

**Harrow Community Schools PFI Ltd**

**Annual report and financial statements**

**Registered number 04364914**

**30 June 2016**



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## **Company Information**

<b>The Board of Directors</b>	A Waddington C Herriott
<b>Company Secretary</b>	MAMG Company Secretarial Services Ltd
<b>Registered Office</b>	Victoria House 1 <sup>st</sup> Floor 101 Victoria Road Chelmsford Essex CM1 1JR
<b>Independant Auditor</b>	KPMG LLP Chartered Accountants and Statutory Auditor Arlington Business Park Reading RG7 4SD

## **Directors report**

### **for the year ended 30 June 2016**

The Directors present their annual report and the audited financial statements of Harrow Community Schools PFI Ltd for the year ended 30 June 2016.

#### **Principal activity**

The principal activity of the Company is the design, construction, and facilities management operation of three schools on two sites under a Private Finance Initiative ("PFI") with London Borough of Harrow.

The construction phase of the project was completed in February 2006 in line with the original programme and full operational services commenced thereafter.

The Directors have reviewed the activities of the business for the year and the position as at 30 June 2016 and consider them to be satisfactory.

#### **Key performance indicators (KPIs)**

##### **1. Performance deductions under the service contract**

Financial penalties are levied by the Authority in the event of performance standards not being achieved according to detailed criteria set out in the Project Agreement. The deductions are passed on to the service provider but the quantum is an indication of unsatisfactory performance. In the year ended 30 June 2016 deductions totalled £3,888 (2015: £126).

##### **2. Financial performance**

The Directors have modelled the anticipated financial outcome of the concession across its full term. The Directors monitor actual performance against this anticipated performance. As at 30 June 2016 the Company's performance against this measure was satisfactory.

#### **Principal risks and uncertainties**

The Company's revenue is based on a fixed price contract, subject to adjustments for retail price index increases. Therefore, profit margins are susceptible to inflation rate fluctuations. In order to manage this risk, the Company has ensured that costs are fixed wherever possible. In addition, under the terms of the contracts with subcontractors, certain costs will be periodically reviewed, usually by means of benchmarking, with possibilities of price reductions being agreed in the future. In addition, in most cases, contractual costs will be subject to retail price index increases.

The design, construction and facilities management operations of the schools 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 the London Borough of Harrow, any general change in law risk is transferred to the Company. However, some risks are passed on to subcontractors, e.g. during the construction phase this risk is passed down to building subcontractors, during the services phase this risk is transferred to the facilities management providers' subcontractors under the facilities management contract.

#### **Financial Risk Management**

The Company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the Company's performance. The Directors have policies for managing each of these risks and they are summarised below:

##### *Interest rate risk*

The bank loan and subordinated debt interest rates have been fixed through use of fixed funding rates, plus a margin. Details of these can be found in note 11. All other interest bearing assets and liabilities, including the subordinated debt, are primarily of fixed rate.

**Directors report (*continued*)**  
**for the year ended 30 June 2016**

**Financial Risk Management (*continued*)**

*Liquidity risk*

The Company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

*Credit risk*

The Company receives the majority of its revenue from the Authority and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 7.

The Company paid an interim dividend of £220,153 during the year (2015: £317,023). The Directors do not propose to pay a final dividend in respect of 2016 (2015: £nil).

**Directors**

The Directors of the Company who held office during the year and to the date of signing these financial statements are listed below:

A Roshier (resigned 9<sup>th</sup> December 2015)  
A Waddington  
C Herriott (appointed 9<sup>th</sup> December 2015)

**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 to be prepared.

**Employees**

The Company has no employees (2015: Nil)

**Political and charitable contributions**

The Company made no political or charitable contributions during the current year (2015: £nil).

**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; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to Section 418(2) of the Companies Act 2006 and should be interpreted in accordance therewith.

**Directors report (*continued*)**  
**for the year ended 30 June 2016**

**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.

This report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to small companies.

**By order of the Board**



**C W G Herriott**  
Director

**18 NOVEMBER** 2016

Victoria House, Victoria Road  
Chelmsford, Essex  
CM1 1JR

## **Statement of directors' responsibilities in respect of the annual 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 judgements 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 Harrow Community Schools PFI Ltd**

We have audited the financial statements of Harrow Community Schools PFI Ltd for the year ended 30 June 2016 set out on pages 7 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) 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 5, 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](http://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 30 June 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 for which the financial statements are prepared is consistent with the financial statements.

### **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 from the requirement to prepare a strategic report.



**Amanda Moses (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Arlington Business Park  
Reading  
RG7 4SD  
Date: **24 November** 2016



**Profit and Loss Account**  
*for year ended 30 June 2016*

	Notes	2016 £	2015 £
Turnover	2	1,561,400	1,353,245
Cost of sales		(1,214,736)	(970,566)
<b>Gross profit</b>		<b>346,664</b>	<b>382,679</b>
Administrative expenses		(12,629)	(45,460)
<b>Operating profit</b>		<b>334,035</b>	<b>337,219</b>
Interest receivable and similar income	5	861,616	886,144
Interest payable and similar charges	6	(808,741)	(843,325)
<b>Profit on ordinary activities before taxation</b>		<b>386,910</b>	<b>380,038</b>
Tax on profit on ordinary activities	7	(77,382)	(78,860)
<b>Profit for the financial year</b>		<b>309,528</b>	<b>301,178</b>

The notes on pages 11 to 21 form an integral part of these financial statements.

The Company has no additional items of other comprehensive income for the current or comparative period and therefore a statement of other comprehensive income has not been prepared.

**Balance Sheet**  
*at 30 June 2016*

	Notes	2016 £	2015 £
<b>Current assets</b>			
Debtors: due after more than one year	8	11,945,748	12,341,679
Debtors: due within one year	8	705,744	652,199
Cash at bank		2,221,283	2,257,648
<b>Total current assets</b>		<b>14,872,775</b>	<b>15,251,526</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(3,394,684)	(3,236,357)
<b>Net current assets</b>		<b>11,478,091</b>	<b>12,015,169</b>
Creditors: amounts falling due after more than one year	10	(11,300,223)	(11,926,676)
<b>Net assets</b>		<b>177,868</b>	<b>88,493</b>
<b>Capital and reserves</b>			
Called up share capital	12	12,499	12,499
Share premium reserve	13	12,499	12,499
Profit and loss account		152,870	63,495
<b>Total shareholders' funds</b>		<b>177,868</b>	<b>88,493</b>

The notes on pages 11 to 21 form an integral part of these financial statements.

These financial statements were approved by the board of directors on **18 November 2016** and were signed on its behalf by:



**C W G Herriott**  
Director

Company registered number: 04364914

Victoria House, Victoria Road  
Chelmsford, Essex  
CM1 1JR

## Statement of Changes in Equity

	Notes	Called up share capital £	Share premium reserve £	Profit and loss account £	Total Equity £
Balance at 1 July 2014		12,499	12,499	79,340	104,338
Total comprehensive income for the period					
Profit		-	-	301,178	301,178
Total comprehensive income for the period		-	-	301,178	301,178
Dividends	14	-	-	(317,023)	(317,023)
Total contributions by and distributions to owners		-	-	(317,023)	(317,023)
Balance at 30 June 2015		12,499	12,499	63,495	88,493

		Called up share capital £	Share premium reserve £	Profit and loss account £	Total Equity £
Balance at 1 July 2015		12,499	12,499	63,495	88,493
Total comprehensive income for the period					
Profit		-	-	309,528	309,528
Total comprehensive income for the period		-	-	309,528	309,528
Dividends	14	-	-	(220,153)	(220,153)
Total contributions by and distributions to owners		-	-	(220,153)	(220,153)
Balance at 30 June 2016		12,499	12,499	152,870	177,868

The notes on pages 11 to 21 form an integral part of these financial statements.

**Statement of Cash Flows**  
*for the year ended 30 June 2016*

	2016	2015
	£	£
<b>Cash flows from operating activities</b>		
Profit for the year	309,528	301,178
<i>Adjustments for:</i>		
Interest receivable and similar income	(861,616)	(886,144)
Interest payable and similar charges	808,741	843,325
Taxation	83,907	78,860
	<u>340,560</u>	<u>337,219</u>
Decrease in debtors	342,386	357,956
Increase in creditors	171,700	159,808
	<u>854,646</u>	<u>854,983</u>
Tax paid	(120,958)	(40,417)
<b>Net cash inflow from operating activities</b>	<u>733,688</u>	<u>814,566</u>
<b>Cash flows from investing activities</b>		
Interest receivable and similar income	861,616	886,144
<b>Net cash outflows from investing activities</b>	<u>861,616</u>	<u>886,144</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(602,876)	(585,832)
Interest payable and similar charges	(802,115)	(837,361)
Dividends Paid	(220,153)	(317,023)
<b>Net cash outflows from financing activities</b>	<u>(1,625,144)</u>	<u>(1,740,216)</u>
Net (decrease) in cash	(29,840)	(39,506)
Cash and cash equivalents at 1 July	2,257,648	2,297,154
<b>Cash and cash equivalents at 30 June</b>	<u>2,227,808</u>	<u>2,257,648</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Harrow Community Schools PFI Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has not identified any measurement or recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 18.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have 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.

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

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the Company's accounting policies are described below:

- Accounting for the service concession contract and finance debtors requires of estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The shareholders' funds at 30 June 2016 show a surplus of £177,868 (2015: £88,493). 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.

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 Company

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 of 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 borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

##### Restricted cash

The Company is obligated to keep a separate cash reserve in respect of future major maintenance costs and debt service. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £1,059,240 at the year end (2015: £983,146).

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.5 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.

#### **1.6 Finance debtor and service income**

The Company is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Company under old UK GAAP, 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.

#### **1.7 Expenses**

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### **1.8 Taxation**

Tax on the profit or loss for the year comprises current 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.

**Notes (continued)**

**2 Turnover**

	2016	2015
	£	£
Service income	1,234,373	1,352,862
Sundry income	37	383
Recharge income	326,990	-
	<u>1,561,400</u>	<u>1,353,245</u>

All turnover is generated in the United Kingdom.

**3 Auditor's remuneration**

	2016	2015
	£	£
Audit of these financial statements	11,150	12,480
Amounts receivable by the company's auditor and its associates in respect of:		
- Taxation compliance services and iXBRL	-	5,990
	<u>-</u>	<u>5,990</u>

In the year the Company terminated its taxation compliance and iXBRL services with the auditor (2015: KPMG LLP)

**4 Directors' remuneration**

The Directors received no emoluments from the Company (2015: £nil). Directors Fees of £50,744 (2015: £48,000) are payable to the parent company for services provided by the directors. See Note 16.

**5 Other interest receivable and similar income**

	2016	2015
	£	£
Finance debtor interest receivable	852,303	877,063
Bank interest receivable	9,313	9,081
	<u>861,616</u>	<u>886,144</u>



**Notes** *(continued)*

**6 Interest payable and similar charges**

	2016	2015
	£	£
Interest payable on bank loans	734,497	754,673
Interest payable on subordinated debt	66,736	81,621
Bank fees payable	7,120	7,031
Other interest payable	388	-
	<u>808,741</u>	<u>843,325</u>

**7 Taxation**

**Total tax expense recognised in the profit and loss account and other comprehensive income**

	2016	2015
	£	£
Current tax	<u>77,382</u>	<u>78,860</u>
Total current tax	77,382	78,860
<b>Total deferred tax</b>	-	-
Total Tax	<u>77,382</u>	<u>78,860</u>

**Notes (continued)**

**7 Taxation (continued)**

**Reconciliation of effective tax rate**

	2016 £	2015 £
Profit on ordinary activities before tax	309,528	301,178
Total tax expense	<u>77,382</u>	<u>78,860</u>
Profit excluding taxation	386,910	380,038
Taxation using the UK corporation tax rate of 20% (20.75%)	77,382	78,858
Group Relief Claimed	(39,430)	(10,104)
Group Relief Paid to Related Party	39,430	10,104
Adjustment to tax charge in respect of prior years	-	2
	<u><u>77,382</u></u>	<u><u>78,860</u></u>

A reduction in the rate from 20% to 19% (effective 1 April 2017) was enacted on 26 October 2015. Further reductions to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This reduction has subsequently been substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

**Notes (continued)**

**8 Debtors**

	2016	2015
	£	£
Finance debtor	12,340,811	12,709,599
Trade debtors	264,644	253,230
Prepayments and accrued income	46,037	31,049
	<u>12,651,492</u>	<u>12,993,878</u>
Due within one year	705,744	652,199
Due after more than one year	11,945,748	12,341,679
	<u>12,651,492</u>	<u>12,993,878</u>

**9 Creditors: amounts falling due within one year**

	2016	2015
	£	£
Bank loan	500,919	466,443
Loan stock	109,295	109,295
Trade creditors	74,400	130,231
Other creditors	96,356	87,614
Corporation tax	15,075	58,651
Accruals and deferred income	2,598,639	2,384,123
	<u>3,394,684</u>	<u>3,236,357</u>

**Notes** (continued)

**10 Creditors: amounts falling after more than one year**

	2016	2015
	£	£
Bank loan	10,928,305	11,429,224
Loan stock	371,918	497,452
	<u>11,300,223</u>	<u>11,926,676</u>

**11 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016	2015
	£	£
<b>Creditors falling due more than one year</b>		
Bank loan	10,928,305	11,429,224
Loan stock	371,918	497,452
	<u>                    </u>	<u>                    </u>
 <b>Creditors falling due within less than one year</b>		
Bank loan	500,919	466,443
Loan stock	109,295	109,295
	<u>                    </u>	<u>                    </u>

Included within Bank loan is an amount repayable after five years of £8,713,559 (2015: £9,333,836) and included within subordinated debt are amounts repayable after five years of £69,472 (2015: £85,711) respectively.

## Notes (continued)

### 11 Interest-bearing loans and borrowings (continued)

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	Repayment schedule	2016 £	2015 £
Bank loan	GBP	6.04%	2032	Quarterly	11,429,224	11,895,667
Loan stock	GBP	12% p.a	2020	Semi-annual	481,213	606,748

#### Bank Loan

The bank loan has a fixed interest rate of 5.19% plus a margin of 0.85%. The bank loan is secured, in favour of Nationwide Building Society, with fixed and floating charges over the Company and all of its property, assets, present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery. There is also a legal mortgage of shares owned in the Company by its shareholders in favour of Nationwide Building Society as security for the payment of all obligations and liabilities owed by the Company to Nationwide.

#### Loan Stock

As at 30 June 2016, the loan stock is subscribed for by DIF Infrastructure II UK Partnership. The loan stock has an interest coupon of 12.0%. The loan stock owed by the Company to DIF Infrastructure II UK Partnership are secured by way of a second legal mortgage of shares owned in the Company in favour of DIF Infrastructure II UK Limited.

### 12 Share Capital

	2016 No.	2016 £
At the start and end of the year		
Ordinary Shares of £0.50 each	24,998	12,499

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 13 Share premium reserves

	2016 £	2015 £
At the start and end of the year	12,499	12,499

## Notes (continued)

### 14 Dividends

	2016 £	2015 £
Interim dividend of £8.81 per ordinary share (2015: £12.68)	220,153	317,023

### 15 Financial instruments

#### Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016 £	2015 £
Assets measured at amortised cost		
- Finance debtor	12,340,811	12,709,599
- Trade and other debtors	264,644	253,230
	12,605,455	12,962,829
Assets measured at cost less impairment		
- Cash and cash equivalents	2,221,283	2,257,648
	2,221,283	2,257,648
Liabilities measured at amortised cost		
- Trade and other payables	185,831	276,496
- Bank loan	11,429,224	11,895,667
- Loan stock	481,213	606,748
	12,096,268	12,778,910

## Notes (continued)

### 16 Related parties

The details of the related party transactions are detailed as follows:

	Transactions		Payables to	
	2016	2015	2016	2015
	£	£	£	£
<b>Subordinated debt interest</b>				
- DIF Infrastructure II UK Partnership	66,736	81,621	9,651	12,168
<b>Subordinated debt principal</b>				
- DIF Infrastructure II UK Partnership	125,534	125,534	481,213	606,747
<b>Directors Fees</b>				
- DIF Infrastructure II B.V.	50,744	48,000	-	-
<b>Group Relief</b>				
- DIF Infrastructure II B.V.	49,534	-	-	-
	<b>292,548</b>	<b>255,155</b>	<b>490,864</b>	<b>618,915</b>

### 17 Ultimate controlling party

The immediate parent company is DIF Infrastructure II UK Limited which is registered in England and Wales. Copies of the financial statements of the parent company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

DIF Infrastructure II B.V. and DIF Infrastructure II C.V. together form the DIF Infrastructure II Fund (the "Fund"). The Fund owns DIF Infrastructure II UK Limited, and is owned by the Investors (none of them owns 25% or more in the Fund) and is managed by DIF.

### 18 Explanation of transition to FRS 102 from old UK GAAP

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information present in these financial statements for the year ended 30 June 2015.

In preparing the financial statements, the Company has not identified any material transition adjustments.