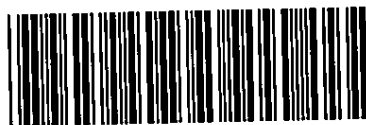


Registered in England No: 5598521

REDCAR & CLEVELAND LIGHTING SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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Redcar & Cleveland Lighting Services Limited

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Redcar & Cleveland Lighting Services Limited

Directors' report for the year ended 30 June 2012

The directors present their report and the audited financial statements of the company for the year ended 30 June 2012

Principal activity and business review

The principal activity of the company is the design, installation, operation (including the procurement of energy), maintenance and financing of new, refurbished and existing public street lighting, associated equipment and apparatus

The scheme proposes an improvement in the current street lighting service that will involve the replacement of approximately 15,527 existing lighting columns during a five year Core Investment Programme ("CIP") The proportion of the stock is replaced as part of the annual investment reviews post CIP

The directors have reviewed the activities of the business for the year and the position as at 30 June 2012 and consider them to be satisfactory

Results and dividends

The trading results for the year to 30 June 2012 and the company's financial position as at 30 June 2012 are shown in the attached financial statements The company has made a profit during the year of £27,106 (2011 £89,136) and the shareholders' funds at 30 June 2012 show a deficit of £171,464 (2011 £198,570)

The directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2011 £nil)

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (2011 £nil)

Going concern

The shareholders' funds at 30 June 2012 show a deficit of £171,464 (2011 £198,570) This arises from the early phase in the company's 25 year concession period The company has a secured bank facility that will enable it to continue trading for the life of the concession period The company is not in breach of its covenant terms The directors have reviewed the forecast and believe that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis

Principal risks and uncertainties

The company's revenue is based on a fixed price, subject to adjustments for retail price index increases In most cases costs are similarly indexed

Redcar & Cleveland Lighting Services Limited

Directors' report for the year ended 30 June 2012 (*continued*)

Principal risks and uncertainties (*continued*)

The company is financed by a variable rate loan and is therefore exposed to interest rate risk. In order to mitigate this risk, the company has entered into an interest rate SWAP arrangement in order to fix interest rates.

The design, installation, and maintenance operations of street lighting are subcontracted out. Significant risks are passed down to the key subcontractors within limits set out as liability caps.

However, contractual default by these subcontractors or losses/deductions reaching the liability caps would transfer the risks back to the company.

Under the PFI Project Agreement with Redcar and Cleveland Borough Council, any general change in law risk is transferred to the company and, subject to certain criteria and caps, is passed down to the sub-contractor. A Change in Law Facility of £406,086 is available to the Company to meet any residual Change in Law risk (refer to note 12).

Key performance indicators

The company's management produce comparisons of actual cash flows against forecast cash flows from the finance model and analyse any fluctuations.

The directors believe that there are no other significant key performance indicators that require disclosure for an understanding of the development, performance or position of the business.

Directors and their interests in shares of the company

The directors of the company who held office during the year and to the date of this report are listed below.

	Appointed	Resigned
T B Symes		01 August 2012
M A McDerment	01 August 2012	
P A Cartwright		
B A Bodin		
E M Peeke		
X Plumley (alternate director)	26 June 2012	

None of the directors held any disclosable beneficial interests in the company at 30 June 2012 (2011 £nil), or at any time during the year.

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 audit information of which the company's auditor is unaware. Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Redcar & Cleveland Lighting Services Limited

Directors' report for the year ended 30 June 2012 (*continued*)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Registered office
3 Tenterden Street
London
W1S 1TD
United Kingdom

By Order of the Board

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

M A McDermott
Director

A smaller, more compact handwritten signature in black ink, with a distinct loop and a short horizontal stroke.

E M Peeke
Director

Approved by the directors on 7 December 2012

Redcar & Cleveland Lighting Services Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Redcar & Cleveland Lighting Services Limited

We have audited the financial statements of Redcar and Cleveland Lighting Services Limited for the year ended 30 June 2012 set out on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Redcar & Cleveland Lighting Services 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



**Andrew Marshall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountant
15 Canada Square
London
E14 5GL
United Kingdom

10 December 2012

Redcar & Cleveland Lighting Services Limited

Profit and loss account for the year ended 30 June 2012

	Notes	2012	2011
		£	£
Turnover	2	1,278,224	2,999,692
Cost of sales		(1,078,346)	(2,866,168)
Gross profit		199,878	133,524
Administrative expenses		(112,746)	(77,356)
Operating profit	3	87,132	56,168
Interest receivable	6	1,362,451	1,335,328
Interest payable and similar charges	7	(1,405,913)	(1,380,877)
Profit on ordinary activities before taxation		43,670	10,619
Tax on profit on ordinary activities	8	(16,564)	78,517
Profit for the financial year		27,106	89,136

All results are in respect of continuing activities

The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents

The notes on pages 12 to 21 form part of these financial statements

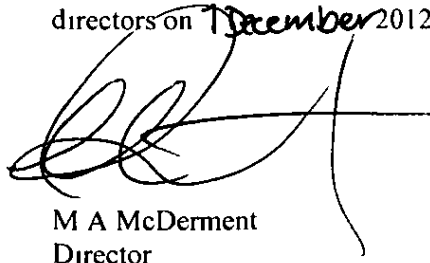
Redcar & Cleveland Lighting Services Limited

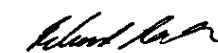
Balance sheet as at 30 June 2012

		2012	2011
	Notes	£	£
Non current assets			
Debtors amounts falling due after one year	10	<u>21,077,252</u>	<u>21,546,538</u>
Current assets			
Debtors amounts falling due within one year	10	1,035,365	923,086
Cash at bank	11	<u>1,120,968</u>	<u>977,034</u>
		2,156,333	1,900,120
Creditors: amounts falling due within one year	12	<u>(2,726,524)</u>	<u>(2,264,267)</u>
Net current assets		(570,191)	(364,147)
Total assets less current liabilities		20,507,061	21,182,391
Creditors: amounts falling due after one year	13	<u>(20,678,525)</u>	<u>(21,380,961)</u>
Net liabilities		<u>(171,464)</u>	<u>(198,570)</u>
Capital and reserves			
Called up share capital	14	25,000	25,000
Profit and loss account	15	<u>(196,464)</u>	<u>(223,570)</u>
Equity shareholders' deficit	16	<u>(171,464)</u>	<u>(198,570)</u>

The notes on pages 12 to 21 form part of these financial statements

These financial statements for Company Registration number 5598521 were approved by the board of directors on ~~11~~ December 2012 and signed on its behalf by


M A McDerment
Director


E M Peeke
Director

Redcar & Cleveland Lighting Services Limited

Cash flow statement for the year ended 30 June 2012

		2012	2011
	£	£	£
Reconciliation of operating (loss)/profit to net cash from operating activities			
Operating (loss)/profit		87,132	56,168
Increase in finance debtors		273,938	(1,753,949)
Decrease in other debtors		1,428,956	1,696,102
Increase in creditors		194,316	176,631
Net cash inflow from operating activities		1,984,342	174,952
Cash flow statement			
Net cash inflow from operating activities		1,984,342	174,952
Returns on investments and servicing of finance			
Interest paid	(1,397,032)	(1,079,200)	
Bank fees paid	-	(14,629)	
		(1,397,032)	(1,093,829)
Cash outflow before financing		587,310	(918,877)
Financing			
Drawdown of bank loans	-	606,470	
Repayment of loans	(434,155)	(1,942,726)	
Repayment of loanstock	(9,221)	-	
Issue of loan stock	-	1,945,801	
Net cash (outflow)/ inflow from financing activities		(443,376)	609,545
Increase/(decrease) in cash in the year		143,934	(309,332)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year	Note 17	143,934	(309,332)
Decrease/(increase) in debt during the year	Note 17	443,376	(609,545)
Change in net debt resulting from cash flows		587,310	(918,877)
Non-cash flows	Note 17	(6,388)	(6,804)
Net debt at beginning of year		(20,672,047)	(19,746,366)
Net debt at end of year		(20,091,125)	(20,672,047)

The notes on pages 12 to 21 form part of these financial statements

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as stated below

The following amendments to standards have been adopted in these financial statements for the first time which have not had a material impact on these financial statements

- Improvements to FRSs which applied to accounting periods starting on/after 1 January 2011
- FRS 8 Related Party Disclosures is amended to replace the definition of a related party with that set out in UK law

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards, the Companies Act 2006 and the accounting policies set out below

Going concern

The shareholders funds at 30 June 2012 show a deficit of £171,464 (2011 £198,570) This arises from the early phase in the company's 25 year concession period The company has a secured bank facility that will enable it to continue trading for the concession period (refer to note 13) The company is not in breach of its covenant terms The directors have reviewed the forecast and believe that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis

Turnover

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

Amounts recoverable on contract

Costs incurred in the construction of new, refurbished and existing public street lighting associated equipment and apparatus have been accounted for under Financial Reporting Standard ('FRS') 5 Application Note F Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the Redcar & Cleveland Borough Council As such, all construction costs incurred on the project, including incidental costs, are recorded as construction work in progress during the construction phase of the project Costs are recognised as cost of sales to the extent they relate to the value of the work done in respect of turnover recognised

On an ongoing phasing basis, at the point of each justifiable completion date, the amounts outstanding under the contract have been transferred from amounts recoverable under contracts into finance debtor

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

1. Accounting policies (*continued*)

Finance debtor

During the construction phases of the project, all attributable expenditure is included in amounts recoverable on contracts and turnover. Upon completion of each construction phase, the costs are transferred to the 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 income is included within turnover in accordance with FRS 5 Application Note G. The company recognises income in respect of service provided as it fulfils its contractual obligation in respect of these services and in line with fair value of consideration receivable in respect of these services.

Long term contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Interest

Interest costs are expensed to the profit and loss account when incurred.

Loan issue costs

Costs associated with the issue of loans are capitalised and netted off against the loan amount in the balance sheet. The finance cost of debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash

Cash, for the purpose of the cash flow statement, comprises working capital, restricted cash balances and deposits repayable on demand.

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

2. Analysis of turnover

	2012	2011
	£	£
Construction income	89,833	1,806,329
Services income	1,188,391	1,193,363
	<u>1,278,224</u>	<u>2,999,692</u>

All turnover originates in the United Kingdom

3. Operating profit

Operating profit is stated after charging

	2012	2011
	£	£
Auditors' remuneration		
- for the statutory audit of the company	10,400	10,400
- taxation services	4,915	4,240
	<u>15,315</u>	<u>14,640</u>

4. Directors remuneration

The directors received no emoluments in respect of their services to the company during the year (2011 £nil)

5. Particulars of employees

The company had no employees during the year (2011 no employees)

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

6. Interest receivable

	2012	2011
	£	£
Finance debtor interest receivable	1,359,589	1,335,328
Other interest receivable	2,862	-
	<u>1,362,451</u>	<u>1,335,328</u>

7. Interest payable and similar charges

	2012	2011
	£	£
Bank fees payable	19,214	20,700
Bank loan interest	315,485	243,145
Loan stock interest	236,783	167,923
SWAP interest	828,043	942,305
Amortisation of issue costs	6,388	6,804
	<u>1,405,913</u>	<u>1,380,877</u>

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

8. Tax on loss on ordinary activities

Tax on profit/(loss) on ordinary activities

	2012 £	2011 £
(a) Tax on profit on ordinary activities		
Current tax		
United Kingdom corporation tax	730	-
Deferred tax		
Deferred taxation (refer to note 9)	15,834	(78,517)
	<u>16,564</u>	<u>(78,517)</u>

(b) Factors affecting the tax charge for the current year

Current tax reconciliation	2012 £	2011 £
Profit on ordinary activities before tax	43,670	10,619
Current tax at 25.5% (2011: 27.5%)	11,137	2,920
Effects of		
Losses carried forward	-	(2,920)
Utilisation of tax losses and other deductions arising in the current period	(10,407)	-
Total current tax charge	<u>730</u>	<u>-</u>

(c) Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. The reduction to 23% (effective from 1 April 2013) was substantially enacted on 3rd July 2012. The further 1% reduction is expected to be included in a future Finance Bill. This will reduce the company's future current tax charge accordingly.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will reduce the company's future current tax charge accordingly.

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

9. Deferred taxation Deferred Taxation

	2012 £	2011 £
Asset at beginning of year	78,517	-
(Charged)/credited in the year	(15,834)	78,517
Asset at end of year	<u>62,683</u>	<u>78,517</u>
Movement in provision		
Origination and reversal of timing differences	(9,794)	78,517
Effect of tax rate change on opening balance	(6,040)	-
	<u>(15,834)</u>	<u>78,517</u>

The deferred tax asset relates to losses and other deductions and has been included in debtors (refer to note 10) There is no unprovided deferred tax

10. Debtors

	2012 £	2011 £
Amounts falling due within one year:		
Trade debtors	480,873	405,604
Prepayments and accrued income	2,070	2,007
Finance debtor	552,422	515,475
	<u>1,035,365</u>	<u>923,086</u>
Amounts falling due after one year:		
Amounts recoverable on contract	-	142,567
Finance debtor	21,014,569	21,325,454
Deferred tax	62,683	78,517
	<u>21,077,252</u>	<u>21,546,538</u>
Total debtors	<u>22,112,617</u>	<u>22,469,624</u>

11. Cash at bank

Cash at bank includes twelve current accounts with Allied Irish Bank having a balance of £1,120,968 (2011 £977,034) Withdrawals from these bank accounts are restricted to items set out in the Credit Agreement with Allied Irish Bank and the company must satisfy certain requirements before being permitted to withdraw any amounts from these accounts

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

12. Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank Loan	527,757	258,899
Loan stock	12,182	9,221
Trade creditors	172,428	210,195
Corporation tax	851	121
Other creditors	93,080	38,473
Accruals and deferred income	1,924,645	1,747,358
Amounts due to fellow subsidiary undertakings	1,952	-
Issue costs	(6,371)	-
	<u>2,726,524</u>	<u>2,264,267</u>

13. Creditors: amounts falling due after one year

	2012	2011
	£	£
Bank loan	18,875,762	19,578,775
Loan stock	1,924,398	1,936,580
	<u>20,800,160</u>	<u>21,515,355</u>
Issue costs	(121,635)	(134,394)
	<u>20,678,525</u>	<u>21,380,961</u>

The company has undrawn committed borrowing facilities of £nil (2011 £77,670) expiring 29 February 2032 on the term loan facility, £406,086 (2011 £406,086) expiring on 29 February 2031 on the change of law facility and £894,117 (2011 £894,117) on the debt service facility expiring on 31 August 2031

The term loan, change of law loan and debt service facility loan have a variable interest rate of LIBOR plus a margin of 0.625%

The term and change of law loan are secured, in favour of Allied Irish Bank and Sumitomo Mitsui Banking Corporation, over all assets of the company

On 15 August 2007, the company issued £1,942,726 of unsecured loan stock due in 2032 part paid at the amount of £1. The loan stock is subscribed for by IIC Redcar & Cleveland Subdebt Limited. The company called up the undrawn amount in full on 31 August 2010.

The loan stock had an interest rate of 7.82% during the operational stage. After reaching the CIP Completion date on 31 December 2010 the interest rate increased to 12.15%.

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

13. Creditors: amounts falling due after one year (*continued*)

	2012	2011
	£	£
Debt can be analysed as falling due as follows:		
In one year or less	539,939	268,120
Between one and two years	603,883	551,820
Between two and five years	2,099,594	1,952,885
More than five years	18,096,683	19,010,650
	<u>21,340,099</u>	<u>21,783,475</u>
Issue costs	(128,006)	(134,394)
	<u>21,212,093</u>	<u>21,649,081</u>

14. Share capital

Allotted, called up and fully paid:	2012	2011
	Number	Number
	£	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

The company's share capital is divided between 21,250 "A" Ordinary shares, 3,750 "B" Ordinary shares. All these shares rank *pari passu* to each other.

15. Profit and loss account

	2012	2011
	£	£
Retained loss brought forward	(223,570)	(312,706)
Profit for the financial year	27,106	89,136
	<u>(196,464)</u>	<u>(223,570)</u>

16. Reconciliation of movements in shareholders' deficit

	2012	2011
	£	£
Opening shareholders' deficit	(198,570)	(287,706)
Profit for the financial year	27,106	89,136
	<u>(171,464)</u>	<u>(198,570)</u>

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

17. Analysis of net debt

	2011 £	Cash flow £	Non-cash flow £	2012 £
Cash in hand and at bank	977,034	143,934	-	1,120,968
Debt falling due within one year	(268,120)	(271,819)	-	(539,939)
Debt falling due after one year	(21,515,355)	715,195	-	(20,800,160)
Loan issue costs	134,394		(6,388)	128,006
	<u>(20,672,047)</u>	<u>587,310</u>	<u>(6,388)</u>	<u>(20,091,125)</u>

18. Related party transactions

Investors in the Community LP hold an 85% shareholding in the Company and have ultimately subscribed 100% of the loan stock. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, 3 Tenterden Street, London, W1S 1TD.

At 30 June 2012, the Company owed IIC Redcar and Cleveland Subdebt Limited, a wholly owned subsidiary of Investors in the Community LP, £1,995,241 (2011 £1,945,800) in unpaid loan stock. This is a related party by virtue of being controlled under a common influence.

During the year the Company expensed £236,783 (2011 £167,923) of loan stock interest payable to IIC Redcar and Cleveland Subdebt Limited and repaid £237,062 (2011 £105,907) in respect of the same loan. At the balance sheet date the Company owed IIC Redcar and Cleveland Subdebt Ltd £58,662 (2011 £58,942) of accrued loan stock interest.

ETDE Infrastructure Limited (formerly David Webster Limited) holds the remaining 15% shareholding in the Company. During the year ended 30 June 2012, the Company had transactions in the ordinary course of business and on an arm's length basis with ETDE Infrastructure Limited, the appointed sub-contractor.

Construction costs of £nil (2011 £1,658,046) and lifecycle costs of £90,169 (2011 £115,507) were paid to ETDE Infrastructure Limited. Expenditure associated with the construction phase of the contract has been capitalised as amounts recoverable under contract (see note 1).

Redcar & Cleveland Lighting Services Limited

Notes to the financial statements for the year ended 30 June 2012 (*continued*)

18. Related party transactions (*continued*)

At 30 June 2012, the Company owed £nil (2011 £nil) in respect of accrued construction costs to ETDE Infrastructure Limited

During the year the Company paid £1,066,763 (2011 £1,131,963) to ETDE Infrastructure Limited for maintenance services

During the year the Company paid £58,427 (2011 £55,685) to MAMG Asset Management Limited for asset management services. MAMG Asset Management Limited is a related party by virtue of sharing a common directorship, P A Cartwright and T B Symes

There were no other related party transactions entered into by the Company during the year. At the balance sheet date the Company had no commitments in respect of future construction costs (2011 £nil). There were no contingent liabilities (2011 nil).

19. Off balance sheet arrangements

The company manages all exposure to interest risk on external loans by entering into interest rate SWAPS. At balance sheet date notional amount of interest rate SWAP is £19,402,994 (2011 £19,837,044). The SWAP has fixed the interest payable on the external loan at 5.455% (2011 5.455%). The fair value of interest rate SWAP is £6,157,799 (2011 £3,423,341).

20. Ultimate controlling party

The Directors regard IICF GP Limited, the general partner of the English limited partnership 'Investors in the Community LP', as the ultimate controlling parent entity.

The head of the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is Investors in the Community LP. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, 3 Tenterden Street, London, W1S 1TD.