

Ashburton Services Limited

Annual Report and Financial Statements

For the Year Ended 31 March 2012

Registered Number 4798203



Ashburton Services Limited

Financial Statements

Year ended 31 March 2012

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Ashburton Services Limited

Company Information

The board of directors	Andrew Matthews (Resigned 19 December 2011) Anita Gregson (Resigned 19 December 2011) Faraidon Saheb-Zadha (Served from 23 November 2011 to 19 December 2011) John George (Appointed 19 December 2011) Geoff Lewis (Appointed 19 December 2011)
Company secretary	Infrastructure Managers Limited
Registered office	5th Floor 100 Wood Street London EC2V 7EX
Auditor	KPMG LLP Chartered Accountants and Statutory Auditors Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Nationwide Building Society Kings Park Road Moulton Park Northampton Northants NN3 6NW
Solicitors	Addleshaw Goddard 150 Aldersgate Street London EC1A 4EJ

Ashburton Services Limited

The Directors' Report

Year ended 31 March 2012

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 March 2012

Principal Activities and Business Review

The Company's principal activity is the construction and refurbishment of schools and the provision of related facilities management services

Results and Dividends

The profit for the year, after taxation, amounted to £115,648 (2011 profit £239,358) The directors have not recommended a dividend

The profit for the year will be transferred to reserves

Ashburton Services Limited financial results were in line with forecast and the Directors intend for the business to continue to hold its investment

Key performance indicators

The performance of the Company from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the senior debt provider The key indicator being the debt service cover ratio In the prior year the Company was in default on the cover ratios and the loans classified as due within one year In the current year the Company has not been in default on any of the ratios and as a result the loans are presented in line with the scheduled maturity profile

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 12 to the accounts

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1

Ashburton Services Limited

The Directors' Report *(continued)*

Year ended 31 March 2012

Disclosure of information to the auditors

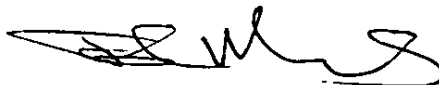
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

KPMG LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
5th Floor
100 Wood Street
London
EC2V 7EX

Signed by order of the directors



Infrastructure Managers Limited
Company Secretary

Approved by the directors on 5 September 2012

Ashburton Services Limited

Statement of Directors' Responsibilities

Year ended 31 March 2012

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

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

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

- select suitable accounting policies and then apply them consistently,
- make 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.

The Directors' responsibilities were approved by the board on 5 September 2011 and signed on its behalf by



John George



KPMG Audit Plc

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent Auditor's Report to the Members of Ashburton Services Limited

We have audited the financial statements of Ashburton Services Limited for the year ended 31 March 2012 on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Directors and Auditors

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 (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of the company's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Ashburton Services Limited *(continued)*

Matters on Which We are Required to Report by Exception

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

- adequate accounting records have not been kept by the company, 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



Hugh Harvie (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
5 September 2012
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Ashburton Services Limited

Profit and Loss Account

Year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	832,488	1,233,936
Cost of sales		(581,294)	(574,942)
Gross Profit		251,194	658,994
Administrative expenses		(163,471)	(388,047)
Operating Profit	3	87,723	270,947
Interest receivable	5	1,263,015	1,283,996
Interest payable and similar charges	6	(1,194,457)	(1,222,515)
Profit on Ordinary Activities Before Taxation		156,281	332,428
Tax on profit on ordinary activities	7	(40,633)	(93,070)
Profit for the Financial Year		115,648	239,358

All of the activities of the Company are classed as continuing

The Company has no recognised gains and losses other than those included in the profit above, which all relate to continuing activities, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 15 form part of these financial statements

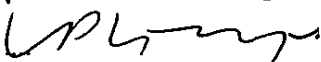
Ashburton Services Limited

Balance Sheet

As at 31 March 2012

	Note	2012 £	2011 £
Current Assets			
Debtors due within one year	8	238,916	268,703
Debtors due after one year	8	19,424,033	19,650,504
Cash at bank		709,145	1,819,729
		<u>20,372,094</u>	<u>21,738,936</u>
Creditors: Amounts falling due within one year	9	<u>(1,910,095)</u>	<u>(1,673,711)</u>
Net Current Assets		<u>18,461,999</u>	<u>20,065,225</u>
Total Assets Less Current Liabilities		<u>18,461,999</u>	<u>20,065,225</u>
Creditors: Amounts falling due after more than one year	10	<u>(16,894,958)</u>	<u>(18,613,832)</u>
Net assets		<u>1,567,041</u>	<u>1,451,393</u>
Capital and Reserves			
Share capital	13	1,241,550	1,241,550
Profit and loss account	14	325,491	209,843
Equity Shareholders' Funds	15	<u>1,567,041</u>	<u>1,451,393</u>

These financial statements on pages 7 to 15 were approved by the directors and authorised for issue on ~~5 September 2012~~ and are signed on their behalf by


John George

Company Registration Number 4798203

The notes on pages 9 to 15 form part of these financial statements

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Current taxation

Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

1 Accounting policies (*continued*)

Finance debtor

Costs incurred in the construction of the school have been accounted for under Financial Reporting Standard (FRS) 5 Application Note F

Applying the guidance within the Application Note indicates that the project's principal agreements transfer substantially all the risks and rewards of ownership to the customer. As such the costs incurred by the company on the design and construction of the school have been treated as a finance debtor within these financial statements.

Management service fees are allocated between turnover and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

Capital instruments

Shares are included in shareholder funds. Debt instruments, which contain an obligation to repay, are classified as liabilities. The finance costs recognised in the profit and loss account in respect of capital instruments, other than shares, are allocated to periods over the operating life of the instrument to which they relate at a constant carrying amount in accordance with FRS 4.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below.

	2012 £	2011 £
United Kingdom	<u>832,488</u>	<u>1,233,936</u>

3 Operating profit

Operating profit is stated after charging

	2012 £	2011 £
Auditor's remuneration		
- as auditor	7,000	6,750
- for other services	<u>3,700</u>	<u>3,700</u>

4 Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2011: £nil). There were no employees in the financial year other than the directors (2011: nil).

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

5 Interest receivable

	2012	2011
	£	£
Bank interest receivable	111	187
Finance debtor interest receivable	1,262,904	1,283,809
	<u>1,263,015</u>	<u>1,283,996</u>

6 Interest payable and similar charges

	2012	2011
	£	£
Interest payable on bank borrowing	984,979	1,013,301
Interest payable on loans due to immediate parent company	195,262	194,729
Amortisation of loan issue costs	14,216	14,485
	<u>1,194,457</u>	<u>1,222,515</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 26% (2011 - 28%)	40,633	76,936
Over/under provision in prior year	-	(38)
Total current tax	<u>40,633</u>	<u>76,898</u>
Deferred tax		
Origination and reversal of timing differences	-	16,172
Tax on profit on ordinary activities	<u>40,633</u>	<u>93,070</u>

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

7 Taxation on ordinary activities (*continued*)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 26% (2011 - 28%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>156,281</u>	<u>332,428</u>
Profit on ordinary activities by rate of tax	40,633	93,080
Expenses not deductible for tax purposes	-	28
Utilisation of tax losses	-	(16,172)
Adjustments to tax charge in respect of previous periods	-	(38)
Total current tax (note 7(a))	<u>40,633</u>	<u>76,898</u>

8 Debtors

	2012 £	2011 £
Trade debtors	-	55,239
Finance debtor	19,650,504	19,848,503
Prepayments and accrued income	12,445	15,465
	<u>19,662,949</u>	<u>19,919,207</u>

The debtors above include the following amounts falling due after more than one year

	2012 £	2011 £
Finance debtor	<u>19,424,033</u>	<u>19,650,504</u>

Finance Debtor

The movement in the finance debtor is analysed as follows

	2012 £	2011 £
Opening balance	19,848,503	20,019,957
Repayments received	(197,999)	(171,454)
Closing balance	<u>19,650,504</u>	<u>19,848,503</u>

The finance debtor balance is repayable in instalments The final repayment is due in 2035

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

9 Creditors: Amounts falling due within one year

	2012	2011
	£	£
Bank loans	626,101	252,283
Trade creditors	–	57,022
Amounts owed to group undertakings	1,119,289	978,567
Corporation tax	10,133	77,049
Other taxation	73,477	95,842
Other creditors	10,329	4,631
Accruals and deferred income	70,766	208,317
	<u>1,910,095</u>	<u>1,673,711</u>

The amounts owed to group undertakings consists of £1,119,289 (2011 £924,027) accrued interest and £nil (2011 £54,540) loan balance. The accrued interest is not interest bearing.

10 Creditors: Amounts falling due after more than one year

	2012	2011
	£	£
Bank loans	14,858,502	16,734,533
Amounts owed to group undertakings	1,574,200	1,519,660
	<u>16,432,702</u>	<u>18,254,193</u>
Accruals and deferred income	462,256	359,639
	<u>16,894,958</u>	<u>18,613,832</u>

The Company has a £1,574,200 Coupon Bearing Investment Sum due to its immediate parent Company Ashburton Services (Holdings) Limited. The loan bears a Coupon of 12.37 per cent per annum and repayment of capital should have commenced on 30 September 2006. The Coupon on the principal amount accrues daily and is payable quarterly on 31 March, 30 June, 30 September and 31 December each year. The investment sum was advanced under a subordinated loan agreement and is therefore unsecured, and would rank alongside ordinary creditors in the case of a winding up.

The bank loan is secured by a floating charge over all the assets, rights and undertakings of the Company.

Included within bank loans are arrangement fees of £196,047 (2011 £210,263) which is written off to the profit and loss account over the period of the loan.

The Company has a bank loan of £14,980,650. This loan was drawn down under a non-recourse financing agreement and is repayable over 28 years following financial close in monthly instalments and commenced on 30 September 2006. The interest rate on this loan is fixed. The Company took a supplemental loan out in 2007 of £1,950,000. The interest rate on the loan is LIBOR. On 17th June 2011 a side letter was agreed with the senior lender to use any surplus cash to repay the supplemental credit facility as early as possible. No shareholder distributions will be paid until the supplemental loan is repaid in full. The supplemental loan balance at the year end is £700,000.

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

11 Creditors - capital instruments

Creditors include loans which is due for repayment as follows

	2012 £	2011 £
Amounts repayable		
In one year or less or on demand	626,101	306,823
In more than one year but not more than two years	517,043	286,066
In more than two years but not more than five years	1,190,126	1,028,451
In more than five years	14,725,533	16,939,677
	<u>17,058,803</u>	<u>18,561,017</u>

12 Financial risk management objectives and policies

Interest rate risk

Due to the nature of the company's business, the only financial risks the directors consider relevant to this company are credit, cash flow, interest rate and liquidity risk. The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation.

The company's Coupon Bearing Investment Sum and bank loans interest rates are both fixed therefore interest rate risk is not considered significant.

Liquidity risk

The company's liquidity risk is principally managed through financing the company by means of long term borrowings.

13 Share capital

Authorised share capital:

	2012 £	2011 £
1,241,550 Ordinary shares of £1 each	<u>1,241,550</u>	<u>1,241,550</u>

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
1,241,550 Ordinary shares of £1 each	<u>1,241,550</u>	<u>1,241,550</u>	<u>1,241,550</u>	<u>1,241,550</u>

Ashburton Services Limited is 100% owned by Ashburton Services (Holdings) Limited

Ashburton Services Limited

Notes to the Financial Statements

Year ended 31 March 2012

14 Profit and loss account

	2012	2011
	£	£
Balance brought forward	209,843	(29,515)
Profit for the financial year	115,648	239,358
Balance carried forward	<u>325,491</u>	<u>209,843</u>

15 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	115,648	239,358
Opening shareholders' funds	1,451,393	1,212,035
Closing shareholders' funds	<u>1,567,041</u>	<u>1,451,393</u>

16 Related party disclosures

The directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

17 Ultimate parent company

The Company's immediate parent undertaking and controlling party is Ashburton Services (Holdings) Limited, a Company registered in England and Wales

The smallest and largest group in which the financial statements of the Company are consolidated are HICL Infrastructure Company Limited (the "Group"), a company registered in Guernsey. The consolidated financial statements of HICL Infrastructure Company Limited are available to the public and may be obtained from 1 Le Truchot, St Peter Port, Guernsey, GY1 1WD