COMPANY REGISTRATION NUMBER: 4798203

Ashburton Services Limited

Annual Report and Financial Statements

31 March 2017

Ashburton Services Limited

Annual Report and Financial Statements

Year ended 31 March 2017

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Ashburton Services Limited

Officers and Professional Advisers

The board of directors	John George Geoff Lewis
Company secretary	Infrastructure Managers Limited
Registered office	Cannon Place 78 Cannon Street London EC4N 6AF
Auditors	KPMG LLP Chartered Accountants 3 Assembly Square Britannia Quay Cardiff CF10 4AX
Bankers	Nationwide Building Society Kings Park Road Moulton Park Northampton Northants NN3 6NW

Ashburton Services Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the Company for the year ended 31 March 2017.

Principal Activities

The Company's principal activity is the construction and refurbishment of schools and the provision of related facilities management services on a 30 year contract under the Private Finance Initiative. As the Company is in the full operational phase it faces operational risks and actively monitors financial performance against loan covenants. During the year the Company was fully compliant with the contractual terms and incurred no penalty points. From a financial perspective the Company has been performing well and has been compliant with the covenants laid out in the loan agreement. The Company is also forecasting compliance with the covenants laid out in the loan agreement.

Performance Review

The Loss for the year, after taxation, amounted to £217,504 (2016: loss of £95,145). The increase in loss is due to further profits being deferred to ensure that the Company maintains an operating profit throughout the life of the contract.

The Loss for the year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

Key performance indicators

The performance of the Company from a cash perspective is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the group loan agreement.

Directors

The directors who served the Company during the year and up to the date of this report were as follows:

John George
Geoff Lewis

Dividends

The directors do not recommend the payment of a dividend (2016: £nil).

Future Developments

The Company will continue to provide and support the Authority in its expansion of the school under the PFI scheme.

Ashburton Services Limited

Directors' Report *(continued)*

Year ended 31 March 2017

Financial Instruments

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

Interest rate risk

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of fixed rate loans.

Cash Flow and Liquidity risk

Many of the Cash Flow risks are addressed by means of contractual provisions. The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly, no Strategic Report has to be prepared.

Disclosure of Information to Auditors

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 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.

The auditor is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 18/9/17 and signed by order of the board by:

Infrastructure Managers Limited
Company Secretary

Ashburton Services Limited

Directors' Responsibilities Statement

Year ended 31 March 2017

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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 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.

The Directors' Responsibilities were approved by the board on ..18/9/17...... and signed on its behalf by:

John George

Director

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

Year ended 31 March 2017

We have audited the financial statements of Ashburton Services Limited for the year ended 31 March 2017 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

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

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

Year ended 31 March 2017

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.

Richard Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
27/9/17

Ashburton Services Limited

Statement of Comprehensive Income

Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	**4**	**901,042**	1,129,180
Cost of sales		**(687,743)**	(801,959)
Gross Profit		**213,299**	327,221
Administrative expenses		**(180,047)**	(166,351)
Operating Profit		**33,252**	160,870
Other interest receivable and similar income	**7**	**850,869**	825,089
Interest payable and similar expenses	**8**	**(1,069,254)**	(1,095,644)
Loss Before Taxation		**(185,133)**	(109,685)
Tax on loss	**9**	**(32,371)**	14,540
Loss for the Financial Year and Total Comprehensive Expense		**(217,504)**	(95,145)

All the activities of the Company are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

Ashburton Services Limited

Statement of Financial Position

As at 31 March 2017

	Note	2017 £	2016 £
Current Assets			
Debtors: due within one year	10	**723,044**	783,569
Debtors: due after more than one year	10	**17,383,551**	17,788,861
Cash at bank and in hand		**1,519,132**	1,262,516
		19,625,727	19,834,946
Creditors: amounts falling due within one year	11	**(3,222,662)**	(2,866,563)
Net Current Assets		**16,403,065**	16,968,383
Total Assets Less Current Liabilities		**16,403,065**	16,968,383
Creditors: amounts falling due after more than one year	12	**(14,942,273)**	(15,290,087)
Net Assets		**1,460,792**	1,678,296
Capital and Reserves			
Called up share capital	15	**1,241,550**	1,241,550
Retained earnings	16	**219,242**	436,746
Shareholders Funds		**1,460,792**	1,678,296

These financial statements were approved by the board of directors and authorised for issue on 18/9/17, and are signed on behalf of the board by:

John George
Director

Company registration number: 4798203

The notes on pages 11 to 20 form part of these financial statements.

Ashburton Services Limited

Statement of Changes in Equity

Year ended 31 March 2017

	Called up share capital £	Retained earnings £	Total £
At 1 April 2015	1,241,550	531,891	1,773,441
Loss for the year		(95,145)	(95,145)
Total Comprehensive Expense for the Year	–	(95,145)	(95,145)
At 31 March 2016	1,241,550	436,746	**1,678,296**
Loss for the year		(217,504)	**(217,504)**
Total Comprehensive Expense for the Year	–	(217,504)	**(217,504)**
At 31 March 2017	1,241,550	219,242	**1,460,792**

The notes on pages 11 to 20 form part of these financial statements.

Ashburton Services Limited

Statement of Cash Flows

Year ended 31 March 2017

	Note	2017 £	2016 £
Cash generated from operations	17	**880,822**	744,050
Interest paid		**(1,076,395)**	(1,331,192)
Interest received		**850,869**	825,089
Tax paid		**–**	(78,977)
Net cash from operating activities		**655,296**	158,970
Cash Flows from Financing Activities			
Repayments of borrowings		**(398,680)**	(390,524)
Net cash used in financing activities		**(398,680)**	(390,524)
Net Increase/(Decrease) in Cash and Cash Equivalents		**256,616**	(231,554)
Cash and Cash Equivalents at Beginning of Year		**1,262,516**	1,494,070
Cash and Cash Equivalents at End of Year		**1,519,132**	1,262,516

The notes on pages 11 to 20 form part of these financial statements.

1. Statement of compliance

The individual financial statements of Ashburton Services Limited have been prepared in compliance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. General information

Ashburton Services Limited ('the Company') is incorporated and domiciled in England. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The Company's principal activity is the construction and refurbishment of schools and the provision of related facilities management services on a 30 year contract under the Private Finance Initiative.

The Company's functional and presentation currency is the pound sterling.

3. Accounting policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

(b) Going concern

The Directors have reviewed the Company's projected profits and cash flows by reference to a financial model covering accounting periods up to March 2036. Having examined the current status of the Company's principal contracts and likely developments in the foreseeable future, the Directors consider that the Company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

3. Accounting policies *(continued)*

(c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Income taxation

Current taxation
The taxation charge or credit arising on profit/loss before taxation and in respect of gains or losses recognised through other comprehensive income reflect the tax rates in effect or substantively enacted at the statement of financial position date as appropriate. The determination of appropriate provisions for taxation requires the Directors to take into account anticipated decisions of HM Revenue and Customs which inevitably requires the Directors to use judgements as to the appropriate estimate of taxation provisions.

Judgements and key sources of estimation uncertainty *(continued)*

Deferred taxation
Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Judgements are required to be made as to the calculation and identification of timing differences and in the case of the recognition of deferred taxation assets, the Directors have to form an opinion as to whether it is probable that the deferred taxation asset recognised is recoverable against future taxable profits arising. This exercise of judgement requires the Directors to consider forecast information over a long time horizon having regard to the risks that the forecasts may not be achieved and then form a reasonable opinion as to the recoverability of the deferred taxation asset.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

3. Accounting policies ***(continued)***

ii) Accounting for service concession arrangements

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

(d) Finance debtor and service income

The Company is an operator of a PFI contract. 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 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.

(e) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Accounting policies *(continued)*

Income tax ***(continued)***

ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the statement of comprehensive income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(f) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(h) Restricted cash

Cash at bank includes £696,356 (2016: £655,240) restricted from use in the business, held in the Company's reserve accounts under the terms of the credit agreement

(i) 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.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of services	**901,042**	1,129,180

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

5. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	**9,900**	11,700

Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	**3,000**	3,000

Included in the fee above is £1,000 (2016: £1,000) for the audit of the immediate parent entity Ashburton Services (Holdings) Limited.

6. Particulars of employees and directors

The average number of persons employed by the company during the financial year, including the directors, amounted to nil (2016: nil). The directors did not receive any remuneration from the Company during the year (2016: £nil). During the year the company paid £47,961 (2016: £46,674) to Infrastructure Investments Holdings Limited, a related entity, for the provision of two directors.

7. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	**2,641**	4,160
Finance debtor interest receivable	**848,228**	820,745
Other interest receivable	**–**	184
	850,869	825,089

8. Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank loans and overdrafts	**874,525**	900,382
Interest due to Group undertakings	**194,729**	195,262
	1,069,254	1,095,644

9. Tax on loss

Major components of tax expense/(income)

	2017	2016
	£	£
Deferred tax:		
Origination and reversal of timing differences	**32,371**	(14,540)
Tax on loss	**32,371**	(14,540)

Reconciliation of tax expense/(income)

The tax assessed on the loss for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017	2016
	£	£
Loss before taxation	**(185,133)**	(109,685)
Loss by rate of tax	**(37,027)**	(21,937)
Effect of expenses not deductible for tax purposes	**–**	2,637
Effect of change in tax rates	**7,934**	4,760
Deferred tax not recognised	**61,464**	–
Tax on loss	**32,371**	(14,540)

Factors that may affect future tax expense

During the year, as a result of the change to the future UK main corporation tax rate from 18% to 17% that was substantively enacted on 6 September 2016 and that will be effective from 1 April 2020, the relevant deferred tax balances have been re-measured. This change has reduced the deferred tax asset at the Statement of Financial Position date by £4,231.

10. Debtors

Debtors falling due within one year are as follows:

	2017	2016
	£	£
Trade debtors	**244,659**	278,941
Amounts owed by Group undertakings	**34,474**	–
Deferred tax asset	**10,466**	42,837
Prepayments and accrued income	**5,001**	32,246
Corporation tax repayable	**19,637**	19,637
Finance debtor	**408,807**	409,908
	723,044	783,569

Debtors falling due after one year are as follows:

	2017	2016
	£	£
Finance debtor	**17,383,551**	17,788,861

10. Debtors *(continued)*

The amounts owed by Group undertakings relates to group tax relief, the balance is unsecured, non interest bearing and repayable on demand.

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	**402,566**	386,361
Trade creditors	**92,028**	80,456
Amounts owed to Group undertakings	**1,427,465**	1,446,737
Accruals and deferred income	**1,218,708**	873,420
Social security and other taxes	**81,895**	79,589
	3,222,662	2,866,563

The amounts owed to Group undertakings consists of accrued interest of £1,427,465 (2016: £1,446,737), the balance is unsecured, non interest bearing and repayable on demand.

12. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans and overdrafts	**12,775,296**	13,178,050
Amounts owed to Group undertakings	**1,574,200**	1,574,200
Accruals and deferred income	**592,777**	537,837
	14,942,273	15,290,087

Amounts owed to Group undertakings relates to subordinated debt due to the 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.

The Company has a bank loan of £13,280,903 (2016: £13,679,582). This loan was drawn down under a non-recourse financing agreement and is repayable over 28 years following financial close in quarterly instalments expiring on 30 June 2034. The interest rate on this loan is fixed at 5.47%.

13. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in debtors (note 10)	**10,466**	42,837

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	**7,904**	10,207
Unused tax losses	**–**	29,579
Short term timing differences	**2,562**	3,051
	10,466	42,837

The net deferred tax asset expected to reverse in 2018 is £26,322. This primarily relates to the reversal of timing differences on capital allowances and short term timing differences.

	2017
	£
Opening balance	42,837
Movement through the profit or loss	(32,371)
Closing balance	**10,466**

Deferred tax of £61,464 (2016: £nil) in relation to unused losses has not been recognised in the financial statements.

14. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017	2016
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**18,071,491**	18,198,769
Financial liabilities		
Financial liabilities measured at amortised cost	**(16,271,555)**	(15,138,611)

The bank borrowing and finance debtor are both held at amortised cost.

15. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary shares of £1 each	**1,241,550**	**1,241,550**	1,241,550	1,241,550

15. Called up share capital *(continued)*

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

16. Reserves

Retained earnings - This reserve records retained earnings and accumulated profits/losses.

17. Cash generated from operations

	2017	2016
	£	£
Loss for the financial year	**(217,504)**	(95,145)
Adjustments for:		
Other interest receivable and similar income	**(850,869)**	(825,089)
Interest payable and similar expenses	**1,069,254**	1,095,644
Tax on loss	**32,371**	(14,540)
Changes in:		
Trade and other debtors	**433,464**	92,132
Trade and other creditors	**414,106**	491,048
	880,822	744,050

18. Related party transactions

The Company is wholly owned by Ashburton Services (Holdings) Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

19. Controlling party

The immediate parent undertaking is Ashburton Services (Holdings) Limited, which is also the smallest and largest group in which the Company's results are consolidated. The accounts of Ashburton Services (Holdings) Limited registered at Cannon Place, 78 Cannon Street, London, EC4N 6AF can be obtained from the Registrar of Companies.

The ultimate parent and controlling entity is HICL Infrastructure Company Limited, a company registered at East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP.