

**Ashburton Services Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 March 2015**

**Registered Number 4798203**

MONDAY



\*S4FXIU9N\*

SCT

14/09/2015

#280

COMPANIES HOUSE

# **Ashburton Services Limited**

## **Financial Statements**

**Year ended 31 March 2015**

<b>Contents</b>	<b>Page</b>
Company Information	<b>1</b>
Directors' Report	<b>2</b>
Statement of Directors' Responsibilities	<b>4</b>
Independent Auditor's Report to the Members	<b>5</b>
Profit and Loss Account	<b>7</b>
Balance Sheet	<b>8</b>
Notes to the Financial Statements	<b>9</b>

# Ashburton Services Limited

## Company Information

<b>The Board of Directors</b>	John George Geoff Lewis
<b>Company secretary</b>	Infrastructure Managers Limited
<b>Registered office</b>	Cannon Place 78 Cannon Street London EC4N 6AF
<b>Auditor</b>	KPMG LLP Chartered Accountants and Statutory Auditor Arlington Business Park Theale Reading RG7 4SD
<b>Bankers</b>	Nationwide Building Society Kings Park Road Moulton Park Northampton Northants NN3 6NW
<b>Solicitors</b>	Addleshaw Goddard 150 Aldersgate Street London EC1A 4EJ

# **Ashburton Services Limited**

## **Directors' Report**

### **Year ended 31 March 2015**

The directors present their report and the financial statements of the Company for the year ended 31 March 2015.

### **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 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.

The directors expect the performance of the company to be in line with the forecasting model and remain profitable in future years.

### **Results and Dividends**

The loss for the year amounted to £90,429 (2014: profit £112,082). The directors have not recommended a dividend (2014: £nil).

The profit for the year will be transferred to reserves.

Ashburton Services Limited financial results were in line with forecast.

### **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.

### **Principal risk and uncertainties**

The Authority is the sole client of the Company but the directors consider that no strategic risk arises from such a small client base since the client is underwritten by the Secretary of State.

Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk, liquidity risk and interest rate risk. Refer to note 13 for further detail.

### **Future Prospects**

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 2015**

### Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 13 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.

### 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 been prepared.

### Disclosure of Information to the 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 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:  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

Signed by order of the directors



Infrastructure Managers Limited  
Company Secretary

Approved by the directors on 9 September 2015

# Ashburton Services Limited

## Statement of Directors' Responsibilities

**Year ended 31 March 2015**

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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 9 September 2015 and signed on its behalf by:

  
.....  
John George

# **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 2015 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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](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 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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.

# Ashburton Services Limited

## 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, 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  
Theale  
Reading  
RG7 4SD

11 September 2015



# Ashburton Services Limited

## Profit and Loss Account

Year ended 31 March 2015

	Note	2015 £	2014 £
<b>Turnover</b>	<b>2</b>	<b>1,047,192</b>	905,904
Cost of sales		<u>(816,157)</u>	<u>(741,878)</u>
<b>Gross Profit</b>		<b>231,035</b>	164,026
Administrative expenses		<u>(170,319)</u>	<u>(155,536)</u>
<b>Operating Profit</b>	<b>3</b>	<b>60,716</b>	8,490
Interest receivable	<b>5</b>	<b>935,353</b>	1,289,292
Interest payable and similar charges	<b>6</b>	<b>(1,111,029)</b>	(1,151,445)
<b>(Loss)/Profit on Ordinary Activities Before Taxation</b>		<u><b>(114,960)</b></u>	<u>146,337</u>
Tax on (loss)/profit on ordinary activities	<b>7</b>	<b>24,531</b>	(34,255)
<b>(Loss)/Profit for the Financial Year</b>		<u><b>(90,429)</b></u>	<u>112,082</u>

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.

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

The notes on pages 9 to 16 form part of these financial statements.

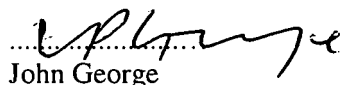
# Ashburton Services Limited

## Balance Sheet

As at 31 March 2015

	Note	2015 £	2014 £
<b>Current Assets</b>			
Debtors due within one year	8	435,956	745,308
Debtors due after one year	8	18,206,932	18,581,464
Cash at bank		1,494,070	1,000,645
		<u>20,136,958</u>	<u>20,327,417</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(2,804,226)</u>	<u>(2,466,495)</u>
<b>Net Current Assets</b>		<u>17,332,732</u>	<u>17,860,922</u>
<b>Total Assets Less Current Liabilities</b>		<u>17,332,732</u>	<u>17,860,922</u>
<b>Creditors: Amounts falling due after more than one year</b>	11	<u>(15,544,225)</u>	<u>(15,981,986)</u>
<b>Net assets</b>		<u><u>1,788,507</u></u>	<u><u>1,878,936</u></u>
<b>Capital and Reserves</b>			
Share capital	14	1,241,550	1,241,550
Profit and loss account	15	546,957	637,386
<b>Equity Shareholders' Funds</b>	16	<u><u>1,788,507</u></u>	<u><u>1,878,936</u></u>

These accounts on pages 7 to 16 were approved by the directors and authorised for issue on 9 September 2015 and are signed on their behalf by:

  
John George

Company Registration Number: 4798203

The notes on pages 9 to 16 form part of these financial statements.

# **Ashburton Services Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2015**

### **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 sufficient funds will be generated to allow on-going obligations to be met as they fall due.

As the company is a wholly owned subsidiary of Infrastructure Investments (Portal) Limited Partnership, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

#### **Cash flow statement**

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company includes the company's cash flows in its consolidated cash flow statement.

#### **Turnover**

All turnover and profit on ordinary activities before taxation originates in the United Kingdom. Turnover is recognised in accordance with the finance debtor and services income accounting policy and excludes VAT.

#### **Current taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

# Ashburton Services Limited

## Notes to the Financial Statements

Year ended 31 March 2015

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

#### Finance debtor and services income

The Company is an operator of a PFI contract. The underlying asset is not deemed to be a tangible asset of the Company under Financial Reporting Standard 5 Application Note F because the risks and rewards of ownership as set 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 FRS 5 Application Note G. The company recognises income in respect of the services provided as it fulfills its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of these services.

#### Major maintenance

The company has the obligation to maintain the infrastructure over the life of the contract and is responsible for the major maintenance replacement risk associated. Income is being deferred to future periods, based upon the forecast of the future maintenance expenditure, in order to match that element of income with the costs to which it relates.

#### Restricted Cash

Cash at bank includes £645,377 (2014: £625,058) restricted from use in the business, held in the company's reserve accounts under the terms of the credit agreement

### 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:

	2015	2014
	£	£
United Kingdom	<u>1,047,192</u>	<u>905,904</u>

### 3. Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Auditor's remuneration		
- as auditor	9,500	8,034
- for other services	<u>3,000</u>	<u>3,000</u>

# Ashburton Services Limited

## Notes to the Financial Statements

### Year ended 31 March 2015

The audit fee in respect of the company was £9,500 for the period (2014: £8,034). This included the audit fee of £1,000 for its immediate parent undertaking, Ashburton Services (Holdings) Limited for which no recharge was made.

#### 4. Particulars of employees and directors

The average number of persons employed by the company during the financial year, including the directors, amounted to nil (2014: nil). The directors did not receive any remuneration from the Company during the year (2014: £nil).

#### 5. Interest receivable

	2015 £	2014 £
Bank interest receivable	3,519	1,208
Finance debtor interest receivable	931,097	1,288,084
Other interest receivable	737	–
	<u>935,353</u>	<u>1,289,292</u>

#### 6. Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank borrowing	903,001	943,092
Interest payable on loans due to immediate parent company	194,729	194,729
Amortisation of loan issue costs	13,299	13,624
	<u>1,111,029</u>	<u>1,151,445</u>

#### 7. Taxation on ordinary activities

##### (a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
UK Corporation tax based on the results for the year at 21% (2014 - 23%)	-	34,474
Over/under provision in prior year	-	(219)
Total current tax	-	34,255
Deferred tax:		
Origination and reversal of timing differences	(22,992)	-
Adjustment in respect of previous years:		
Deferred tax	(1,539)	-
Total deferred tax (note 9)	(24,531)	-
Tax on (loss)/profit on ordinary activities	<u>(24,531)</u>	<u>34,255</u>

# Ashburton Services Limited

## Notes to the Financial Statements

### Year ended 31 March 2015

#### 7. Taxation on ordinary activities *(continued)*

##### (b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2014 - 23%).

	2015 £	2014 £
(Loss)/profit on ordinary activities before taxation	<u>(114,960)</u>	<u>146,337</u>
(Loss)/profit on ordinary activities by rate of tax	(24,142)	33,657
Expenses not deductible for tax purposes	-	1,205
Capital allowances for year in excess of depreciation	12,905	(388)
Unrelieved tax losses	11,237	-
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(219)</u>
Total current tax (note 7(a))	<u>-</u>	<u>34,255</u>

##### (c) Factors that may affect future tax charges

Future reductions to the UK main corporation tax rate were announced in the 2015 Budget. These have not been substantively enacted at the balance sheet and therefore are not recognised in these financial statements. Firstly, it is proposed to reduce the rate from 20% to 19% from 1 April 2017. Secondly, it is proposed to further reduce the rate to 18% from 1 April 2020.

#### 8. Debtors

	2015 £	2014 £
Trade debtors	15,683	306,068
Corporation tax repayable	16,269	37,131
Finance debtor	18,581,529	18,945,065
Prepayments and accrued income	4,876	38,508
Deferred taxation (note 9)	<u>24,531</u>	<u>-</u>
	<u>18,642,888</u>	<u>19,326,772</u>

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

	2015 £	2014 £
Finance debtor	<u>18,206,932</u>	<u>18,581,464</u>

# Ashburton Services Limited

## Notes to the Financial Statements

Year ended 31 March 2015

### 9. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2015 £	2014 £
Included in debtors (note 8)	<u>24,531</u>	<u>-</u>

The movement in the deferred taxation account during the year was:

	2015 £	2014 £
Profit and loss account movement arising during the year	<u>24,531</u>	<u>-</u>
Balance carried forward	<u>24,531</u>	<u>-</u>

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

	2015 £	2014 £
Excess of depreciation over taxation allowances	13,830	-
Tax losses available	<u>10,701</u>	<u>-</u>
	<u>24,531</u>	<u>-</u>

### 10. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank loans	377,571	568,546
Trade creditors	105,733	166,042
Amounts owed to group undertakings	1,779,084	1,584,355
Other taxation	102,083	104,773
Accruals and deferred income	439,755	42,779
	<u>2,804,226</u>	<u>2,466,495</u>

The amounts owed to group undertakings consists of accrued interest of £1,703,475 (2014: £1,508,746) and group tax relief of £75,609 (2014: £75,609).

# Ashburton Services Limited

## Notes to the Financial Statements

Year ended 31 March 2015

### 11. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans	13,537,342	13,884,913
Amounts owed to group undertakings	1,574,200	1,574,200
	<u>15,111,542</u>	<u>15,459,113</u>
Accruals and deferred income	432,683	522,873
	<u>15,544,225</u>	<u>15,981,986</u>

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.

Included within bank loans are arrangement fees of £155,194 (2014: £168,493) which is written off to the profit and loss account over the period of the loan.

The Company has a bank loan of £14,040,106 (2014: £14,383,952). 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 or repayment of subordinated debt will be paid until the supplemental loan is repaid in full. The supplemental loan balance at the year end is £30,000 (2014: £238,000).

### 12. Creditors - capital instruments

Creditors include loans which is due for repayment as follows:

	2015 £	2014 £
Amounts repayable:		
In one year or less or on demand	377,571	568,546
In more than one year but not more than two years	386,009	347,571
In more than two years but not more than five years	1,321,671	1,232,590
In more than five years	14,978,061	13,878,952
	<u>17,063,312</u>	<u>16,027,659</u>



# Ashburton Services Limited

## Notes to the Financial Statements

Year ended 31 March 2015

### 13. Financial risk management objectives and policies

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 Authority is the sole client and the directors are satisfied that the Authority will be able to fulfill its obligations under the Project Agreement as it is underwritten by the Secretary of State. The interest rate risk is not considered significant as the senior loan is set at a fixed rate.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's financial obligations, including the repayment of its borrowings which are provided on a long-term basis, have been structured to be met from the income which, under normal operating conditions, will be earned from its long-term concession contract with the Authority.

### 14. Share capital

Allotted, called up and fully paid:

	2015		2014	
	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.

### 15. Profit and loss account

	2015	2014
	£	£
Balance brought forward	637,386	525,304
(Loss)/profit for the financial year	<u>(90,429)</u>	<u>112,082</u>
Balance carried forward	<u>546,957</u>	<u>637,386</u>

### 16. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
(Loss)/Profit for the financial year	(90,429)	112,082
Opening shareholders' funds	<u>1,878,936</u>	<u>1,766,854</u>
Closing shareholders' funds	<u>1,788,507</u>	<u>1,878,936</u>

# **Ashburton Services Limited**

## **Notes to the Financial Statements**

### **Year ended 31 March 2015**

#### **17. Related party disclosures**

The company has received group relief of £nil (2014: £75,609) from infrastructure investments (portsmouth) limited, £75,609 remains outstanding at 31 March 2015.

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

#### **18. Ultimate parent company**

The Company's immediate parent undertaking and controlling party is Ashburton Services (Holdings) Limited.

The ultimate parent and controlling entity is HICL Infrastructure Company Limited, incorporated in Guernsey, Channel Islands.

The smallest and largest group in which the results are consolidated is Infrastructure Investment (Portal) Limited Partnership. These accounts are available to the public and may be obtained from 12 Charles II Street, London, SW1Y 4QE.