

Ashburton Services Limited

Annual Report and Financial Statements

For the Year Ended 31 March 2009

Registered Number 4798203

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Ashburton Services Limited

Financial Statements

For the Year ended 31 March 2009

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Ashburton Services Limited

Company Information

Directors	Andrew Matthews Nigel Brindley
Company secretary	Infrastructure Managers Limited
Registered office	5th Floor 100 Wood Street London EC2V 7EX
Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors PO Box 90 Erskine House 68-73 Queen Street Edinburgh EH2 4NH
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

For the Year ended 31 March 2009

The Directors present their report and the financial statements of the Company for the year ended 31 March 2009.

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 loss for the year amounted to £109,377 (2008: loss £43,866). The Directors have not recommended a dividend (2008: £nil).

The loss 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. As detailed in note 1 to the financial statements (going concern) the cover ratios has been in default in the current year as a result of a continuing negotiation with the local authority. To date the defaults have been waived by the company's bankers.

As the worst case cash-flow forecasts prepared by the directors show that all interest and principal amounts would be paid to the bank as due, that a suitable level of additional cash is generated as security for the bank and from the continuing discussions the bank remain supportive, the directors expect to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis.

Financial Instruments

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts.

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)*

For the Year ended 31 March 2009

Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

The Directors' report was approved by the board on 28/01/10 and signed on its behalf by:



Simon Peck
For and on behalf of
Infrastructure Managers Limited
Company Secretary
Edinburgh

Ashburton Services Limited

Statement of Directors' Responsibilities

For the Year ended 31 March 2009

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 March 2009. In preparing these financial statements, the Directors are required to:

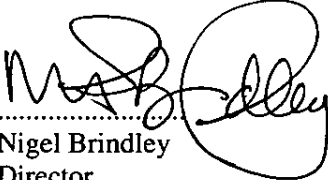
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors' responsibilities were approved by the board on 28/01/10 and signed on its behalf by:


Nigel Brindley
Director

Ashburton Services Limited

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 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Ashburton Services Limited

Independent auditor's report to the members of Ashburton Services Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

29 January 2010

Ashburton Services Limited

Profit and Loss Account

For the Year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	2	570,333	841,116
Cost of sales		<u>(522,894)</u>	<u>(582,406)</u>
Gross Profit		47,439	258,710
Administrative expenses		<u>(164,508)</u>	<u>(282,409)</u>
Operating Loss	3	(117,069)	(23,699)
Interest receivable	5	1,347,298	1,372,027
Interest payable and similar charges	6	(1,339,606)	(1,392,194)
Loss on Ordinary Activities Before Taxation		<u>(109,377)</u>	<u>(43,866)</u>
Tax on loss on ordinary activities	7	–	–
Loss for the Financial Year	13	<u>(109,377)</u>	<u>(43,866)</u>

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

There is no difference between the loss on ordinary activities before taxation and the losses for the year stated above and their historical cost equivalents.

The notes on pages 9 to 14 form part of these financial statements.

Ashburton Services Limited

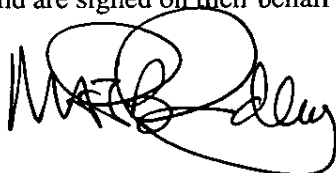
Balance Sheet

as at 31 March 2009

	Note	2009 £	2008 £
Current Assets			
Debtors due within one year	8	289,026	200,049
Debtors due after one year	8	19,672,704	20,191,748
Cash at bank		1,304,988	1,064,554
		<u>21,266,718</u>	<u>21,456,351</u>
Creditors: Amounts falling due within one year	9	<u>(1,418,299)</u>	<u>(1,256,944)</u>
Net Current Assets		<u>19,848,419</u>	<u>20,199,407</u>
Total Assets Less Current Liabilities		<u>19,848,419</u>	<u>20,199,407</u>
Creditors: Amounts falling due after more than one year	10	(18,758,730)	(19,000,341)
Net assets		<u>1,089,689</u>	<u>1,199,066</u>
Capital and Reserves			
Share capital	12	1,241,550	1,241,550
Profit and loss account	13	(151,861)	(42,484)
Equity Shareholder's Funds	14	<u>1,089,689</u>	<u>1,199,066</u>

These financial statements on pages 7 to 14 were approved by the Directors and authorised for issue on 28/01/10, and are signed on their behalf by:

.....
Nigel Brindley
Director



The notes on pages 9 to 14 form part of these financial statements.

Ashburton Services Limited

Notes to the Financial Statements

For the Year ended 31 March 2009

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 1985 and applicable Accounting Standards in the United Kingdom.

Going Concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The company has for a number of years, been involved in a negotiation with the local authority over the amount of third party income entitled to be received. As a result the original covenants of the bank loan have been breached, entitling the company's bankers to demand repayment of all amounts outstanding on the loans should they choose to. Covenants relating to a debt service cover ratio and a loan life cover ratio are both in default for the year ended 31 March 2009. As the negotiation is still ongoing and the outcome uncertain the director's have prepared cash-flow forecasts for the concession period, assuming a worst case position. These forecasts indicate that should the worst case position happen the covenant breaches would likely continue over the concession.

The company has continued to pay all interest and principal amounts to the bank as payments have fallen due and the bank have issued and approved waivers for the breaches up to the latest reporting period (September 2009). The bank has also not suggested that it will demand repayment of the loans, however the possibility remains that they could exercise their legal right to demand repayment if the breaches continue. The directors continues to provide regular updates to the bank on trading and contractual issues with a view to ensuring ongoing support.

As the worst case cash-flow forecasts show that all interest and principal amounts would be paid to the bank as due, that a suitable level of additional cash is generated as security for the bank and from the continuing discussions the bank remain supportive, the directors expect to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis.

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.

Ashburton Services Limited

Notes to the Financial Statements

For the Year ended 31 March 2009

1. Accounting policies *(continued)*

Deferred taxation

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.

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.

Financial Instruments

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts.

2. Turnover

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

	2009	2008
	£	£
United Kingdom	<u>570,333</u>	<u>841,116</u>

Ashburton Services Limited

Notes to the Financial Statements

For the Year ended 31 March 2009

3. Operating loss

Operating loss is stated after charging:

	2009 £	2008 £
Auditor's remuneration		
- as auditor	8,750	8,500
- for other services	2,750	2,500
	<u>11,500</u>	<u>11,000</u>

4. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2008: £nil). There were no employees in the financial year other than the directors (2008: nil).

5. Interest receivable

	2009 £	2008 £
Bank interest receivable	26,977	35,392
Finance debtor interest receivable	1,320,321	1,336,635
	<u>1,347,298</u>	<u>1,372,027</u>

6. Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank borrowing	1,129,903	1,181,734
Interest payable on loans due to immediate parent company	194,728	195,262
Amortisation of loan issue costs	14,975	15,198
	<u>1,339,606</u>	<u>1,392,194</u>

7. Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

	2009 £	2008 £
Loss on ordinary activities before taxation	(109,377)	(43,866)
Loss on ordinary activities by rate of tax	(30,626)	(13,160)
Expenses not deductible for tax purposes	240	300
Unrelieved tax losses	30,386	12,860
Total current tax	<u>-</u>	<u>-</u>

Ashburton Services Limited

Notes to the Financial Statements

For the Year ended 31 March 2009

8. Debtors

	2009	2008
	£	£
Trade debtors	43,228	–
Corporation tax recoverable	21,701	–
Finance debtor	19,819,807	20,316,013
Other debtors	53,788	53,109
Prepayments and accrued income	23,206	22,675
	<u>19,961,730</u>	<u>20,391,797</u>

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

	2009	2008
	£	£
Finance debtor	<u>19,672,704</u>	<u>20,191,748</u>

The amounts owed by group undertakings are trading balances, are not interest bearing and are repayable on demand.

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

9. Creditors: Amounts falling due within one year

	2009	2008
	£	£
Bank loans	210,380	190,800
Trade creditors	557,892	271,137
Amounts owed to group undertakings	565,801	339,841
Corporation tax	–	6,164
Other taxation	58,856	48,690
Other creditors	49	377,717
Accruals and deferred income	25,321	22,595
	<u>1,418,299</u>	<u>1,256,944</u>

The amounts owed to group undertakings consists of £534,570 accrued interest and £31,231 loan balance. The accrued interest is not interest bearing or repayable on demand.

The terms of the loan balances, both bank and group, are disclosed in the Creditors: Amounts falling due after more than one year note to the financial statements.

Ashburton Services Limited

Notes to the Financial Statements

For the Year ended 31 March 2009

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

	2009	2008
	£	£
Bank loans	17,215,761	17,426,141
Amounts owed to group undertakings	1,542,969	1,574,200
	<u>18,758,730</u>	<u>19,000,341</u>

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 £239,487 (2008: £254,462) which is written off to the profit and loss account over the period of the loan.

The Company has a bank loan of £15,715,628. This loan will be drawn down under a non-recourse financing agreement and is repayable over 28 years following financial close in monthly instalments commencing on 30 September 2006, the interest rate on this loan is fixed. The Company took out a further bank loan in 2007 of £1,950,000, this is repayable in quarterly instalments commencing 30 September 2015, there is no hedge in place on this loan.

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 starts 30 June 2009. 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.

11. Creditors - capital instruments

Creditors include loans which is due for repayment as follows:

	2009	2008
	£	£
Amounts repayable:		
In one year or less or on demand	241,611	190,800
In more than one year but not more than two years	239,911	210,380
In more than two years but not more than five years	863,226	753,259
In more than five years	17,655,594	18,036,703
	<u>19,000,342</u>	<u>19,191,142</u>

Ashburton Services Limited

Notes to the Financial Statements

For the Year ended 31 March 2009

12. Share capital

Authorised share capital:

	2009	2008
	£	£
1,241,550 Ordinary shares of £1 each	<u>1,241,550</u>	<u>1,241,550</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
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.

13. Profit and loss account

	2009	2008
	£	£
Balance brought forward	(42,484)	1,382
Loss for the financial year	<u>(109,377)</u>	<u>(43,866)</u>
Balance carried forward	<u>(151,861)</u>	<u>(42,484)</u>

14. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Loss for the financial year	(109,377)	(43,866)
Opening shareholders' funds	<u>1,199,066</u>	<u>1,242,932</u>
Closing shareholders' funds	<u>1,089,689</u>	<u>1,199,066</u>

15. Related party disclosures

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

16. Ultimate parent company

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

Barclays European Infrastructure Limited own 100% of the issued share capital of, and exercise control over Ashburton Services (Holdings) Limited. Barclays European Infrastructure Limited is owned by a number of investors with no one individual having control.