

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

COMPANY INFORMATION

Directors	R S Frischmann J K Fowler T S Cunningham A R J Thakrar
Company secretary	E M Clarke
Registered number	07538314
Registered office	Third Floor, Suite 6c Sevendale House 5 - 7 Dale Street Manchester M1 1JB
Independent auditor	Mazars LLP 6 Dominus Way Meridian Business Park Leicester LE19 1RP
Bankers	Barclays Bank PLC 5 The North Colonnade London E14 4BB National Australia Bank Limited 88 Wood Street London EC2V 7QQ

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

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COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Directors present their strategic report for the year to 31 March 2019.

Business review

The results for the year are included on page 9, the profit for the year after taxation was £210k (2018: £205k). During the year the Company paid Dividends of £165k (2018: £529k).

Principal Activities

The principal activity of the Company is to design, install, operate and maintain new, refurbished and existing public street lighting within Oldham for a period of twenty five years from 20 April 2011.

Principal risks and uncertainties

The Company holds a derivative financial instrument which has the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract.

The main risks in the PFI contract relate to non-performance of operational aspects such as timely delivery of the Core Investment Program ("CIP") and meeting the various Output Specification performance standards, where failure could result in Community Lighting Partnership (Oldham) Limited ("CLP" or the "Company") being in default and ultimately at risk of termination.

A level of protection is provided to CLP by the contract structure that flows down operational risks to the sub-contractor. The sub-contractor has to perform to a higher level to CLP with termination triggers being reached before CLP reach termination under the Project Agreement. Thereby offering the opportunity for replacement of the subcontractor before CLP reaches one of its termination triggers.

Future developments

CLP has been formed solely for the delivery of the Oldham Street Lighting PFI project. The £23m capital renewal program CIP for the street lighting and traffic signal apparatus was concluded on 30th of May 2016. There may be future development opportunities in the way of variations that the Authority may request and in which capital works opportunities will flow to the principal sub-contractor E.ON UK plc and investment opportunities will flow to CLP.

Performance of the business will be measured partly by the delivery of the annual maintenance program in accordance with the requirements of the PFI contract performance standards.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

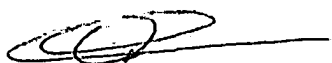
STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Financial key performance indicators

The Company has set specific business objectives, which are monitored using key performance indicators ("KPIs"). The relevant KPIs for this report are detailed below:

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Turnover	1,667	1,732
Operating profit	210	267
Profit on ordinary activities before taxation	259	253
Profit on ordinary activities after taxation	210	205

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



.....
T S Cunningham
Director

Date: 20 June 2019

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Directors

The Directors who served during the year:

R S Frischmann
J K Fowler
D J Harding (resigned 4 October 2018)
T S Cunningham
A J R Thakrar (appointed 4 October 2018)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and Dividends

The results for the year are included on page 9. The profit for the year after taxation was £210k (2018: £205k). During the year the Company paid Dividends of £165k (2018: £529k).

Political Contributions

The company made no political or charitable contributions during the current year (2018: £nil).

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Qualifying third party indemnity provisions

The Company's Articles of Association provide, subject to the provisions of the UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's directors.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis on preparing the financial statements.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 of the Large and Medium sized companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1-2. These matters relate to the business review, principal risks and uncertainties and future developments.

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'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's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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



.....
T S Cunningham
Director

Date: 20 June 2019

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

Opinion

We have audited the financial statements of Community Lighting Partnership (Oldham) Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED (CONTINUED)

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

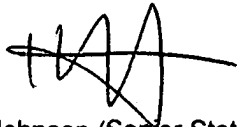
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY LIGHTING PARTNERSHIP
(OLDHAM) LIMITED (CONTINUED)**

Use of the audit report

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



Paul Johnson (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

6 Dominus Way

Meridian Business Park

Leicester

LE19 1RP

20 June 2019

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £000	2018 £000
Turnover	3	1,667	1,732
Cost of sales		(1,278)	(1,263)
Gross profit		389	469
Administrative expenses		(179)	(202)
Operating profit	4	210	267
Interest receivable and similar income	7	1,637	1,674
Interest payable and expenses	8	(1,588)	(1,688)
Profit before tax		259	253
Tax on profit	9	(49)	(48)
Profit for the financial year		210	205
Other comprehensive income for the year			
Movement in cash flow hedge		(46)	1,105
Deferred taxation in respect of items of other comprehensive income		8	(409)
Other comprehensive income for the year		(38)	696
Total comprehensive income for the year		172	901

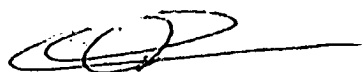
The notes on pages 14 to 27 form part of these financial statements.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED
REGISTERED NUMBER:07538314

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Current assets			
Debtors: due after more than one year	11	22,930	23,597
Debtors: amounts falling due within one year	11	676	629
Cash at bank and in hand	12	1,956	1,894
		<u>25,562</u>	<u>26,120</u>
Creditors: amounts falling due within one year	13	(5,721)	(5,325)
		<u>19,841</u>	<u>20,795</u>
Net current assets		19,841	20,795
Total assets less current liabilities		19,841	20,795
Creditors: amounts falling due after more than one year	14	(24,560)	(25,521)
		<u>(4,719)</u>	<u>(4,726)</u>
Net liabilities		(4,719)	(4,726)
Capital and reserves			
Called up share capital	18	45	45
Cashflow hedge reserve	19	(5,249)	(5,211)
Profit and loss account	19	485	440
		<u>(4,719)</u>	<u>(4,726)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2019.



.....
T S Cunningham
 Director

The notes on pages 14 to 27 form part of these financial statements.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2018	45	(5,211)	440	(4,726)
Comprehensive income for the year				
Profit for the year	-	-	210	210
Deferred tax recognised in relation to changes in fair value of cash flow hedges	-	8	-	8
Effective portion of fair value change in cash flow hedges	-	(46)	-	(46)
Other comprehensive income for the year	-	(38)	-	(38)
Total comprehensive income for the year	-	(38)	210	172
Dividends: Equity capital	-	-	(165)	(165)
Total transactions with owners	-	-	(165)	(165)
At 31 March 2019	45	(5,249)	485	(4,719)

The notes on pages 14 to 27 form part of these financial statements.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Cash flowhedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2017	45	(5,907)	764	(5,098)
Comprehensive income for the year				
Profit for the year	-	-	205	205
Deferred tax recognised in relation to changes in fair value of cash flow hedges	-	(409)	-	(409)
Effective portion of fair value change in cash flow hedges	-	1,105	-	1,105
Total comprehensive income for the year	-	696	205	901
Dividends: Equity capital	-	-	(529)	(529)
Total transactions with owners	-	-	(529)	(529)
At 31 March 2018	45	(5,211)	440	(4,726)

The notes on pages 14 to 27 form part of these financial statements..

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	£000	£000
Cash flows from operating activities		
Profit for the financial year	210	205
Adjustments for:		
Interest paid	1,588	1,688
Interest received	(1,637)	(1,674)
Taxation charge	49	48
Decrease in debtors	628	998
Increase/(decrease) in creditors	383	(401)
Corporation tax (paid)	(43)	(53)
Net cash generated from operating activities	1,178	811
Cash flows from investing activities		
Interest received	8	2
Company interest received	1,629	1,672
Net cash from investing activities	1,637	1,674
Cash flows from financing activities		
Repayment of loans	(1,000)	(1,419)
Dividends paid	(165)	(529)
Interest paid	(1,588)	(1,388)
Net cash used in financing activities	(2,753)	(3,336)
Net increase/(decrease) in cash and cash equivalents	62	(851)
Cash and cash equivalents at beginning of year	1,894	2,745
Cash and cash equivalents at the end of year	1,956	1,894
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,956	1,894
	1,956	1,894

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Community Lighting Partnership (Oldham) Limited (the "Company") is a private company limited by shares incorporated and domiciled in England and Wales. The address of its registered office is disclosed on the company information page.

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")". The presentation currency of these financial statements is sterling (£) which is the functional currency of the company and are rounded to the nearest £000.

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

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

1.2 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis on preparing the financial statements.

1.3 Revenue

Turnover represents the value of works carried out on long-term contracts and services rendered in relation to the principal activities. Turnover originates entirely in the United Kingdom and is stated exclusive of value added tax.

The Company is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Company under FRS102 section 34, 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 FRS102 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.

1.4 Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.5 Finance costs

Finance costs are charged to the 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.

1.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

1.7 Debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, trade debtors are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.8 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 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 Company's cash management.

1.9 Creditors

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 Financial instruments

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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 for the hedging instruments in a designated hedging relationship, which 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 interest rate swaps and designated these as hedges for highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

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.

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

The estimates and judgments 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. The interest rate used in 2019 is 7.12% per annum (2018: 7.12%).

- 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. The service margin rate used in 2019 is 12.98% per annum (2018: 13.62%).

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

Critical judgments

Concession arrangements - The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Specialised Activities". This judgment has been based on a consideration of the nature and terms of the agreements.

3. Turnover

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

	2019 £000	2018 £000
Service income	1,667	1,732
	<u>1,667</u>	<u>1,732</u>

All turnover arose within the United Kingdom.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Fees payable to the Company's auditor and it's associates for the audit of the Company's annual financial services	9	9
- Taxation compliance services	3	3
	<u>12</u>	<u>12</u>

5. Directors remuneration

The Directors received no remuneration from the Company (2018: nil).

6. Staff costs

The Company had no employees throughout the period under review (2018: nil).

7. Interest receivable

	2019 £000	2018 £000
Finance debtor interest	1,629	1,672
Bank interest receivable	8	2
	<u>1,637</u>	<u>1,674</u>

8. Interest payable and similar charges

	2019 £000	2018 £000
Bank interest payable	1,259	1,333
Other interest and fees payable	36	55
Interest payable on loan notes to parent company	293	300
	<u>1,588</u>	<u>1,688</u>

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	49	48
Total current tax	49	48
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	49	48

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	259	253
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	49	48
Total tax charge for the year	49	48

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 23% to 21% (effective 1 April 2014) and 20% (effective from 1 April 2015) were 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. This will reduce the company's future tax charge accordingly.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Dividends

	2019 £000	2018 £000
Dividends paid	165	529
	165	529

11. Debtors

	2019 £000	2018 £000
Due after more than one year		
Finance debtor	21,854	22,529
Deferred tax asset	1,076	1,068
	22,930	23,597

	2019 £000	2018 £000
Due within one year		
Finance debtor	674	627
Prepayments and accrued income	2	2
	676	629

12. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	1,956	1,894
	1,956	1,894

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Bank loans	939	905
Loan notes owed to parent company	145	149
Trade creditors,	93	259
Corporation tax	48	42
Other taxation and social security	130	118
Accruals and deferred income	4,366	3,852
	<u>5,721</u>	<u>5,325</u>

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

	2019	2018
	£000	£000
Bank loans	15,390	16,331
Loan notes owed to parent company	2,845	2,912
Interest rate swap	6,325	6,278
	<u>24,560</u>	<u>25,521</u>

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Loans

Analysis of the maturity of loans is given below:

	2019 £000	2018 £000
Amounts falling due within one year		
Bank loans	939	905
Loan notes owed to parent company	145	149
	<u>1,084</u>	<u>1,054</u>
Amounts falling due 1-2 years		
Bank loans	1,010	939
Loan notes owed to parent company	59	58
	<u>1,069</u>	<u>997</u>
Amounts falling due 2-5 years		
Bank loans	1,429	2,194
Loan notes owed to parent company	192	180
	<u>1,621</u>	<u>2,374</u>
Amounts falling due after more than 5 years		
Bank loans	12,951	13,197
Loan notes owed to parent company	2,594	2,674
	<u>15,545</u>	<u>15,871</u>
	<u>19,319</u>	<u>20,296</u>

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Loans (continued)

There is one loan facility, a Term Loan. The Term Loan is provided by the financial institutions and the initial amount was drawn down on 3 May 2011. The tenure of the Term Loan is 25 years and is repayable in 40 semi-annual installments commencing 30 September 2016 and a final repayment in 31 March 2036. Interest charged on amounts drawn on the Term Loan is based on 1 month LIBOR plus a margin of 2.15%.

The Loan notes are provided by the shareholders. The loans from the shareholders are repayable in semi annual installments commencing on 30 September 2017 and a final repayment in July 2036. The loan notes carry a coupon of 7.117% during CIP and 10% thereafter.

All amounts drawn under the facilities are secured by a fixed and floating charge over all leasehold interests, book debts, project accounts, goodwill, uncalled capital and intellectual property of the company and by a floating charge over the company's undertakings and assets.

As at 31 March 2019 £16,729,369 (31 March 2018: £17,658,877) has been drawn under the Term Loan facility and £2,896,597 (31 March 2018: £2,966,853) under the Loan notes owed to parent company.

Financial derivatives

The Company has entered into interest rate swap contracts with Aviva and National Australia Bank to hedge its exposure to fluctuations in interest rates on the Term Loan. The effect of the interest rate swap is that the Company pays a fixed rate of interest of 6.99% per annum on its term loans from 20 April 2011 to 31 July 2036.

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Financial instruments

a) Carrying amount of financial instruments

The carrying amount of the financial assets and liabilities include:

	2019	2018
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	24,486	25,052
Financial liabilities		
Financial liabilities measured at amortised cost	(19,464)	(20,614)
Financial liabilities measured at fair value	(6,325)	(6,278)
	(25,789)	(26,892)

Financial assets measured at amortised cost comprise of Finance debtor £22,528k (2018: £23,156k), Trade and other debtors £2k (2018: £2k) and cash and cash equivalents £1,956k (2018: £1,894k).

Financial Liabilities measured at amortised cost comprise trade creditors, accruals and loans.

b) Financial instruments measured at fair value

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

c) Hedge Accounting

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss.

2019

	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	5 years and over
	£000	£000	£000	£000	£000
Interest Rate Swap	6,325	365	391	569	5,000

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Financial instruments (continued)

2018

	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	6,278	330	343	807	4,798

All of the change in the fair value of the interest rate swaps of (£46k) (2018: £1,105k) has been recognised in other comprehensive income. There were no ineffective portions recognised in profit or loss.

17. Deferred taxation

	2019 £000	2018 £000
At beginning of year	1,068	1,477
Charged to other comprehensive income	8	(409)
At end of year	1,076	1,068

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Cash flow hedge	1,076	1,068
	1,076	1,068

18. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
45,000 Ordinary shares of £1.00 each	45	45

COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Reserves

Profit and loss account

The profit and loss reserves includes all current and prior period retained profit and losses.

Cash flow hedge reserve

The movements in the fair value of the cash flow hedge, less the deferred tax asset, are included in this reserve.

20. Related party transactions

Name of party	Relationship	Nature of transaction	Transaction amount £000	Amount owed by/(to) related parties at 31 March 2019 £000
CLP Holdings Limited*	Parent Company	Loan	-	(2,845)
CLP Holdings Limited*	Parent Company	Interest	293	(145)
	Shareholder company of CLP (Oldham) Holdings Limited			
Frischmann**	Shareholder company of CLP (Oldham) Holdings Limited	Provision of services	27	(16)
	Shareholder company of CLP (Oldham) Holdings Limited			
Equitix***	Shareholder company of CLP (Oldham) Holdings Limited	Provision of services	83	(6)

During the year the Company incurred £27,346 (2017: £26,287) in relation to director fees and £55,541 (2017: £53,564) in relation to management service fees due to Equitix Highways 2 Limited, an ultimate parent company.

During the year the Company incurred £27,346 (2017: £26,287) in relation to director fees due to Frischmann Streetlighting (Oldham) Limited, an ultimate parent company.

Transactions with related parties in the prior financial period are set out overleaf.

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COMMUNITY LIGHTING PARTNERSHIP (OLDHAM) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Related party transactions (continued)

Name of party	Relationship	Nature of transaction	Transaction amount £000	Amount owed by/(to) related parties at 31 March 2018 £000
CLP Holdings Limited*	Parent Company	Loan	-	(2,912)
CLP Holdings Limited*	Parent Company	Interest	300	(149)
	Shareholder company of CLP (Oldham) Holdings Limited			
Frischmann**	Shareholder company of CLP (Oldham) Holdings Limited	Provision of services	51	(16)
	Shareholder company of CLP (Oldham) Holdings Limited			
Equitix***	Shareholder company of CLP (Oldham) Holdings Limited	Provision of services	96	(16)

*Community Lighting Partnership (Oldham) Holdings Limited ("CLP Holdings Limited")

**Frischmann Street Lighting (Oldham) Limited ("Frischmann")

***Equitix Highways 2 Limited ("Equitix")

21. Controlling party

In the Directors' opinion, there is no ultimate controlling party.

The Company's immediate parent is Community Lighting Partnership (Oldham) Holdings Limited. Community Lighting Partnership (Oldham) Holdings Limited is owned by Frischmann Streetlighting (Oldham) Limited (50%) and Equitix Highways 2 Limited (50%) both of which are registered in England and Wales.

The largest Group for which consolidated accounts are prepared is Frischmann Group Limited. Copies of the Frischmann Group Limited consolidated financial statements are available from 5 Manchester Square, London, W1U 3PD.

Equitix Highways 2 Limited results are not consolidated as the entity and its parent entities meet the criteria of Investment Entities under IFRS10. Copies of Equitix Highways 2 Limited financial statements are available from 10-11 Charterhouse Square, London, EC1M 6EH.