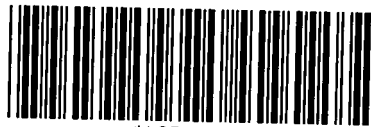


**Amey Lighting (Norfolk) Limited
Report and financial statements
for the year ended 31 December 2018
Registered number 06353892**

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COMPANIES HOUSE

Amey Lighting (Norfolk) Limited

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Amey Lighting (Norfolk) Limited

COMPANY INFORMATION

Directors

A Ghafoor	(Alternate to K A L Pearman, appointed 22 June 2018)
P J Leahy	(Resigned 22 June 2018)
H M Murphy	(Alternate to N Anand, appointed 11th September 2018, resigned 2 January 2019)
A G Waddington	
K A L Pearman	(Appointed 22 June 2018)
N Anand	(Appointed 11th September 2018)

Secretary Sherard Secretariat Services Limited

Company Number 06353892

Registered Office Chancery Exchange
10 Furnival Street
London
EC4A 1AB

Auditors BDO LLP
55 Baker Street
London
W1U 7EU

Amey Lighting (Norfolk) Limited

STRATEGIC REPORT

For the year ended 31 December 2018

The Directors present their strategic report on the Company for the year ended 31 December 2018.

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 subcontracts 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 receives its revenue from a UK local government body, the Authority, and therefore is not exposed to significant credit risk. The Company draws funding, invests cash and enters into interest rate swap agreements with financial institutions. The credit quality of these institutions is reviewed by the Directors on a regular basis. As such the Company's exposure to credit risk is reduced.

Interest rate risk

The Company hedges its interest rate risk at the inception of the project, by swapping its variable rate debt into a fixed rate, by the use of an interest rate swap. As such the Company's exposure to interest rate risk is reduced.

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 & loss account is set out on page 9 and shows turnover for the year of £6,819,000 (2017: £5,995,000) and profit for the year after taxation of £583,000 (2017: £449,000).

Financial Performance

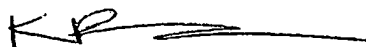
The Company has modelled the anticipated financial outcome of the project across its full term. The Company monitors actual financial performance against anticipated performance. Income and expenditure for the year ended 31 December 2018 which are based on fixed long-term contracts have been in line 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 12th September 2019 and signed on its behalf by:

On behalf of the Board



K A L Pearman

Amey Lighting (Norfolk) Limited

DIRECTORS' REPORT

For the year ended 31 December 2018

The Directors present their report together with the audited financial statements for the year ended 31 December 2018.

DIVIDENDS

The Directors approved the payment of an interim dividend totalling £119,000 (2017: £985,000). The Directors do not recommend the payment of a final dividend (2017: nil).

GOING CONCERN

The Directors have reviewed the financial forecasts and the level of funding as at 31 December 2018 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:

A Ghafoor	(Alternate to K A L Pearman, appointed 22 June 2018)
P J Leahy	(Resigned 22 June 2018)
H M Murphy	(Alternate to N Anand, appointed 11th September 2018, resigned 2 January 2019)
A G Waddington	
K A L Pearman	(Appointed 22 June 2018)
N Anand	(Appointed 11th September 2018)

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

AUDITOR

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

This report was approved by the board on 12th September 2019 and signed on its behalf by:

On behalf of the Board



K A L Pearman

Amey Lighting (Norfolk) Limited

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

For the year ended 31 December 2018

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 2018**

OPINION

We have audited the financial statements of Amey Lighting (Norfolk) Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement and the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of the 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 OF 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Amey Lighting (Norfolk) Limited

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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.

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 strategic report or 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.

Amey Lighting (Norfolk) Limited

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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.

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.

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.

BDO LLP

Stuart Barnsdall (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date:

17/9/2019

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 2018

	Notes	2018 £'000	2017 £'000
Turnover	2	6,819	5,995
Cost of sales		(6,089)	(5,400)
Gross profit		730	595
Net operating cost		(174)	(154)
Operating profit	3	556	441
Interest receivable and similar income	6	1,968	1,965
Interest payable and similar charges	7	(1,805)	(1,851)
Profit on ordinary activities before taxation		719	555
Tax on profit on ordinary activities	8	(136)	(106)
Profit for the financial year		583	449
Other comprehensive income			
Items that will or may be reclassified to profit and loss:			
Effective portion of fair value changes in cash flow hedges		1,415	1,019
Tax recognised in relation to change in fair value cash flow hedges:			
- origination and reversal		(241)	(174)
- change in tax rate			-
Other comprehensive income for the year		1,174	845
Total comprehensive income for the year		1,757	1,294

The notes on pages 12 to 25 form part of these financial statements.

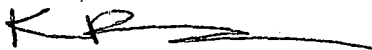
Amey Lighting (Norfolk) Limited

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Current assets			
Debtors: amounts falling due after more than one year	10	33,749	33,939
Debtors: amount due within one year	11	47	(26)
Cash at bank and in hand		768	752
		34,564	34,665
Creditors: amounts falling due within one year	12	(2,659)	(2,797)
Net current assets		31,905	31,868
Creditors: amounts falling due after more than one year	13	(38,659)	(40,261)
Net liabilities		(6,754)	(8,393)
Capital and reserves			
Called up share capital	16	50	50
Retained earnings		743	279
Cashflow hedge reserve	17	(7,547)	(8,722)
Equity shareholders' deficit		(6,754)	(8,393)

The notes on pages 12 to 25 form part of these financial statements.

These financial statements were approved by the board and authorised for issue on 12th September 2019 and were signed on its behalf by:



K A L Pearman

Registered number 06353892

Amey Lighting (Norfolk) Limited

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	50	(9,567)	815	(8,702)
Profit for the year	-	-	449	449
Other comprehensive income	-	845	-	845
Total comprehensive income for the year	-	845	449	1,294
Dividends	-	-	(985)	(985)
Total contributions by and distributions to owners	-	-	(985)	(985)
Balance at 31 December 2017	50	(8,722)	279	(8,393)
Balance at 1 January 2018	50	(8,722)	279	(8,393)
Profit for the year	-	-	583	583
Other comprehensive expense	-	1,174	-	1,174
Total comprehensive expense for the year	-	1,174	583	1,757
Dividends	-	-	(119)	(119)
Total contributions by and distributions to owners	-	-	(119)	(119)
Balance at 31 December 2018	50	(7,548)	743	(6,755)

The notes on pages 12 to 25 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 financial statements are 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 2018 and the comparative information presented in these financial statements for the year ended 31 December 2017.

The Company has taken the exemptions under FRS 102 available in respect of the following disclosure:

- 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 also 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.

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.

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

1 ACCOUNTING POLICIES *(continued)*

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.

Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition and contract costs

A significant amount of the Company's activities are undertaken via long term contracts which are accounted for in accordance with FRS 102 paragraphs 34.12 to 34.16A, Service Concession Agreements.

Management bases its judgement of contract costs and revenue on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenue are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates are updated regularly and significant changes are highlighted through established internal control procedures. The impacts of the changes in accounting estimates are then reflected in the ongoing results.

(a) Fair value of financial instruments

The Company determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

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.

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

1 ACCOUNTING POLICIES *(continued)*

Basic financial instruments *(continued)*

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).

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.

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

1 ACCOUNTING POLICIES *(continued)*

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.

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.

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.

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

1 ACCOUNTING POLICIES *(continued)*

Expenses

Interest receivable and Interest payable

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 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.

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.

	2018 £'000	2017 £'000
Services income	6,819	5,995

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

3 OPERATING PROFIT

Operating profit is stated after charging:

	2018 £'000	2017 £'000
Auditor's remuneration	9	15

4 DIRECTORS' REMUNERATION

	2018 £'000	2017 £'000
Amounts payable in respect of Directors' services to third parties	27	40

5 EMPLOYEES

No staff were directly employed by the Company (2017: 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

	2018 £'000	2017 £'000
Interest receivable on the finance debtor	1,967	1,963
Bank interest receivable	1	2
	1,968	1,965

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Interest payable on loan from parent undertaking	166	193
Interest payable on senior debt	365	293
Interest payable on swap	1,268	1,359
Bank charges	1	1
Commitment fees	5	5
	<u>1,805</u>	<u>1,851</u>

8 TAXATION

	2018 £'000	2017 £'000
<i>a) Analysis of tax charge for the year</i>		
<i>Current tax</i>		
UK corporation tax at 19.00% (2017: 19.25%)	128	98
Total current tax charge	<u>128</u>	<u>98</u>
<i>Deferred Tax</i>		
Origination and reversal of timing differences	8	8
Effect of tax rate change on opening balance	-	-
Total deferred tax charge	<u>8</u>	<u>8</u>
Total tax charge for the year	<u>136</u>	<u>106</u>

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:

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	719	555
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	137	107
<i>Effects of:</i>		
Difference in tax rates	(1)	(1)
Total tax charge for the year	<u>136</u>	<u>106</u>

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

8 TAXATION (continued)

<i>c) Taxation recognised directly in equity</i>	2018	2017
	£'000	£'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	240	174
Effect of tax rate change on opening balance	-	-
Total tax charge/(credit) recognised directly in equity	240	174

d) Factors affecting the future tax charge

Finance Bill 2016 enacted on 15th September 2016, included provision for a further 1% reduction to the main rate of corporation tax from 18% to 17% from 1 April 2020. Deferred tax balances have been calculated accordingly.

9 DIVIDENDS

	2017	2017
	£'000	£'000
Interim dividend of £2.38 per ordinary share (2017: £19.70)	119	985
No final dividends were paid or proposed (2017: £nil)		

10 DEBTORS: amounts falling due after more than one year

	2018	2017
	£'000	£'000
Finance debtor	32,150	32,098
Deferred tax asset	1,599	1,841
Total	33,749	33,939

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

11 DEBTORS: amounts falling due within one year

	2018 £'000	2017 £'000
Prepayments and accrued income	14	13
Corporation tax	33	(39)
	47	(26)

Amounts due from related parties within debtors are disclosed in note 21.

12 CREDITORS: amounts falling due within one year

	2018 £'000	2017 £'000
Senior debt facility	369	447
Loan from parent undertaking	99	141
Trade creditors	533	395
Accruals and deferred income	332	372
Taxation and social security	175	152
Derivatives financial instruments	1,151	1,290
	2,659	2,797

Amounts due to related parties within creditors are disclosed in note 21.

13 CREDITORS: amounts falling due after more than one year

	2018 £'000	2017 £'000
Senior debt facility	29,407	29,675
Loan from parent undertaking	1,310	1,368
Derivatives financial instruments	7,942	9,218
	38,659	40,261

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

14 ANALYSIS OF DEBT

	2018 £'000	2017 £'000
In one year or less, or on demand	609	588
Between one and two years	583	580
Between two and five years	1,118	1,451
In five years or more	28,875	29,012
	31,185	31,631

The senior debt loan interest is calculated at Libor plus margin of 0.55%. The rates charged during the year have ranged from 1.041% to 1.455% (2017: overall rates ranged from 1.041% to 1.083%). The loans were fully drawn at 31 December 2018 and 31 December 2017. The loan as at 31 December 2018 stands at a cash liability (principal and interest) of £29,563,275 (2017: £29,885,429).

The loan from the parent undertaking as at 31 December 2018 stands at a cash liability (principal and interest) of £1,408,725 (2017: £1,507,147). 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 2018 is a liability of £9,093,307 (2017: £10,508,313). The swap floating interest rate ranged during the year from 0.491% to 0.905% (2017: 0.491% to 0.533%), with a fixed rate of 5.035%.

15 DEFERRED TAX ASSET

Deferred tax asset is attributable to the following:	2018 £'000	2017 £'000
Deferred tax on revaluation of fair value of derivatives	1,546	1,786
Deferred tax on losses and other timing differences	53	55
	1,599	1,841

Deferred tax asset is recognised on the revaluation of the swap derivatives held by the Company. These are accounted for under cash flow hedges (see note 17).

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

16 SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted, called up and fully paid 50,000 ordinary shares of £1 each	50	50

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

17 CASH FLOW HEDGE RESERVE

	2018 £'000	2017 £'000
Gross swap liability	9,093	10,508
Deferred tax effect	(1,546)	(1,786)
	7,547	8,722

18 RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of shares issued.
Retained earnings	All other net gains and transactions with owners (e.g. dividends) not recognised elsewhere.
Hedge reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.

19 FINANCIAL INSTRUMENTS

(a) Carrying amounts of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018 £'000	2017 £'000
Assets measured at amortised cost		
- Finance debtor	32,150	32,098
Assets measured at cost less impairment		
- Cash and cash equivalents	768	752
Liabilities measured at amortised cost		
- Trade payables	(533)	(395)
- Accruals	(332)	(372)
- Senior debt facility	(29,776)	(30,122)
- Loan from parent undertaking	(1,409)	(1,509)
	(32,050)	(32,398)
Liabilities measured at fair value through profit and loss		
- Interest rate swaps	(9,093)	(10,508)

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

19 FINANCIAL INSTRUMENTS (continued)

(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.

(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:

	Contractual cash flows £'000	Within 1 year £'000	2018 Between 1 and 2 years £'000	Between 2 and 5 years £'000	5 years and over £'000
Interest rate swap	9,745	1,160	1,099	3,074	4,412
			2017	Between 2 and 5 years £'000	5 years and over £'000
	Contractual cash flows £'000	Within 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	5 years and over £'000
Interest rate swap	11,189	1,296	1,207	3,293	5,393

The Company has entered into an interest rate swap agreement under the senior debt loan which both expire in July 2032. A fixed rate of 5.035% 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:

	2018 £'000	2017 £'000
- Interest rate swap contracts Liability	9,093	10,508

20 COMMITMENTS

At 31 December 2018, the Company had no authorised and contracted capital commitments (2017: nil).

Amey Lighting (Norfolk) Limited

Notes to the financial statements (continued)

21 RELATED PARTY TRANSACTIONS

Expenditure with related parties	Relationship	Class of Transaction	2018	2018
			Expenditure	Amounts owed to related parties
			£'000	£'000
Amey LG Limited	A subsidiary undertaking of Ferrovia, S.A.	Services	6,070	534
Amey Ventures Management Services Limited	A subsidiary undertaking of Ferrovia, S.A.	Services	91	-
DIF Infrastructure II UK Partnership	Joint Venture Partner	Services	12	-
		Corporation tax group relief		98
DIF Infrastructure II Finance B.V.	Joint Venture Partner	Services	10	-
			2017	2017
			Expenditure	Amounts owed to related parties
			£'000	£'000
Amey LG Limited	A subsidiary undertaking of Ferrovia, S.A.	Services	5,357	395
Amey Ventures Management Services Limited	A subsidiary undertaking of Ferrovia, S.A.	Services	89	-
DIF Infrastructure II UK Partnership	Joint Venture Partner	Services	18	-
DIF Infra 3 UK Partnership	Joint Venture Partner	Services	14	-

Amey Lighting (Norfolk) Limited

Notes to the financial statements *(continued)*

22 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 Infra JV UK Limited and Amey Investments Limited. DIF Infra JV UK Limited holds a 95% equity interest in Amey Ventures Investments Limited, however due to the Joint Venture Agreement in place there is no ultimate parent company.

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 is a wholly owned subsidiary undertaking of DIF Infrastructure Yield 1 Cooperatief U.A., an entity registered in the Netherlands.

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

23 SUBSEQUENT EVENTS

There were no subsequent events after the year end.