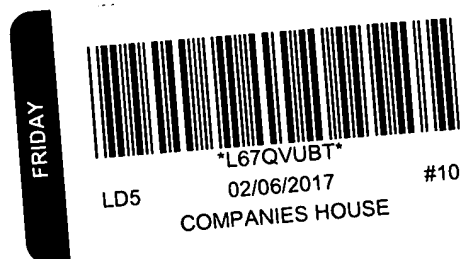


CITY LINK (CARDIFF) LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2016



CITY LINK (CARDIFF) LIMITED

COMPANY INFORMATION

DIRECTORS

J-P Bonnet
I D Hudson
R J Murphy

REGISTERED OFFICE

Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

REGISTERED NUMBER

3550482

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL

BANKERS

Barclays Bank PLC
One Churchill Place
London
E14 5HP

CITY LINK (CARDIFF) LIMITED

DIRECTORS' REPORT

The Directors submit their report to the members, together with the audited financial statements for the year to 31st December 2016.

Principal activity and review of the business

The Company is a wholly owned subsidiary of City Link Cardiff (Holdings) Limited.

The Company's project was to design, build, finance and maintain road infrastructure linking the Cardiff Bay waterfront to the city centre and to procure commercial and residential developments on sites surrounding the road infrastructure. The project has been delivered under the Private Finance Initiative. The operational phase of the project commenced on 19th December 2000 for a period of 25 years.

Business and financial risks

The company faces the risk of the deduction of the unitary payment from Welsh Development Agency (i.e. the concession revenue) based on the lack of availability of the contracted services and/or poor performance of these services. The company is able to mitigate these risks because these deductions are generally passed down to the relevant subcontractors; consequently, these risks ultimately lie with the service providers. Therefore, business risks are limited due to the contract between the Company and the support services providers.

The significant use of non-recourse debt for financing assists the Company in matching the cash flows and the financial risk management of this PFI project. Furthermore, the bulk of the debt is fixed rate achieved through interest rate SWAPS.

Results and dividends

The company made a profit of £1,438,000 (2015: £2,989,000). The company paid dividends of £1,508,400 during the year (2015: £721,000).

Directors

The present Directors of the Company and the directors who served during the year were;

D W Bowler	resigned 11/02/16
D J Finch	resigned 19/01/16
J-P Bonnet	appointed 15/01/16
I D Hudson	appointed 15/01/16
R J Murphy	appointed 05/05/16

Strategic report exemption

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small company exemption. Accordingly, no Strategic Report has been prepared.

Indemnity provisions

No qualifying third party provision is in force for the benefit of any director of the Company.

Going concern

The financial statements have been prepared on the going concern basis of accounting which the directors believe to be appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue to trade as a going concern.

Disclosure of information to the 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; and each director has taken all 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.

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.

Approval

The Report of the Directors was approved by the Board on 25 May 2017 and signed on its behalf by:



I D Hudson
Director

CITY LINK (CARDIFF) 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), 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 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 CITY LINK (CARDIFF) LIMITED

We have audited the financial statements of City Link (Cardiff) Limited for the year ended 31st December 2016 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out 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 Auditing Practices Board'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 company's affairs as at 31st December 2016 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 and from reading the Directors' Report:

- we have not identified material misstatements in that report and;
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing a strategic report.


William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

26 May 2017

CITY LINK (CARDIFF) LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016 £000	2015 £000
Turnover		2,439	3,614
Cost of sales		(944)	(1,428)
Gross profit		1,495	2,186
Administrative expenses		(338)	(606)
Operating profit		1,157	1,580
Interest receivable	4	4,299	4,508
Interest payable and similar charges	4	(3,821)	(2,384)
Profit on ordinary activities before taxation	2	1,635	3,704
Tax charge on profit on ordinary activities	5	(197)	(715)
Profit for the financial year		1,438	2,989
Other Comprehensive Income		2016 £000	2015 £000
Items that will, or may be, re-classified to profit or loss			
Profit arising on cashflow hedges		197	564
Tax recognised in relation to change in fair value cashflow hedges		(97)	(113)
Other comprehensive income for the year		100	451
Total comprehensive income for the year		1,538	3,440

All results arise from continuing operations.

The notes on pages 11 to 22 form an integral part of these financial statements.

CITY LINK (CARDIFF) LIMITED

STATEMENT OF CHANGES IN EQUITY
31ST DECEMBER 2016

	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1st January 2015	100	(2,160)	(1,404)	(3,464)
Total comprehensive income for the period				
Profit	-	-	2,989	2,989
Other comprehensive income	-	451	-	451
Total comprehensive income for the period	-	451	2,989	3,440
Dividends	-	-	(721)	(721)
Balance at 31st December 2015	100	(1,709)	864	(745)
	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1st January 2016	100	(1,709)	864	(745)
Total comprehensive income for the period				
Profit	-	-	1,438	1,438
Other comprehensive income	-	100	-	100
Total comprehensive income for the period	-	100	1,438	1,538
Dividends	-	-	(1,508)	(1,508)
Total contributions by and distributions to owners	-	-	(1,508)	(1,508)
Balance at 31st December 2016	100	(1,609)	794	(715)

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

The notes on pages 11 to 22 form an integral part of these financial statements.

CITY LINK (CARDIFF) LIMITED

BALANCE SHEET
AT 31ST DECEMBER 2016

	Notes	2016 £000	2015 £000
Current assets			
Debtors: due within one year	6	2,835	2,395
Debtors: due after one year	7	42,889	47,476
Cash at bank and in hand		1,113	1,336
		<hr/>	<hr/>
		46,837	51,207
Creditors: amounts falling due within one year	8	(5,989)	(6,355)
		<hr/>	<hr/>
Net current assets		40,848	44,852
		<hr/>	<hr/>
Creditors: amounts falling due after one year	9	(41,563)	(45,597)
		<hr/>	<hr/>
Net liabilities		(715)	(745)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	100	100
Cashflow hedge reserve		(1,609)	(1,709)
Profit and loss account		794	864
		<hr/>	<hr/>
Shareholders' funds		(715)	(745)
		<hr/>	<hr/>

The notes on pages 11 to 22 form an integral part of these financial statements.

The financial statements were approved by the Board on
by:

25 May 2017 and signed on its behalf



I D Hudson
Director
Company Registered Number 3550482

CITY LINK (CARDIFF) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Profit for the year		1,438	2,989
Adjustments for :			
Financial income		(4,299)	(4,508)
Financial expense		3,821	2,384
Taxation		197	715
		<hr/>	<hr/>
Operating cash flows before movements in working capital and provisions		1,157	1,580
Decrease in trade and other receivables		7,802	5,007
(Decrease)/increase in trade and other payables		(418)	67
		<hr/>	<hr/>
Cash generated from operations		8,541	6,654
Interest paid		(3,821)	(3,455)
Tax paid		(815)	(348)
		<hr/>	<hr/>
Net cash from operating activities		3,905	2,851
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		591	583
		<hr/>	<hr/>
Net cash from investing activities		591	583
		<hr/>	<hr/>
Cash flows from financial activities			
Dividends paid		(1,508)	(721)
Bank loan		(3,087)	(3,013)
Sub debt		(124)	(113)
		<hr/>	<hr/>
Net cash from financing activities		(4,719)	(3,847)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(223)	(413)
Cash and cash equivalents at 1st January		1,336	1,749
		<hr/>	<hr/>
Cash and cash equivalents at 31st December	(a)	1,113	1,336
		<hr/>	<hr/>

The notes on pages 11 to 22 form an integral part of these financial statements.

CITY LINK (CARDIFF) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

(a) Analysis of changes in net funds

	Cash	Subordinated loans	Bank loans and other financial liabilities	Total
	£000	£000	£000	£000
At 1st January 2016	1,336	(1,470)	(47,589)	(47,723)
Net cash flow	(223)	82	3,087	2,946
Non cash movements	-	-	197	197
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2016	1,113	(1,388)	(44,305)	(44,580)
	<hr/>	<hr/>	<hr/>	<hr/>

1 Accounting Policies

City Link (Cardiff) Limited Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Basis of Preparation

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 August 2014. The presentation currency of these financial statements is sterling.

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

1.1 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.

1.2 Going Concern

The directors have adopted the going concern basis in the accounts and consider such basis to be appropriate. In reaching this conclusion they have considered the expected cash inflows and outflows for the Company over the remaining life of the project.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

1.3 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 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 for future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowing 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.

1 Accounting Policies (continued)

1.5 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

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

Cash flow hedges

The Company has entered into an interest rate swap and designated this as a hedge for highly probable forecast transactions. 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.

1.6 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.

1.7 Finance debtor and service income policy

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

During the construction phase of the project, all attributable 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 a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23. The Company 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.

1.8 Taxation

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

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

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

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

CITY LINK (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2016

2. **Profit on ordinary activities before taxation**

	2016 £000	2015 £000
This is stated after charging:		
Auditor's remuneration-audit of these financial statements	7	7

3. **Employees**

The Company had no employees during the year (2015: nil). None (2015: none) of the directors received remuneration relating to their services as directors of City Link (Cardiff) Limited.

4. **Net interest receivable**

	2016 £000	2016 £000	2015 £000	2015 £000
Interest receivable				
Bank interest	4		5	
Other interest	587		578	
Finance debtor interest	3,708		3,925	
		4,299		4,508
Interest payable				
Bank interest	(3,615)		(2,144)	
Other interest	(206)		(240)	
		(3,821)		(2,384)
		478		2,124

The other interest receivable arises on a loan made by the Company to its parent in connection with the provision of financial assistance. Further details are included in note 7.

The other interest is payable on subordinated loans which are held by the parent company of City Link (Cardiff) Holdings Limited.

CITY LINK (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2016**5. Taxation on profit on ordinary activities**

The tax charge for the year comprised

	2016 £000	2015 £000
The taxation for the year comprised:		
UK Corporation tax		
Current taxation on income for the period	209	574
Deferred taxation		
Origination and reversal of timing differences	(44)	13
Decrease in tax rate	79	(35)
Revaluation of fair value derivatives	(47)	163
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	197	715
	<hr/>	<hr/>

Current tax reconciliation

	2016 £000	2015 £000
Profit on ordinary activities before taxation	1,635	3,704
	<hr/>	<hr/>
Theoretical tax at UK corporation rate 20% (2015: 20.25%)	327	750
Effects of:		
Other timing differences	43	-
Accelerated capital allowances	1	(14)
Group relief claimed	(117)	(117)
FRS102 adjustment	(45)	(45)
	<hr/>	<hr/>
Actual current taxation charge	209	574
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

CITY LINK (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2016

6. **Debtors: due within one year**

	2016 £000	2015 £000
Finance debtor (see note 7)	2,444	2,204
Prepayments	359	191
Corporation tax	32	-
	<hr/>	<hr/>
	2,835	2,395
	<hr/>	<hr/>

7. **Debtors: due after one year**

	2016 £000	2015 £000
Finance debtor	33,213	36,793
Amounts owed by parent undertaking	8,357	9,279
Prepayments	1,180	1,180
Deferred tax asset	139	224
	<hr/>	<hr/>
	42,889	47,476
	<hr/>	<hr/>

Analysis of finance debtor

	2016 £000	2015 £000
Amounts due:		
Within one year	2,444	2,204
Between two and five years	12,747	11,495
Over five years	20,466	25,298
	<hr/>	<hr/>
Total finance debtor	35,657	38,997
	<hr/>	<hr/>

Amounts owed by parent undertaking

During 2003 the Company provided financial assistance to its parent, City Link (Cardiff) Holdings Limited, in the form of a loan of £10,500,000. The loan was used by City Link (Cardiff) Holdings Limited to repay preference shares held by its former joint venture owners. At the year end, the balance of the loan provided for the financial assistance amounted to £8,357,000 (2015: £9,279,000) including accrued interest.

CITY LINK (CARDIFF) LIMITED

NOTES TO THE ACCOUNTS (continued)
AT 31ST DECEMBER 2016

7. Debtors: due after one year (continued)

Deferred tax asset

Deferred tax asset is attributable to the following :

	2016 £000	2015 £000
Group		
On revaluation of fair value of derivatives	775	904
Accelerated capital allowances	(643)	(686)
Short term timing differences	7	6
	<u>139</u>	<u>224</u>

	1st January 2015 £000	Recognised in income £000	Recognised in equity £000	31st December 2015 £000
Movement in deferred tax during the prior year	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	1,180	(163)	(113)	904
Accelerated capital allowances	(708)	22	-	(686)
Short term timing differences	6	-	-	6
	<u>478</u>	<u>(141)</u>	<u>(113)</u>	<u>224</u>

	1st January 2016 £000	Recognised in income £000	Recognised in equity £000	31st December 2016 £000
Movement in deferred tax during the year	£000	£000	£000	£000
Deferred tax on revaluation of fair value of derivatives	904	(32)	(97)	775
Accelerated capital allowances	(686)	43	-	(643)
Short term timing differences	6	1	-	7
	<u>224</u>	<u>12</u>	<u>(97)</u>	<u>139</u>

CITY LINK (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 20168. **Creditors: amounts falling due within one year**

	2016 £000	2015 £000
Bank loans	4,045	3,388
Subordinated loans (note 9)	85	74
Accruals including accrued interest on loans	1,505	1,978
Taxation and social security	354	341
Corporation tax	-	574
	<hr/> 5,989	<hr/> 6,355

9. **Creditors: amounts falling due after more than one year**

	2016 £000	2015 £000
Bank loans	35,699	39,681
Subordinated loans	1,303	1,396
Other financial liabilities	4,561	4,520
	<hr/> 41,563	<hr/> 45,597

Total subordinated loans are £1,388,000 (2015: £1,470,000) at an interest rate of 15% per annum, repayable over a period of 17 years.

In June 2003 the Company refinanced the project. The bank loan is drawn under a non-recourse financing agreement. The new bank loan is repayable sixteen and a half years following financial close in six-monthly instalments which commenced in August 2003. Included within bank loans and overdrafts are bank arrangement fees of £168,000 (2015: £201,000), which are being written off over the life of the loan.

The outstanding balance on the subordinated and bank loans may be analysed by maturity as follows:

	2016 £000	2015 £000
Repayable		
within one year	4,130	3,462
between one and two years	4,360	4,097
between two and five years	13,476	12,838
in more than five years	19,166	24,142
	<hr/> 41,132	<hr/> 44,539

CITY LINK (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
AT 31ST DECEMBER 2016

10. **Share capital**

	Allotted, called up and fully paid			
	2016 No.	2015 No.	2016 £	2015 £
'A' ordinary shares of £1 each	50,000	50,000	50,000	50,000
'B' ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

There are no differences between the rights of the 'A' and 'B' ordinary shares.

11. **Financial instruments**

(a) Carrying amount of financial instruments

The carrying amount of the financial assets and liabilities include:

	2016 £000	2015 £000
Assets measured at amortised cost		
Finance debtor	35,657	38,997
Trade and other debtors	10,067	10,852
	<u>45,724</u>	<u>49,849</u>
Assets measured at cost less impairment		
Cash and cash equivalents	1,113	1,336
	<u>46,837</u>	<u>51,185</u>
Liabilities measured at amortised cost		
Trade and other payables	1,863	2,319
Bank loan	39,744	43,069
Subordinated debt	1,388	1,470
	<u>42,995</u>	<u>46,858</u>

CITY LINK (CARDIFF) LIMITED

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AT 31ST DECEMBER 2016

11. Financial instruments (continued)

(b) Financial instrument measured in fair value
Derivate financial instruments

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

Hedge accounting

	2016				
	Carrying amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
Interest rate swap	2,363	661	544	1,088	70
RPI swap	2,198	196	161	474	1,367
	<u>4,561</u>	<u>857</u>	<u>705</u>	<u>1,562</u>	<u>1,437</u>
	2015				
	Carrying amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
Interest rate swap	2,604	702	552	996	354
RPI swap	1,916	162	167	165	1,422
	<u>4,520</u>	<u>864</u>	<u>719</u>	<u>1,161</u>	<u>1,776</u>
Liabilities measured at fair value through the hedge reserve			2016 £000		2015 £000
Interest and RPI rate swaps			<u>4,561</u>		<u>4,520</u>

The Company has entered into an interest rate swap under the bank loan which expires in February 2022 and February 2024. A fixed rate of 6.45% and 4.71% applies to all amounts drawn down under the facilities plus the margins shown above. The interest rate swap converts the borrowings from the rates linked to LIBOR to the fixed rates above.

In addition, the Company has also entered into an RPI swap to manage its exposure to inflation in relation to the Unitary Charge. The Unitary Charge is subject to an annual inflationary charge as part of the contract and to limit the impact on future profits this swap has been entered into. The swap contract exchanges fixed amounts each period in return for RPI indexed payments to the swap counterparty.

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12. **Related party transactions**

VINCI Pensions Limited has a subordinated loan balance of £1,388,000 (2015: £1,470,000) with the Company (see notes 8 and 9).

The parent company, City Link (Cardiff) Holdings Limited has a loan balance of £8,357,000 (2015: £9,279,000) with the Company (see note 7).

13. **Ultimate parent undertaking**

The Parent Company is City Link (Cardiff) Holdings Limited. The ultimate parent undertaking is VINCI Pensions Limited, the corporate trustee of the VINCI PLC Pension Fund. The address from which the financial statements can be obtained is; Ditton Road, Widnes, Cheshire, WA8 0PG.