Cattini (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, Priory Place
New London Road
Chelmsford
Essex
CM2 0PP

9 December 2022

ENFIELD LIGHTING SERVICES LIMITED
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	2021 £
Turnover		1,144,145	1,752,521
Cost of sales		(1,019,096)	(1,627,701)
Gross profit		125,049	124,820
Administrative expenses		(116,519)	(107,336)
Operating profit		8,530	17,484
Interest receivable and similar income		965,648	1,011,667
Interest payable and similar expenses		(673,334)	(747,604)
Profit before tax		300,844	281,547
Tax on profit	5	(57,281)	(20,377)
Profit for the financial year		243,563	261,170
Other comprehensive income for the year			
Movement in the fair value of the cash flow hedge	12	1,176,479	699,629
Deferred taxation in respect of the fair value of the cash flow hedge	13	(251,314)	(56,276)
Other comprehensive income for the year		925,165	643,353
Total comprehensive income for the year		1,168,728	904,523

The notes on pages 11 to 23 form part of these financial statements.


ENFIELD LIGHTING SERVICES LIMITED
REGISTERED NUMBER: 05632167

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Current assets			
Debtors: amounts falling due after more than one year	7	17,703,874	18,904,202
Debtors: amounts falling due within one year	7	1,522,049	1,225,804
Cash at bank and in hand	8	752,105	1,235,527
		<u>19,978,028</u>	<u>21,365,533</u>
Creditors: amounts falling due within one year	9	(10,631,308)	(10,874,111)
Net current assets		<u>9,346,720</u>	<u>10,491,422</u>
Total assets less current liabilities		<u>9,346,720</u>	<u>10,491,422</u>
Creditors: amounts falling due after more than one year	10	(9,512,962)	(11,826,392)
Net liabilities		<u>(166,242)</u>	<u>(1,334,970)</u>
Capital and reserves			
Called up share capital	14	25,000	25,000
Cashflow hedge reserve	15	(610,882)	(1,536,047)
Profit and loss account	15	419,640	176,077
		<u>(166,242)</u>	<u>(1,334,970)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

 69542E51607E4DA.....
Thomas Samuel Cunningham
 Director

Date: 9 December 2022

The notes on pages 11 to 23 form part of these financial statements.

ENFIELD LIGHTING SERVICES LIMITED
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Cashflow hedge reserve £	Profit and loss account £	Total equity £
At 1 July 2020	25,000	(2,179,400)	(38,807)	(2,193,207)
Comprehensive income for the year				
Profit for the year	-	-	261,170	261,170
Deferred taxation in respect of the fair value of the cash flow hedge	-	(56,276)	-	(56,276)
Movement in the fair value of the cash flow hedge	-	699,629	-	699,629
Other comprehensive income for the year	-	643,353	-	643,353
Total comprehensive income for the year	-	643,353	261,170	904,523
Dividends: Equity capital	-	-	(46,286)	(46,286)
At 1 July 2021	25,000	(1,536,047)	176,077	(1,334,970)
Comprehensive income for the year				
Profit for the year	-	-	243,563	243,563
Deferred taxation in respect of the fair value of the cash flow hedge	-	(251,314)	-	(251,314)
Movement in the fair value of the cash flow hedge	-	1,176,479	-	1,176,479
Other comprehensive income for the year	-	925,165	-	925,165
Total comprehensive income for the year	-	925,165	243,563	1,168,728
At 30 June 2022	25,000	(610,882)	419,640	(166,242)

The notes on pages 11 to 23 form part of these financial statements.

ENFIELD LIGHTING SERVICES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. General information

Enfield Lighting Services Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales with a registered office at 3rd Floor (South), 200 Aldersgate Street, London, United Kingdom, EC1A 4HD.

The Company's principal activities and nature of its operations are described in the Directors' Report.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling and amounts have been rounded to the nearest whole £, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses (see note 3). The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following principal accounting policies have been applied:

2.2 Going concern

The shareholder's funds at 30 June 2022 show a deficit of £166,242 (2021 - deficit of £1,334,970). This arises from the early phase in the Company's 25 year concession period and the recognition of the Company's swap liability at fair value. The Company has a secured bank facility that will enable it to continue trading for the concession period (refer to note 11). The forecast is based on a financial model that covers the full concession period to 2031, and this has been used to assess the period at least twelve months from the date of approval of the financial statements. The Company is not in breach of its covenant terms and does not expect to become so in the foreseeable future. Furthermore, the Directors are of the opinion that the Company can continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

ENFIELD LIGHTING SERVICES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.3 Classification of financial instruments issued by the Company

In accordance with FRS 102 Section 22 'Liabilities and Equity', financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

2.4 Basic financial instruments

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

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash at bank is carried in the Statement of Financial Position at book value.

Finance debtor and contractual receivables

Finance debtor and contractual receivables are classified as loans and receivables as defined in FRS 102, which are initially recognised at the fair value of the consideration received or receivable and are then stated at amortised cost.

ENFIELD LIGHTING SERVICES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.5 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss immediately.

2.6 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

ENFIELD LIGHTING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.7 Turnover

All turnover and profit on ordinary activities before taxation originates in the UK. Turnover is recognised in accordance with the finance debtor accounting policy.

2.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the Statement of Financial Position date. Deferred tax balances are not discounted.

2.9 Interest

Interest costs have been capitalised during the construction phase of the contract and will be amortised over the period of the concession.

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy below.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

ENFIELD LIGHTING SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****2. Accounting policies (continued)****2.10 Finance debtor and revenue recognition**

The Company is accounting for the concession asset on the basis that all risks and rewards of ownership are substantially transferred to the customer. Consequently, the costs incurred by the Company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

The Company is an operator of a Private Finance Initiative (PFI) contract, which was entered into prior to transition to FRS 102. Therefore the accounting has been continued using the accounting policies applied prior to the date of transition to FRS 102 as follows. The underlying asset was not deemed to be an asset of the Company under FRS 5, Application Note G, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phases of the project, all attributable expenditure including finance costs is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase invoiced amounts net of value added tax, are allocated between interest receivable and the finance debtor using a project specific interest 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 service provided as it fulfils its contractual obligation in respect of these services and in line with fair value of consideration receivable in respect of these services.

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

2.11 Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

ENFIELD LIGHTING SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The Company uses derivative finance instruments to hedge certain economic exposures in relation to movements in interest rates as compared with the position that was expected at the date the underlying transaction being hedged was entered into. The Company fair values its derivative financial instruments and records the fair value of those on its Statement of Financial Position. The fair values are derived using financial models developed by the shareholders based on counterparty information that is independent of the Company, and use observable market data in respect of interest rates as an input to valuing those derivative financial instruments. The Directors have applied their judgement in assessing the interest rate swap to be fully effective and have therefore designated the instrument as a cashflow hedge.

The Directors have reviewed the interest rates applied to the subordinated loan stock and consider these to be at market rate.

Accounting for the service contracts and finance receivables requires estimation of service margins, finance receivable interest rates and the finance receivable amortisation profile which is based on forecasted results of the PFI contract in accordance with the financial model.

In accordance with the financial model 50% of the lifecycle costs are deemed to be in respect of replacing the original assets and are therefore capitalised into the financial debtor.

The Company has acted as agent on behalf of Bouygues E&S Infrastructure UK Limited in connection with the small works undertaken at the request of the Authority. The Company has no commercial interest or exposure in respect of these transactions. As the Company bears no risk or reward the Company acts as the invoicing conduit where the transactions are "pass through" and as such the Company generates neither profit nor loss. The total value of these pass through costs in the year was £1,144,146 (2021 - £6,222,313). These amounts have not been recognised and disclosed as turnover within the Company's profit and loss account as the Directors consider this reflects the substance of the transactions.

4. Employees

The Company has no directly employed personnel (2021 - none).

ENFIELD LIGHTING SERVICES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	52,695	49,980
Adjustments in respect of previous periods	-	(54,058)
Total current tax	52,695	(4,078)
Deferred tax		
Origination and reversal of timing differences	4,586	3,514
Changes to tax rates	-	(11,814)
Adjustments in respect of previous periods	-	32,755
Total deferred tax	4,586	24,455
Taxation on profit on ordinary activities	57,281	20,377

Factors that may affect future tax charges

The Company has no trade losses available to carry forward (2021 - £4,586).

6. Dividends

	2022 £	2021 £
Ordinary		
Dividends paid: £NIL (2021 - £1.85) per share	-	46,286

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

7. Debtors

	2022 £	2021 £
Due after more than one year		
Finance debtor	17,500,247	18,444,675
Deferred tax asset	203,627	459,527
	<u>17,703,874</u>	<u>18,904,202</u>
	2022 £	2021 £
Due within one year		
Trade debtors	-	6,178
Amounts owed by group undertakings	1	1
Other debtors	161	161
Prepayments and accrued income	345,770	1,149
Finance debtor	1,143,369	1,215,959
Tax recoverable	32,748	2,356
	<u>1,522,049</u>	<u>1,225,804</u>

During the year lifecycle costs of £198,943 (2021 - £279,724) were capitalised into the finance debtor.

8. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	752,105	1,235,527
	<u>752,105</u>	<u>1,235,527</u>

Cash at bank includes twelve current accounts with Allied Irish Bank having a balance of £752,105 (2021 - £1,235,527). The restricted cash balance is £211,820 (2021 - £198,142). Withdrawals from these bank accounts are restricted to items set out in the Credit Agreement with Allied Irish Bank and the Company must satisfy certain requirements before being permitted to withdraw any amounts from these accounts.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank loans	1,035,489	1,019,317
Amounts owed to fellow subsidiary undertakings - subordinated loan stock	126,358	127,716
Trade creditors	11,960	14,060
Other taxation and social security	46,773	140,862
Accruals and deferred income	9,410,728	9,572,156
	<u>10,631,308</u>	<u>10,874,111</u>

There are unamortised arrangement fees of £12,184 (2021 - £12,081) included within bank loans.

10. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	7,850,584	8,885,971
Amounts owed to fellow subsidiary undertakings - subordinated loan stock	847,868	949,433
Cashflow hedge - interest rate swap (note 12)	814,510	1,990,988
	<u>9,512,962</u>	<u>11,826,392</u>

There are unamortised arrangement fees of £85,285 (2021 - £97,571) included within bank loans.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	1,035,489	1,019,317
Amounts owed to fellow subsidiary undertakings - subordinated loan stock	126,358	127,716
	<u>1,161,847</u>	<u>1,147,033</u>
Amounts falling due 1-2 years		
Bank loans	1,033,455	1,035,592
Amounts owed to fellow subsidiary undertakings - subordinated loan stock	157,838	154,289
	<u>1,191,293</u>	<u>1,189,881</u>
Amounts falling due 2-5 years		
Bank loans	3,063,748	3,088,467
Amounts owed to fellow subsidiary undertakings - subordinated loan stock	592,883	490,354
	<u>3,656,631</u>	<u>3,578,821</u>
Amounts falling due after more than 5 years		
Bank loans	3,753,381	4,761,912
Amounts owed to fellow subsidiary undertakings - subordinated loan stock	97,147	304,790
	<u>3,850,528</u>	<u>5,066,702</u>
	<u><u>9,860,299</u></u>	<u><u>10,982,437</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Loans (continued)

The Company has undrawn committed borrowing facilities of £NIL (2021 - £NIL) expiring 31 July 2030 on the term loan facility, £517,177 (2021 - £517,177) expiring on 31 July 2030 on the change of law facility and £1,031,310 (2021 - £1,031,310) expiring on 31 January 2030 on the debt service facility.

The term loan, change of law facility and debt service facility loan have a variable interest rate of LIBOR plus a margin of 0.75%.

The term loan and change of law facility are secured, in favour of Allied Irish Banks PLC, over all assets of the Company. The term loan has a fixed repayment profile with payments falling due in March and September of each year.

On 21 April 2006, the Company issued £2,400,000 of subordinated unsecured loan stock due in 2031 part paid at the amount of £1. The loan stock was subscribed for by IIC Enfield Subdebt Limited. Payment of £2,155,268 in respect of loan stock was called up by the Company on 15 October 2009. The loan stock has an interest rate of 11.95%

12. Financial instruments

	2022 £	2021 £
Derivative financial instruments measured at fair value through profit or loss		
- interest rate swap	<u>(814,510)</u>	<u>(1,990,988)</u>

To hedge the potential movement in the interest cash flows associated with the LIBOR rate used for the bank term loan described in note 11, the Company has entered into a floating to fixed interest rate swap with a nominal value equal to the initial borrowings with the same term as the loans and interest payment dates. This results in the Company paying 4.807% per annum and receiving LIBOR.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Deferred taxation

	2022 £	2021 £
At beginning of year	459,527	540,258
Charged to profit or loss	(4,586)	(24,455)
Charged to other comprehensive income	(251,314)	(56,276)
At end of year	203,627	459,527

The deferred tax asset is made up as follows:

	2022 £	2021 £
Tax losses carried forward	-	4,586
Taxation in respect of the fair value of the cashflow hedge @ 25%	203,627	454,941
	203,627	459,527

The deferred tax asset recognised on tax losses has been on the basis to which these can be set off against future profits of the Company. There is no unprovided deferred tax (2021 - NIL).

A deferred tax asset is recognised on the revaluation of the interest rate swap held by the Company. The swap has been designated as a cash flow hedge (see note 12) and the reversal of the deferred tax asset is included in the Statement of Comprehensive Income within Other Comprehensive Income.

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
25,000 (2021 - 25,000) Ordinary shares of £1.00 each	25,000	25,000

The Company's share capital is divided between 21,250 "A" Ordinary shares, 3,750 "B" Ordinary shares. All classes of shares rank pari passu to each other with regard to voting and rights to dividends until the completion of the dissolution and winding up of the Company.

ENFIELD LIGHTING SERVICES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Reserves**Cash flow hedge reserve**

The cashflow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments related to hedged transactions that have not yet occurred.

Profit and loss reserve

The profit and loss reserve contains the cumulative retained earnings carried forward less distributions to owners.

16. Related party transactions

At the Statement of Financial Position date, the Company was a wholly owned subsidiary of Fenton Holdco Limited and has taken advantage of the exemption, under the terms of FRS 102, from disclosing related party transactions with entities that are part of the group headed by Fenton Holdco Limited. The direct parent undertaking is IIC Enfield Holding Company Limited.

There were no other related party transactions entered into by the Company during the year (2021 - £NIL).

17. Post balance sheet events

On 1 July 2022 the Company signed and executed agreements with its bank term loan and its swap provider to transition the floating rate of interest from LIBOR to SONIA. The transition will commence on 1 October 2022 and is not expected to have any effect on the Company as the hedge is considered fully effective.

18. Controlling party

The Company's immediate holding company is IIC Enfield Holding Company Limited, a company incorporated and registered in England & Wales. The registered address is 3rd Floor (South), 200 Aldersgate Street, London, England, EC1A 4HD.

At the Statement of Financial Position date the Directors regard Fenton Holdco Limited, a company incorporated and registered in England & Wales as the ultimate parent company. The registered address is 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD.

The Directors consider that there is no ultimate controlling entity.