

Amey Lighting (Norfolk) Limited
Report and financial statements
for the year ended 31 December 2015
Registered number 06353892

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Amey Lighting (Norfolk) Limited

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Amey Lighting (Norfolk) Limited

COMPANY INFORMATION

Directors	J G Connelly	(Resigned 1 September 2016)
	A Ghafoor	(Alternate to J G Connelly; resigned 1 September 2016, alternate to P J Leahy; appointed 1 September 2016)
	C W G Herriott	(Alternate to A G Waddington; appointed 1 March 2016)
	P J Leahy	(Appointed 1 September 2016)
	A L Roshier	
	A G Waddington	
Secretary	Sherard Secretariat Services Limited	
Company Number	06353892	
Registered Office	The Sherard Building Edmund Halley Road Oxford OX4 4DQ	
Auditors	BDO LLP 55 Baker Street London W1U 7EU	

Amey Lighting (Norfolk) Limited

STRATEGIC REPORT

For the year ended 31 December 2015

The Directors present their Strategic report on the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are to design, finance, replace, maintain and power the street lighting for Norfolk County Council for a period of 25 years and 4 months from November 2007 to March 2033 pursuant to a project agreement dated 2 October 2007.

The programme of replacement and construction of street lighting units commenced in November 2007 with completion and operation from July 2012. The maintenance and power programme commenced in February 2008 and will continue to March 2033.

FUTURE DEVELOPMENTS

Norfolk County Council (the Authority) instruct the Company to undertake small works variations on an ad hoc basis using the pre agreed schedule of rates. The Company sub contracts these small works to Amey LG Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is required to maintain certain key performance targets and the Directors review actual performance against these targets on a regular basis to mitigate risks arising out of the Company's activities.

The Company has a 24 year and 4 month committed term loan facility. The Company has also held a medium- term equity bridge loan which became due for repayment in January 2013 at which time it was repaid and replaced by a long-term shareholders' loan. The terms of the Company's financial instruments are such that the profile of the debt service cost is tailored to match the expected revenue arising from the PFI concession.

Credit risk

The Company's credit risk is primarily attributable to its receivables from its contract and this is mitigated by maintaining and seeking to improve the quality of services provided and by maintaining strong relationships with the Company's client.

Interest rate risk

The Company's interest rate risk is managed by entering into a fixed interest rate swap to mitigate interest rate exposure on the long-term facility. The shareholder facility is subject to a fixed rate of interest.

Commercial risk

The main commercial risks during the year were attributable to the maintenance of the street lighting units to the required standard and programme. These risks are passed down to the sub-contractor responsible for these works.

Amey Lighting (Norfolk) Limited

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Liquidity risk

The Company monitors cash flow as part of the day-to-day control procedures. The Directors consider cash flow projections to ensure appropriate facilities are available to be drawn upon as necessary.

KEY PERFORMANCE INDICATORS

The Directors consider revenue, operating profit, profit before tax, profit after tax and cash to be key performance indicators of the Company and are satisfied with the performance in the year.

The profit and loss account is set out on page 9 and shows turnover for the year of £5,126,000 (2014: £5,050,000) and profit for the year after taxation of £229,000 (2014: £148,000).

Financial Performance

The Company has modelled the anticipated financial outcome of the project across its full term. The Company monitors actual financial performance against anticipated performance. Income and expenditure for the year ended 31 December 2015 which are based on fixed long-term contracts have been in line with the Directors' expectations.

Safety Performance

The Company is committed to providing a safe environment for its sub-contractors and those impacted by its activities. Safety reports are provided at each board meeting. These are reviewed by the Directors who monitor actual performance against anticipated performance using industry benchmarks. Appropriate action is taken where necessary in order to ensure that all matters raised are fully resolved and are compliant with safety regulations.

This report was approved by the board on 27 September 2016 and signed on its behalf by:

On behalf of the Board



**A G Waddington
Director**

Amey Lighting (Norfolk) Limited

DIRECTORS' REPORT

For the year ended 31 December 2015

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2014: £nil). No dividend was paid or declared during the year.

GOING CONCERN

The Directors have reviewed the financial forecasts and the level of funding as at 31 December 2015 and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As such they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS

The Directors who served during the year, and up to the date of this report, were as follows:

J G Connelly	(Resigned 1 September 2016)
A Ghafoor	(Alternate to J G Connelly; resigned 1 September 2016, alternate to P J Leahy; appointed 1 September 2016)
C W G Herriott	(Alternate to A G Waddington; appointed 1 March 2016)
P J Leahy	(Appointed 1 September 2016)
A L Roshier	
A G Waddington	

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions or charitable donations during the year (2014: £nil).

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 information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Company's auditors are aware of that information.

Amey Lighting (Norfolk) Limited

DIRECTOR'S REPORT (continued)

AUDITORS

BDO LLP has expressed its willingness to continue in office as auditors for the year. The Group has filed an elective resolution not to hold an annual general meeting and dispensed with the requirement to reappoint auditors annually.

This report was approved by the board on 27 September 2016 and signed on its behalf by:

On behalf of the Board

A handwritten signature in black ink, appearing to read 'A G Waddington', with a horizontal line underneath.

**A G Waddington
Director**

Amey Lighting (Norfolk) Limited

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

For the year ended 31 December 2015

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the strategic report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Amey Lighting (Norfolk) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMEY LIGHTING (NORFOLK) LIMITED
For the year ended 31 December 2015

We have audited the financial statements of Amey Lighting (Norfolk) Limited for the year ended 31 December 2015, which comprise the income statement and statement of other comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, *The Financial Reporting Standard 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 auditors

As explained more fully in the statement of Directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standard 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 FRC's website 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 company's affairs as at 31 December 2015 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Amey Lighting (Norfolk) Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMEY LIGHTING (NORFOLK) LIMITED
(continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO UK

Jason Homewood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date: *29/9/16*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Amey Lighting (Norfolk) Limited

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	5,126	5,050
Cost of sales		(4,773)	(4,695)
Gross profit		353	355
Net operating cost		(132)	(129)
Operating profit	3	221	226
Interest receivable and similar income	6	2,040	2,054
Interest payable and similar charges	7	(1,964)	(2,083)
Profit on ordinary activities before taxation		297	197
Tax on profit on ordinary activities	8	(68)	(49)
Profit for the financial year		229	148
Other comprehensive income/expense			
Items that will or may be reclassified to profit and loss:			
Effective portion of fair value changes in cash flow hedges		1,092	(4,298)
Tax recognised in relation to change in fair value cash flow hedges		(413)	794
Other comprehensive income/(expense) for the year		679	(3,504)
Total comprehensive income/(expense) for the year		908	(3,356)

The notes on pages 12 to 30 form part of these financial statements.

Amey Lighting (Norfolk) Limited

BALANCE SHEET
As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Current assets			
Debtors: amounts falling due after more than one year	9	33,959	34,445
Debtors: amount due within one year	10	92	178
Cash at bank and in hand		1,823	2,606
		35,874	37,229
Creditors: amounts falling due within one year	11	(2,872)	(3,707)
Net current assets		33,002	33,522
Creditors: amounts falling due after more than one year	12	(40,440)	(41,868)
Net liabilities		(7,438)	(8,346)
Capital and reserves			
Called up share capital	15	50	50
Profit and loss account		503	274
Cashflow hedge reserve	16	(7,991)	(8,670)
Equity shareholders' deficit		(7,438)	(8,346)

The notes on pages 12 to 30 form part of these financial statements.

These financial statements were approved by the board and authorised for issue on 27 September 2016 and were signed on its behalf by:



A G Waddington
Director

Registered number 06353892

Amey Lighting (Norfolk) Limited

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2014	50	(5,166)	126	(4,990)
Profit for the year	-	-	148	148
Other comprehensive expense	-	(3,504)	-	(3,504)
Total comprehensive (expense)/income for the year	-	(3,504)	148	(3,356)
Balance at 31 December 2014	50	(8,670)	274	(8,346)
Balance at 1 January 2015	50	(8,670)	274	(8,346)
Profit for the year	-	-	229	229
Other comprehensive income	-	679	-	679
Total comprehensive income for the year	-	679	229	908
Balance at 31 December 2015	50	(7,991)	503	(7,438)

The notes on pages 12 to 30 form part of these financial statements.

Amey Lighting (Norfolk) Limited

Notes to the financial statements

1 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.

Basis of preparation

These are the Company's first financial statements prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"), as issued in August 2014.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

In preparing their FRS 102 balance sheets, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in note 21.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Service concession arrangements – the Company entered into its service concession arrangement before the date of transition to this FRS. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

The Company's parent undertaking, Amey Lighting (Norfolk) Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Amey Lighting (Norfolk) Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the cash flow statement and related notes.

As the consolidated financial statements of Amey Lighting (Norfolk) Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

1 ACCOUNTING POLICIES (continued)

Functional and presentation currency

The functional currency of the Company is pounds sterling. The presentation currency of the Company is pounds sterling, rounded to the nearest thousand pounds.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Going concern

The Directors have reviewed the Company's financial forecasts and have concluded that the Company has sufficient financing to enable it to meet its liabilities as they fall due. The contractual arrangements and financial projections associated with the project also support this view. Accordingly, the Directors have prepared the financial statements on a going concern basis.

Accounting estimates and judgements

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. 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 year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

Certain critical accounting judgements in applying the Company's accounting policies are described below:

- Accounting for the service concession contract and finance debtor requires of estimation of service margins, finance debtor interest rate and associated amortisation profile which is based on forecasted results of the PFI contract.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

1 ACCOUNTING POLICIES (continued)

Basic 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 and cash equivalents comprise cash balances and call deposits.

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 as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out over the page.

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).

Amey Lighting (Norfolk) Limited

Notes to the financial statements (*continued*)

Other financial instruments (*continued*)

Cash flow hedges

The Company has entered into interest rate swaps and has designated these as hedges for 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.

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 income statement immediately.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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 or loss.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (*continued*)

Finance debtor and service income

The Company is an operator of a Private Finance Initiative contract. The underlying assets are not deemed to be assets of the Company under FRS 102 section 34C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable capital expenditure is included in amounts recoverable on contracts and in turnover. Revenue is measured at the present value of cash inflows expected to be recovered at a discount rate of 6.3% per annum to reflect the time value of money. The unwinding of this discount is included in interest receivable and similar income.

Upon becoming operational, the costs are transferred to a finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor (using a project specific interest rate). The remainder of the PFI unitary charge is included within turnover in accordance with FRS 102 section 23. The Company recognises income in respect of the services it provides 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 as incurred basis and the respective revenue recognised as the services are performed.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on borrowings and associated on-going 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 above.

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

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

1 ACCOUNTING POLICIES *(continued)*

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 financial reporting 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 years 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 financial reporting date. Deferred tax balances are not discounted.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

2 TURNOVER

The turnover and profit on ordinary activities before taxation are attributable to the continuing operations and principal activities carried on within the United Kingdom. All turnover arises solely in the United Kingdom.

	2015 £'000	2014 £'000
Services income	5,126	5,050

Services income relates to ongoing maintenance of street lighting for Norfolk County Council.

3 OPERATING PROFIT

Operating profit is stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration	14	14

Of the above auditor's remuneration £8,000 (2014: £8,000) relates to these financial statements and £6,000 (2014: £6,000) relates to audit of the parent company and the group.

4 DIRECTORS' REMUNERATION

	2015 £'000	2014 £'000
Amounts payable in respect of Directors' services to third parties	25	29

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

5 EMPLOYEES

No staff were directly employed by the Company (2014: none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractors' service charge.

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Interest receivable on the finance debtor	2,022	2,030
Bank interest receivable	18	24
	2,040	2,054

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Interest payable on loan from parent undertaking	257	370
Interest payable on senior debt	364	346
Interest payable on swap	1,328	1,365
Arrangement fees	1	1
Bank charges	1	1
Commitment fees	13	-
	1,964	2,083

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

8 TAXATION

a) Analysis of tax charge of the year

	2015 £'000	2014 £'000
<i>UK Corporation Tax</i>		
Current tax on profit for the year	51	37
Total current tax charge	51	37
<i>Deferred Tax</i>		
Origination and reversal of timing differences	8	12
Effect of tax rate change on opening balance	9	-
Total deferred tax charge/(credit)	17	12
Total tax charge/(credit) for the year	68	49

b) Factor affecting the tax charge for the year

The tax charge for the year is in accordance with the standard rate of corporation tax in the UK, as explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	297	197
Tax charge on profits on ordinary activities at the UK standard rate of corporation tax of 20.25% (2014: 21.49%)	60	42
<i>Effects of:</i>		
Difference in tax rates	8	7
Current tax charge/(credit) for the year	68	49

c) Taxation recognised directly in equity

	2015 £'000	2014 £'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	(197)	860
Effect of tax rate change on opening balance	(216)	(66)
Total tax (credit)/charge recognised directly in equity	(413)	794

d) Factors affecting the future tax charge

Finance (No 2) Act 2015, enacted on 18 November 2015, included provision for the main rate of corporation tax to reduce from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. This will reduce the company's future tax charge and deferred tax balances have been restated accordingly.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

9 DEBTORS: amounts falling due after more than one year

	2015 £'000	2014 £'000
Finance debtor	32,131	32,187
Deferred tax asset (note 14)	1,828	2,258
	33,959	34,445

10 DEBTORS: amounts falling due within one year

	2015 £'000	2014 £'000
Finance debtor	76	146
Prepayments and accrued income	16	32
	92	178

Amounts due from related parties within debtors are disclosed in note 19.

11 CREDITORS: amounts falling due within one year

	2015 £'000	2014 £'000
Senior debt facility	468	467
Shareholder loan	55	1,046
Trade creditors	665	477
Corporation Tax	16	9
Accruals and deferred income	350	350
Taxation and social security	36	38
Other financial instruments	1,282	1,320
	2,872	3,707

Amounts due to related parties within creditors are disclosed in note 19.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

12 CREDITORS: amounts falling due after more than one year

	2015 £'000	2014 £'000
Senior debt facility	30,572	30,954
Loan from parent undertaking	1,561	1,562
Other financial instruments	8,463	9,517
Un-amortised facility agreement fees	(156)	(165)
	40,440	41,868

13 ANALYSIS OF DEBT

	2015 £'000	2014 £'000
In one year or less, or on demand	533	1,513
Between one and two years	1,382	524
Between two and five years	2,165	2,849
In five years or more	28,576	29,143
Un-amortised facility agreement fees	(156)	(165)
	32,500	33,864

The Senior Debt Loan interest is calculated at Libor plus Margin of 0.55%. The rates charged during the year have ranged from 1.233880% to 1.264560% (2014: overall rates ranged from 1.143150% to 1.172190%). The undrawn value stands at £nil at 31 December 2015 (2014: £nil).

The Loan from the parent undertaking as at 31 December 2015 stands at £1,563,507 (2014: £2,523,574). Interest is payable on the loan calculated at a fixed rate of 11.5%.

Loans are secured by way of fixed and floating charges over the Company's assets.

As a condition of lending, the Company is required to take out interest rate hedges to fix the interest rate to hedge against cash flow interest rate risk until the debt has been repaid. The Company hedges its interest payable on its floating interest rate debt. The hedge fair value at 31 December 2015 is a liability of £9,744,838 (2014: £10,837,110). The swap floating interest rate ranged during the year from 0.71% to 0.75% (2014: 0.59% to 0.71%), with a fixed rate of 5.035%.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

14 DEFERRED TAX ASSET

Deferred tax asset is attributable to the following:

	2015 £'000	2014 £'000
Deferred tax on revaluation of fair value of derivatives	1,754	2,167
Deferred tax on losses and other timing differences	74	91
	1,828	2,258

Deferred tax asset is recognised on the revaluation of the swap derivatives held by the Group. These are accounted for under cash flow hedges (see note 16).

Reversal of the deferred tax asset is shown through the cash flow hedge reserve.

15 SHARE CAPITAL

	2015 £'000	2014 £'000
Allotted, called up and fully paid 50,000 ordinary share of £1 each	50	50

16 CASH FLOW HEDGE RESERVE

	2015 £'000	2014 £'000
Gross swap liability	9,745	10,837
Deferred tax effect	(1,754)	(2,167)
	7,991	8,670

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

17 FINANCIAL INSTRUMENTS

(a) Carrying amounts of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2015	2014
	£'000	£'000
Assets measured at amortised cost		
- Finance debtor	32,207	32,333
Assets measured at cost less impairment		
- Cash and cash equivalents	1,823	2,606
Liabilities measured at amortised cost		
- Trade payables	(665)	(477)
- Accruals	(350)	(350)
- Bank loan	(31,040)	(31,421)
- Subordinated debt	(1,561)	(1,562)
	(33,616)	(33,810)
Liabilities measured at fair value through profit and loss		
- Interest rate swaps	(9,745)	(10,837)

(b) Financial instruments measured at fair value

Derivative financial instruments

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.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

17 FINANCIAL INSTRUMENTS (continued)

(c) Hedge accounting

The following table indicates the years in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss:

	Carrying Amount £'000	Within 1 year £'000	2015 Between 1 and 2 years £'000	Between 2 and 5 years £'000	5 years and over £'000
Interest rate swap	9,745	1,282	1,147	2,788	5,613
	Carrying Amount £'000	Within 1 year £'000	2014 Between 1 and 2 years £'000	Between 2 and 5 years £'000	5 years and over £'000
Interest rate swap	10,837	1,320	1,227	2,940	6,551

The Company has entered into an interest rate swap agreement under the senior debt loan which expires in March 2038. A fixed rate of 5.001% applies to all amounts drawn under the facilities plus the margins shown above. The interest rate swap converts the borrowings from the rates linked to LIBOR to the fixed rate above.

(d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2015 £'000	2014 £'000
- Interest rate swap contracts	9,745	10,837

18 COMMITMENTS

At 31 December 2015, the Company had no authorised and contracted capital commitments (2014: nil).

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

19 RELATED PARTY TRANSACTIONS

Expenditure with related parties	Relationship	Class of Transaction	2015 Expenditure £'000	2015 Amount outstanding at year end £'000
Amey LG Limited	A subsidiary undertaking of Ferrovia S.A.	Services	4,742	554
Amey Ventures Management Services Limited	A subsidiary undertaking of Ferrovia S.A.	Services	84	-
DIF Infrastructure II UK Fund BV	Joint Venture Partner	Services	14	-
DIF Infrastructure III UK Fund BV	Joint Venture Partner	Services	11	-
Expenditure with related parties	Relationship	Class of Transaction	2014 Expenditure £'000	2014 Amount outstanding at year end £'000
Amey LG Limited	A subsidiary undertaking of Ferrovia S.A.	Services	4,665	398
Amey Ventures Management Services Limited	A subsidiary undertaking of Ferrovia S.A.	Services	83	-
DIF Infrastructure II UK Fund BV	Joint Venture Partner	Services	16	-
DIF Infrastructure III UK Fund BV	Joint Venture Partner	Services	13	-

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

20 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Amey Lighting (Norfolk) Holdings Limited, a company incorporated in England and Wales.

Amey Lighting (Norfolk) Holdings Limited has no ultimate parent company and no ultimate controlling party, as its parent company, Amey Ventures Investments Limited, is a joint venture company held jointly between DIF Infrastructure II UK Limited, DIF Infra 3 UK Partnership Limited and Amey Investments Limited.

Amey Investments Limited is a wholly owned subsidiary undertaking of Amey plc, whose ultimate parent is Ferrovial, SA, a company incorporated in Spain.

DIF Infra JV UK Limited holds a 90% equity interest in Amey Ventures Investments Limited, however due to the Joint Venture Agreement in place there is no ultimate parent company.

DIF Infra JV UK Limited is a wholly owned subsidiary of DIF Infrastructure II UK Limited, whose ultimate parent is DIF Infrastructure II B.V. (NL), a company incorporated in Netherlands.

The consolidated financial statements of Amey Lighting (Norfolk) Holdings Limited can be obtained from that company's registered office.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

21 EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP

Reconciliation of equity

		1 January 2014			31 December 2014		
	Note	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
Current assets							
Debtors: due > 1 yr	a,b	32,310	1,475	33,785	32,187	2,258	34,445
Debtors: due < 1 yr		163	-	163	178	-	178
Cash at bank and in hand		3,532	-	3,532	2,606	-	2,606
Current liabilities							
Creditors: due < 1 yr	a	(2,307)	(1,217)	(3,524)	(2,011)	(1,696)	(3,707)
Net current assets		33,698	258	33,956	32,960	562	33,522
Creditors: due > 1 yr	a,b	(33,144)	(5,802)	(38,946)	(32,273)	(9,595)	(41,868)
Net assets		554	(5,544)	(4,990)	687	(9,033)	(8,346)
Capital and reserves							
Called up share capital		50	-	50	50	-	50
Profit and loss account	a	504	(378)	126	637	(363)	274
Cash flow hedge reserve	b,c	-	(5,166)	(5,166)	-	(8,670)	(8,670)
Equity shareholders' funds		554	(5,544)	(4,990)	687	(9,033)	(8,346)

Notes to the reconciliation of equity

a) Adjustments in respect of the introduction of agency fees and commitment fees – previously treated separately – in the calculation of the effective interest rate of the senior debt loan

b) The derivative held by the entity, being an interest rate swap, has now been recognised in the balance sheet at its fair value under FRS 102. This has been accounted for as a cash flow hedge and therefore been recognised in a separate cash flow hedge reserve.

Analysis of effect of transition to FRS 102 on Creditors: due > 1 yr

	2014 £'000	2013 £'000
Effective interest rate adjustments	78	625
Recognition of swap fair value	9,517	5,177
	9,595	5,802

c) Deferred tax asset has been recognised on the fair value of the swap arrangements. This has been recognised within current assets and movements on the deferred tax is taken to the cash flow hedge reserve.

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

21 EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)

Reconciliation of profit for the year ended 31 December 2014

			2014 Effect of transition to	
	Note	UK GAAP £'000	FRS 102 £'000	FRS 102 £'000
Turnover		5,050	-	5,050
Cost of sales		(4,695)	-	(4,695)
Gross profit		355	-	355
Net operating costs		(134)	5	(129)
Operating profit		221	5	226
Interest receivable and similar income		2,054	-	2,054
Interest payable and similar charges	a	(2,105)	22	(2,083)
Profit on ordinary activities before taxation		170	27	197
Taxation on profit on ordinary activities	a	(37)	(12)	(49)
Profit for the financial year		133	15	148

Notes to the reconciliation of profit

a) Adjustments in respect of the introduction of agency fees and commitment fees – previously treated separately – in the calculation of the effective interest rate of the senior debt and subordinated debt loans

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

21 EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)

Reconciliation of other comprehensive expense for the year ended 31 December 2014

	Note	UK GAAP £'000	2014 Effect of transition to FRS 102 £'000	FRS 102 £'000
Effective portion of fair value changes in cash flow hedges	a	-	(4,298)	(4,298)
Tax recognised in relation to change in fair value cash flow hedges	a	-	794	794
Other comprehensive expense for the year		-	(3,504)	(3,504)

Notes to the reconciliation of other comprehensive expense

a) Adjustments in respect of the revaluation of cash flow hedges to fair value

22 SUBSEQUENT EVENTS

There were no subsequent events after the year end.