Registered number: 03267621

SEC LIGHTING SERVICES TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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SEC LIGHTING SERVICES TRADING LIMITED

COMPANY INFORMATION

Directors	Gavin W Mackinlay Antony Peters (resigned 10 February 2017) Thomas Cunningham (appointed 10 November 2016)
Company secretary	David Thomas Adams
Registered number	03267621
Registered office	2nd Floor, Welken House Charterhouse Square London EC1M 6EH
Independent auditor	KPMG LLP Chartered Accountants Arlington Business Park Theale Reading RG7 4SD

SEC LIGHTING SERVICES TRADING LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The Directors present their Group Strategic Report prepared in accordance with the Companies Act 2006 for the year ended 31 December 2016 for SEC Lighting Services Trading Limited.

Principal Activities

The Company's principal activity during the year continued to be that of an investment holding company. It will continue in this activity for the foreseeable future.

The group's principal activity during the year continued to be to finance the maintenance and upgrade of street lighting under 25 year Private Finance Initiative (PFI) contracts. This is reflected in the financial statements as two operating activities (1) funding procurement of assets for the client which is presented as a financial asset on which a return is presented as finance income (2) operating and maintenance presented as revenue. The unitary charge's received is allocated between the two activities.

Significant activities in the year

During the year Nottingham and Knowsley both achieved Core Investment Programme (CIP) completion. After the year end Hampshire, Southampton and West Sussex all achieved CIP completion.

Principal risks and uncertainties

Financial risk management
The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Group's business and the assets and liabilities contained within the Group's balance sheet the only financial risks the Directors consider relevant to this Group are as follows:

Credit and liquidity risk
The Group's credit risk is not considered significant since it is primarily attributable to the local authorities, all being quasi governmental organisations, of the individual project companies within the group. Liquidity risk is mitigated by the Group's committed bank funding arrangements.

Contractual risk management
The Group operates within contractual relationships with its primary customers, being the relevant local authority for each project. Failure to perform obligations under the contracts could have a detrimental effect on the Group's results and could result in the termination of the concessions. To manage this risk the Group has regular meetings with the local authorities and sub contractors including discussions on performance, project progress, future plans and customer requirements.

Interest rate risk
For the period of this report, the Group's exposure to interest rate fluctuations on its borrowings and deposits was managed principally through the use of fixed rate debt instruments and swap agreements. The Group's policy was to use derivatives to reduce exposure to short term interest rates changes and not for speculative purposes.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Financial key performance indicators

The Group has set key business objectives which are monitored using a number of key performance indicators ("KPIs"). The relevant KPIs for this report are detailed below:

	2016 £000	2015 £000
Profit before taxation	**3,586**	**5,283**
Deductions	**1,402**	**1,982**
Net Liabilities	**32,297**	**23,491**

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

.....
Thomas Cunningham
Director

Date: 20 September 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £2,739 thousand *(2015 - £4,606 thousand)*.

The Group paid dividends of £701 thousand during the period (2015: £641 thousand).

Directors

The Directors who served during the year were:

Gavin W Mackinlay
Antony Peters (resigned 10 February 2017)
Thomas Cunningham (appointed 10 November 2016)

Political contributions

During the period, the Group made no political contributions (2015: £nil).

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 and the Group'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 and the Group's auditor is aware of that information.

Post balance sheet events

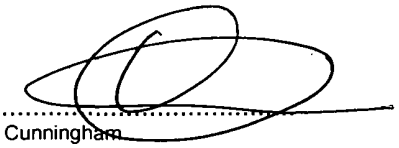
Hampshire: Tay Valley Lighting (Hampshire) Limited undertook a refinancing exercise which completed in March 2017. The £114,243,077.46 senior loan facility provided by Nationwide Building Society and Lloyds Banking Group was repaid in full and a new finance senior loan facility was issued by Aviva Public Private Finance Limited, totalling £148,764,145.65, at a fixed rate of 2.76%.

The senior facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of Tay Valley Lighting (Hampshire) Limited, and by a floating charge over the undertakings and assets of Tay Valley Lighting (Hampshire) Limited.

Auditor

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

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



.....
Thomas Cunningham
Director

Date: 20 September 2017

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEC LIGHTING SERVICES TRADING LIMITED

We have audited the financial statements of SEC Lighting Services Trading Limited for the year ended 31 December 2016, set out on pages 7 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditor

As explained more fully in the Directors' responsibilities statement on page 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's 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 Group's and the parent Company's affairs as at 31 December 2016 and of the Group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements from reading the Strategic Report and the Director's Report:

- we have not identified material mistatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEC LIGHTING SERVICES TRADING 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Andew Overton (Senior statutory auditor)

for and on behalf of
KPMG LLP

Chartered Accountants

Arlington Business Park
Theale
Reading
RG7 4SD

Date: 22 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Turnover	3	18,798	22,012
Cost of sales		(16,492)	(17,743)
Gross profit		2,306	4,269
Administrative expenses		(724)	(1,097)
Operating profit		1,582	3,172
Interest receivable and similar income	6	28,573	27,632
Interest payable and expenses	7	(26,569)	(25,521)
Profit before taxation		3,586	5,283
Tax on profit	8	(847)	(677)
Profit for the year		2,739	4,606
Movement in cashflow hedge		(11,122)	(1,117)
Taxation in respectof items of other comprehensive income		278	5,588
Other comprehensive income for the year		(10,844)	4,471
Total comprehensive income for the year		(8,105)	9,077

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 26 form part of these financial statements.

SEC LIGHTING SERVICES TRADING LIMITED
REGISTERED NUMBER: 03267621

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000		2015 £000	
Current assets					
Debtors: amounts falling due after more than one year	12	**340,063**		*333,382*	
Debtors: amounts falling due within one year	12	**29,719**		*28,154*	
Cash at bank and in hand	13	**40,258**		*37,080*	
		410,040		*398,616*	
Creditors: Amounts Falling Due Within One Year	14	**(71,707)**		*(243,958)*	
Net current assets			**338,333**		*154,658*
Total assets less current liabilities			**338,333**		*154,658*
Creditors: amounts falling due after more than one year	15		**(370,630)**		*(178,149)*
Net liabilities			**(32,297)**		*(23,491)*
Capital and reserves					
Called up share capital			**10,000**		*10,000*
Cashflow Hedge Reserve			**(53,815)**		*(42,971)*
Profit and loss account			**11,518**		*9,480*
Equity attributable to owners of the parent Company			**(32,297)**		*(23,491)*
			(32,297)		*(23,491)*

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

.....
Thomas Cunningham
Director

Date: 20 September 2017
The notes on pages 15 to 26 form part of these financial statements.

SEC LIGHTING SERVICES TRADING LIMITED
REGISTERED NUMBER: 03267621

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note		2016 £000		*2015 £000*
Fixed assets					
Investments	11		**64**		*64*
			64		*64*
Current assets					
Debtors: amounts falling due within one year	12	**53,459**		*50,383*	
		53,459		*50,383*	
Creditors: amounts falling due within one year	14	**(6,725)**		-	
Net current assets			**46,734**		*50,383*
Total assets less current liabilities			**46,798**		*50,447*
Creditors: amounts falling due after more than one year	15		**(36,797)**		*(40,446)*
Net assets			**10,001**		*10,001*
Capital and reserves					
Called up share capital			**10,000**		*10,000*
Profit and loss account			**1**		*1*
			10,001		*10,001*

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

.....
Thomas Cunningham
Director

Date: 20 September 2017

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Cash Flow Hedge Reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	10,000	(42,971)	9,480	(23,491)
Comprehensive income for the year				
Profit for the year	-	-	2,739	2,739
Taxation in respect of items of other comprehensive income	-	278	-	278
Movement in cash flow hedge	-	(11,122)	-	(11,122)
Other comprehensive income for the year	-	(10,844)	-	(10,844)
Total comprehensive income for the year	-	(10,844)	2,739	(8,105)
Dividends: Equity capital	-	-	(701)	(701)
Total transactions with owners	-	-	(701)	(701)
At 31 December 2016	10,000	(53,815)	11,518	(32,297)

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Cash Flow Hedge Reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	10,000	(47,442)	5,515	(31,927)
Comprehensive income for the year				
Profit for the year	-	-	4,606	4,606
Taxation in respect of items of other comprehensive income	-	(1,117)	-	(1,117)
Movement in cash flow hedge	-	5,588	-	5,588
Other comprehensive income for the year	-	4,471	-	4,471
Total comprehensive income for the year	-	4,471	4,606	9,077
Dividends: Equity capital	-	-	(641)	(641)
Total transactions with owners	-	-	(641)	(641)
At 31 December 2015	10,000	(42,971)	9,480	(23,491)

The notes on pages 15 to 26 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	10,000	1	10,001
Comprehensive income for the year			
Profit for the year	-	701	701
Contributions by and distributions to owners			
Dividends: Equity capital	-	(701)	(701)
Total transactions with owners	-	(701)	(701)
At 31 December 2016	10,000	1	10,001

The notes on pages 15 to 26 form part of these financial statements .

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2015	10,000	1	10,001
Comprehensive income for the year			
Profit for the year	-	641	641
Contributions by and distributions to owners			
Dividends: Equity capital	-	(641)	(641)
Total transactions with owners	-	(641)	(641)
At 31 December 2015	10,000	1	10,001

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	**2,739**	*4,606*
Adjustments for:		
Interest received	**26,569**	*25,521*
Interest paid	**(28,573)**	*(27,632)*
Taxation charge	**847**	*677*
(Increase) in debtors	**(7,970)**	*(34,085)*
Decrease in amounts owed by groups	**-**	*19*
Increase in creditors	**8,326**	*9,351*
Corporation tax received/(paid)	**59**	*(267)*
Net cash generated from operating activities	**1,997**	*(21,810)*
Cash flows from investing activities		
Interest received	**28,574**	*27,632*
Net cash from investing activities	**28,574**	*27,632*
Cash flows from financing activities		
New secured loans	**-**	*38,036*
Repayment of loans	**(3,644)**	*-*
Other new loans	**3,521**	*3,272*
Dividends paid	**(701)**	*(641)*
Interest paid	**(26,569)**	*(25,521)*
Net cash used in financing activities	**(27,393)**	*15,146*
Net increase in cash and cash equivalents	**3,178**	*20,968*
Cash and cash equivalents at beginning of year	**37,080**	*16,112*
Cash and cash equivalents at the end of year	**40,258**	*37,080*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**40,258**	*37,080*
	40,258	*37,080*

The notes on pages 15 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

SEC Lighting Services Trading Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. These financial statements were 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 September 2015. The presentation currency of these financial statements is sterling.

Equitix Infrastructure 3 Limited (Registered number 08778370) holds a 100% interest in SEC Lighting Services Trading Limited and is considered to be the immediate parent company. The ultimate parent and controlling party is considered to be Equitix Fund III LP. Equitix Fund III LP is regarded by the Directors as the Company's ultimate parent company and controlling party at 31 December 2015. These accounts are not consolidated anywhere else.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 Going concern

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and has access to sufficient short-term and medium-term group wide facilities to meet its funding requirements for the coming financial year and have therefore prepared these financial statements on a going concern basis.

1.4 Finance debtor and service income

The Group is an operator of a total of seven PFI contracts. The underlying assets are not deemed to be assets of the Group under FRS102 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 individual projects, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase income is allocated between interest receivable and the finance debtor using the project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS102 section 23. The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.8 Financial instruments

The group uses derivative financial instruments to manage exposures to interest rate risks. Interest rate swaps have been taken alongside the senior debt loans to provide a fixed interest rate over the life of the debt. The swaps are measured at fair value on a mid-market basis and recognised in the balance sheet as a liability. The mark-to-market-value is the result of the valuation of the current interest coupons on market rates as well as the interest accrued as of the evaluation date. All values are discounted from the payment date to the evaluation date.

Hedging
Where transactions meet the specified criteria hedge accounting is used for the related financial instrument. At the time an instrument is designated as a hedge, the Company formally documents the relationship between the hedging instrument and the hedged item. Documentation ensures that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Accordingly the Company formally assessed, both at inception of the hedge and on an ongoing basis whether the hedging derivatives have been 'highly effective' in offsetting changes in the cash flows of the hedged item.

For a hedge of variable interest rate risk of a recognised financial instrument the portion of the change in fair value of the hedging instrument that was effective is recognised in Other Comprehensive Income. Any excess cumulative change in fair value is recognised in the Statement of Comprehensive Income. The hedging gain or loss recognised in Other Comprehensive Income is reclassified to the Statement of Comprehensive Income when the hedged item is recognised in the Statement of Comprehensive Income or when the hedging relationship ends. The treatment is discontinued if the hedging instrument expires or is sold or terminated, the entity revokes the designation or the hedge no longer meets the criteria for hedge accounting.

1.9 Creditor

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.12 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

1. Accounting policies (continued)

1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

Key sources of estimation uncertainty

Income derived from the PFI contracts is allocated between the provision of the asset via finance income and the provision of subsequent services via revenue.

Financial Asset Interest Rate - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a monthly basis.

Service Margin - Maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

Fair value of interest rate swaps - the fair value of interest rate swaps is determined by reference to mark to market valuations provided periodically by the senior lender.

Critical judgements
Concession arrangements - The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the Turnover note. This judgement has been based on a consideration of the nature and terms of the agreements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Service Income	18,798	22,012
	18,798	22,012

All turnover arose within the United Kingdom.

4. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	6	6

Auditor remuneration in respect of the audit of the SEC Lighting Services Trading Limited is borne by other subsidiary companies. Auditor remuneration in respect of the Group for the period ended 31 December 2016 is £73 thousand (December 2015 - £77 thousand).

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration for their services to the company (2015 - £NIL)

6. Interest receivable

	2016 £000	2015 £000
Interest receivable on finance debtor	28,573	27,632
	28,573	27,632

7. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	21,625	21,694
Subordinated debt interest payable	4,944	3,827
	26,569	25,521

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. Taxation

	2016 £000	*2015 £000*
Corporation tax		
Current tax on profits for the year	**847**	*930*
Adjustments in respect of previous periods	**-**	*(253)*
	847	*677*
Total current tax	**847**	*677*
Deferred tax		
Total deferred tax	**-**	*-*
Taxation on profit on ordinary activities	**847**	*677*

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2015 - higher than)* the standard rate of corporation tax in the UK of 20% *(2015 - 20.25%)*. The differences are explained below:

	2016 £000	*2015 £000*
Profit on ordinary activities before tax	**3,586**	*5,283*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	**717**	*1,070*
Effects of:		
Utilisation of tax losses	**-**	*(393)*
Other timing differences leading to an increase (decrease) in taxation	**130**	*-*
Total tax charge for the year	**847**	*677*

Factors that may affect future tax charges

Reductions in the rate of corporation tax to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted in September 2016. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. Dividends

	2016 £000	2015 £000
Dividends Paid	701	641
	701	641

10. *Parent company profit for the year*

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss in these financial statements. The profit after tax of the parent Company for the year was £701 thousand (2015 - £641 thousand)

11. Fixed asset investments

Subsidiary undertakings

The following were direct subsidiary undertakings of the Company as at 31 December 2016 and 31 December 2015:

Name	Class of shares	Holding	Principal activity
SEC Highway Lighting (No.2) Limited	Ordinary	UK %	Holding Company
SEC Highway Lighting (No.3) Limited	Ordinary	UK %	Holding Company
TVL (Hampshire) Holding Limited	Ordinary	UK %	Holding Company
TVL (Southampton) Holding Limited	Ordinary	UK %	Holding Company
TVL (West Sussex) Holding Limited	Ordinary	UK %	Holding Company
TVL (Nottingham) Holding Limited	Ordinary	UK %	Holding Company
TVL (Knowsley) Holding Limited	Ordinary	UK %	Holding Company
Ealing Lighting (Finance) Limited *	Ordinary	UK %	Holding Company
Islington Lighting (Finance) Limited *	Ordinary	UK %	Holding Company
Tay Valley Lighting (Hampshire) Limited *	Ordinary	UK %	Holding Company
Tay Valley Lighting (Southampton) Limited *	Ordinary	UK %	Holding Company
Tay Valley Lighting (West Sussex) Limited *	Ordinary	UK %	Holding Company
Tay Valley Lighting (Nottingham) Limited *	Ordinary	UK %	Holding Company
Tay Valley Lighting (Knowsley) Limited *	Ordinary	UK %	Holding Company

* Indirectly Held

All companies are registered at Welken House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	**64**
At 31 December 2016	**64**
Net book value	
At 31 December 2016	**64**
At 31 December 2015	*64*

12. Debtors

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Due after more than one year				
Prepayments and accrued income	**288**	-	-	-
Amounts recoverable on long term contracts	**339,775**	*333,382*	-	-
	340,063	*333,382*	-	-

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Due within one year				
Trade debtors	**1,157**	*4,167*	-	-
Amounts owed by group undertakings	**9,936**	*9,937*	**53,459**	*50,383*
Other debtors	**308**	*11*	-	-
Prepayments and accrued income	**6,727**	*3,295*	-	-
Amounts recoverable on long term contracts	**570**	-	-	-
Deferred taxation (see note 18)	**11,021**	*10,744*	-	-
	29,719	*28,154*	**53,459**	*50,383*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Cash and cash equivalents

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Cash at bank and in hand	**40,258**	*37,080*	-	-
	40,258	*37,080*	-	-

14. Creditors: Amounts falling due within one year

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Bank loans	**6,409**	*194,445*	-	-
Other loans	**6,725**	*171*	**6,725**	-
Trade creditors	**25,930**	*22,997*	-	-
Corporation tax	**1,985**	*1,079*	-	-
Other taxation and social security	**1,442**	*782*	-	-
Other creditors	**9,254**	*1,297*	-	-
Accruals and deferred income	**19,962**	*23,187*	-	-
	71,707	*243,958*	**6,725**	-

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

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Bank loans	**268,996**	*84,604*	-	-
Subordinated debt	**36,797**	*39,830*	**36,797**	*40,446*
Fair value of Swap	**64,837**	*53,715*	-	-
	370,630	*178,149*	**36,797**	*40,446*

The various bank facilities available to the Group total £300,810,000, of which £279,049,000 has been drawn down or remains outstanding at the period end. The loans are secured on the assets of the Company. Interest is charged at the rate of LIBOR plus a margin. The base facilities mature at various dates between 31 December 2026 and 31 March 2036.

Amounts owed to group undertakings includes subordinated debt facilities totalling £43,522,000 (31 December 2015: £40,001,000) due to the immediate parent company Equitix Infrastructure 3 Limited. The subordinated loan facilities bear interest at a fixed rates of either 10.5% or 11% and are fully repayable between 31 December 2026 and 31 July 2036.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. Loans

Analysis of the maturity of loans is given below:

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Amounts falling due within one year				
Bank loans	**6,409**	*194,445*	**-**	*-*
Other loans	**6,725**	*171*	**6,725**	*-*
	13,134	*194,616*	**6,725**	*-*
Amounts falling due 1-2 years				
Bank loans	**7,268**	*3,818*	**-**	*-*
Other loans	**444**	*849*	**-**	*-*
	7,712	*4,667*	**-**	*-*
Amounts falling due 2-5 years				
Bank loans	**26,464**	*13,556*	**-**	*-*
Other loans	**1,597**	*3,250*	**-**	*-*
	28,061	*16,806*	**-**	*-*
Amounts falling due after more than 5 years				
Bank loans	**235,264**	*67,230*	**-**	*-*
Other loans	**34,756**	*35,731*	**36,797**	*40,446*
	270,020	*102,961*	**36,797**	*40,446*
	318,927	*319,050*	**43,522**	*40,446*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17. Financial instruments

	Group 2016 £000	*Group 2015 £000*	Company 2016 £000	*Company 2015 £000*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**410,041**	*398,616*	**53,459**	*50,383*
	410,041	*398,616*	**53,459**	*50,383*
Financial liabilities				
Financial liabilities measured at amortised cost	**(377,501)**	*(368,392)*	**(43,522)**	*(40,446)*
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	**(64,837)**	*(53,715)*	-	-
	(442,338)	*(422,107)*	**(43,522)**	*(40,446)*

The Group has entered into a number of interest rate swap agreements in order to convert the variable interest rate payable on the debt facilities to a fixed rate. The swap has the effect of fixing the interest rate of the loan between 4.50% and 4.95% depending on the individual loan.

Fair value of assets and liabilities
The fair value of financial instruments represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing rates. Significant differences can arise between the fair value and the carrying amount of financial instruments that are recognised at historical cost amounts. .

18. Deferred taxation

Group

	2016 £000
At beginning of year	**10,744**
Charged to other comprehensive income	**278**
At end of year	**11,022**

	Group 2016 £000	*Group 2015 £000*
Cash flow hedge reserve	**11,022**	*10,744*
	11,022	*10,744*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

19. Post balance sheet events

Hampshire: Tay Valley Lighting (Hampshire) Limited undertook a refinancing exercise which completed in March 2017. The £114,243,077.46 senior loan facility provided by Nationwide Building Society and Lloyds Banking Group was repaid in full and a new finance senior loan facility was issued by Aviva Public Private Finance Limited, totalling £148,764,145.65, at a fixed rate of 2.76%.

The senior facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of Tay Valley Lighting (Hampshire) Limited, and by a floating charge over the undertakings and assets of Tay Valley Lighting (Hampshire) Limited.

20. Controlling party

The immediate parent undertaking is Equitix Infrastructure 3 Ltd. The ultimate parent company is Equitix III LP which has a registered office of Welken House, 10-11 Charterhouse Square, London, EC1M 6EH.