

COMPANY REGISTRATION NUMBER: 4798203

**Ashburton Services Limited**  
**Annual Report and Financial Statements**  
**31 March 2019**



# **Ashburton Services Limited**

## **Annual Report and Financial Statements**

**Year Ended 31 March 2019**

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# **Ashburton Services Limited**

## **Officers and Professional Advisers**

### **The Board of Directors**

John George  
Geoff Lewis (Resigned 1 February 2019)  
Hannah Holman (Appointed 1 February 2019)

### **Company Secretary**

Infrastructure Managers Limited

### **Registered Office**

Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

### **Independent Auditors**

KPMG LLP  
Chartered Accountants & Statutory Auditors  
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 2019**

The directors present their report and the audited Annual Report and Financial Statements of Ashburton Services Limited ("the Company") for the year ended 31 March 2019.

#### **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. 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 financial year, after taxation, amounted to £537,166 (2018: £538,826).

The loss for the financial 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   |                             |
| Hannah Holman | (Appointed 1 February 2019) |
| Geoff Lewis   | (Resigned 1 February 2019)  |

#### **Dividends**

The directors do not recommend the payment of a dividend (2018: £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 2019

### 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.

#### *Brexit risk*

The Company is exposed to Brexit risk as a result of the inherent uncertainty around the UK's exit from the European Union. Whilst the Company itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the cost of supplies. 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. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

### Qualifying Indemnity Provision

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### Small Company Provisions

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

### Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they 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 auditors are aware of that information.

The auditors are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 23/9/19 and signed by order of the board by:



Infrastructure Managers Limited  
Company Secretary

## **Ashburton Services Limited**

### **Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements**

#### **Year Ended 31 March 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

# **Ashburton Services Limited**

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

**Year Ended 31 March 2019**

### **Opinion**

We have audited the financial statements of Ashburton Services Limited (the 'Company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going Concern**

The directors have prepared the Annual Report and Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Annual Report and Financial Statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

# **Ashburton Services Limited**

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

**Year Ended 31 March 2019**

### **Directors' Report**

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on Which We are Required to Report by Exception**

Under the Companies Act 2006 we are required 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 in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' Responsibilities**

As explained more fully in their 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, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



# **Ashburton Services Limited**

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

*(continued)*

**Year Ended 31 March 2019**

### **The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities**

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.



**Richard Lomax (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
**Chartered Accountants**  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

*24 September 2019*

**Ashburton Services Limited**  
**Statement of Comprehensive Income**  
**Year Ended 31 March 2019**

|  | Note     | 2019<br>£               | 2018<br>£               |
|--|----------|-------------------------|-------------------------|
| <b>Turnover</b>  | <b>4</b> | <b>788,517</b>          | <b>680,486</b>          |
| Cost of sales  |          | <u>(882,188)</u>        | <u>(796,758)</u>        |
| <b>Gross loss</b>  |          | <b>(93,671)</b>         | <b>(116,272)</b>        |
| Administrative expenses  |          | <u>(229,878)</u>        | <u>(208,685)</u>        |
| <b>Operating loss</b>  | <b>5</b> | <b>(323,549)</b>        | <b>(324,957)</b>        |
| Other interest receivable and similar income                       | <b>7</b> | <b>803,500</b>          | <b>830,396</b>          |
| Interest payable and similar expenses                              | <b>8</b> | <u>(1,015,597)</u>      | <u>(1,043,106)</u>      |
| <b>Loss before taxation</b>  |          | <b>(535,646)</b>        | <b>(537,667)</b>        |
| Tax on loss  | <b>9</b> | <u>(1,520)</u>          | <u>(1,159)</u>          |
| <b>Loss for the financial year and total comprehensive expense</b> |          | <b><u>(537,166)</u></b> | <b><u>(538,826)</u></b> |

All the activities of the Company are from continuing operations.

The notes on pages 12 to 20 form part of the Annual Report and Financial Statements.

# Ashburton Services Limited

## Statement of Financial Position

As at 31 March 2019

|   | Note | 2019<br>£         | 2018<br>£         |
|---|------|-------------------|-------------------|
| <b>Current assets:</b>                                  |      |                   |                   |
| Debtors: amounts falling due within one year            | 10   | 861,928           | 642,998           |
| Debtors: amounts falling due after more than one year   | 10   | 15,740,201        | 16,748,726        |
| Cash at bank and in hand                                |      | 1,287,219         | 1,766,244         |
|   |      | <u>17,889,348</u> | <u>19,157,968</u> |
| Creditors: amounts falling due within one year          | 11   | (3,593,442)       | (3,987,275)       |
| Net current assets                                      |      | <u>14,295,906</u> | <u>15,170,693</u> |
| Total assets less current liabilities                   |      | 14,295,906        | 15,170,693        |
| Creditors: amounts falling due after more than one year | 12   | (13,911,106)      | (14,248,727)      |
| Net assets  |      | <u>384,800</u>    | <u>921,966</u>    |
| <b>Capital and reserves</b>                             |      |                   |                   |
| Called up share capital                                 | 15   | 1,241,550         | 1,241,550         |
| Retained earnings                                       | 16   | (856,750)         | (319,584)         |
| Total shareholders' funds                               |      | <u>384,800</u>    | <u>921,966</u>    |

The Annual Report and Financial Statements were approved by the board of directors and authorised for issue on 23/4/19, and are signed on behalf of the board by:



John George  
Director

Company registration number: 4798203

The notes on pages 12 to 20 form part of the Annual Report and Financial Statements.

# Ashburton Services Limited

## Statement of Changes in Equity

Year Ended 31 March 2019

|   | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>£            |
|---|------------------------------------|---------------------------|-----------------------|
| <b>At 1 April 2017</b>                          | 1,241,550                          | 219,242                   | 1,460,792             |
| Loss for the financial year                     |                                    | (538,826)                 | (538,826)             |
| <b>Total comprehensive expense for the year</b> | —                                  | (538,826)                 | (538,826)             |
| <b>At 31 March 2018</b>                         | 1,241,550                          | (319,584)                 | <b>921,966</b>        |
| Loss for the financial year                     |                                    | (537,166)                 | (537,166)             |
| <b>Total comprehensive expense for the year</b> | —                                  | (537,166)                 | (537,166)             |
| <b>At 31 March 2019</b>                         | <u>1,241,550</u>                   | <u>(856,750)</u>          | <u><b>384,800</b></u> |

The notes on pages 12 to 20 form part of the Annual Report and Financial Statements.

# Ashburton Services Limited

## Statement of Cash Flows

Year Ended 31 March 2019

|  | Note | 2019<br>£          | 2018<br>£          |
|--|------|--------------------|--------------------|
| Cash generated from operations                       | 17   | 873,174            | 665,468            |
| Net cash from operating activities                   |      | <u>873,174</u>     | <u>665,468</u>     |
| <b>Cash flows from investing activities</b>          |      |                    |                    |
| Interest received                                    |      | 803,500            | 830,396            |
| Net cash from investing activities                   |      | <u>803,500</u>     | <u>830,396</u>     |
| <b>Cash flows from financing activities</b>          |      |                    |                    |
| Repayments of borrowings                             |      | (458,515)          | (205,646)          |
| Interest paid  |      | (1,697,184)        | (1,043,106)        |
| Net cash used in financing activities                |      | <u>(2,155,699)</u> | <u>(1,248,752)</u> |
| Net (decrease)/increase in cash and cash equivalents |      | (479,025)          | 247,112            |
| Cash and cash equivalents at beginning of year       |      | <u>1,766,244</u>   | <u>1,519,132</u>   |
| Cash and cash equivalents at end of year             |      | <u>1,287,219</u>   | <u>1,766,244</u>   |

The notes on pages 12 to 20 form part of the Annual Report and Financial Statements.

# **Ashburton Services Limited**

## **Notes to the Annual Report and Financial Statements**

### **Year Ended 31 March 2019**

#### **1. General Information**

Ashburton Services Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the UK, 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.

#### **2. 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.

#### **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 judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment 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**

Notwithstanding the net loss in the year, 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. The expected exposure to and implications of Brexit are described in the Directors' report on page 3.

##### **(c) Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments 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.

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 3. Accounting Policies *(continued)*

##### 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) Accounting for service concession arrangements

Accounting for the service concession contract and finance debtor requires an estimation of service margins, finance debtor interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Lifecycle costs are a significant proportion of future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have material impacts. As a result, there is significant level of judgement applied in estimating future lifecycle costs. To reduce the risk of misstatement, future estimates of lifecycle expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. In addition, comparisons of actual expenditure are compared to the lifecycle forecast. If lifecycle costs were to increase or decrease by 1%, this would not result in a material decrease or increase on profit in the current year.

##### (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.

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 3. Accounting Policies *(continued)*

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. The directors periodically evaluate 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.

##### 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 the 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) 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.

##### (g) Restricted cash

Cash at bank includes £963,921 (2018: £937,067) restricted from use in the business, held in the Company's reserve accounts under the terms of the credit agreement.

##### (h) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Statement of Comprehensive Income over the life of the borrowings. Borrowings with maturities greater than twelve months after the reporting date are classified as non-current liabilities.

##### (i) 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.



# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 3. Accounting Policies *(continued)*

##### Financial instruments *(continued)*

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 the Statement of Comprehensive Income, 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 the Statement of Comprehensive Income 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.

Any reversals of impairment are recognised in the Statement of Comprehensive Income 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 Statement of Financial Position. 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.

#### 4. Turnover

Turnover arises from:

|                       | 2019           | 2018           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Rendering of services | <u>788,517</u> | <u>680,486</u> |

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

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 5. Operating Loss

Operating profit or loss is stated after charging:

|  | 2019<br>£     | 2018<br>£     |
|--|---------------|---------------|
| Fees payable for the audit of the annual report and financial statements | <u>11,980</u> | <u>10,200</u> |

In addition £2,500 (2018: £3,000) was paid to the company's auditor for taxation compliance services.

#### 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 (2018: nil). The directors did not receive any remuneration from the Company during the year (2018: £nil). During the year the company paid £51,026 (2018: £48,743) to Infrastructure Investments Holdings Limited, a related entity, for the provision of two directors.

#### 7. Other Interest Receivable and Similar Income

|                                       | 2019<br>£      | 2018<br>£      |
|---------------------------------------|----------------|----------------|
| Interest on cash and cash equivalents | 1,617          | 1,264          |
| Interest received on finance debtor   | <u>801,883</u> | <u>829,132</u> |
|                                       | <u>803,500</u> | <u>830,396</u> |

#### 8. Interest Payable and Similar Expenses

|                                       | 2019<br>£        | 2018<br>£        |
|---------------------------------------|------------------|------------------|
| Interest on bank loans and overdrafts | 820,868          | 848,377          |
| Interest due to Group undertakings    | <u>194,729</u>   | <u>194,729</u>   |
|                                       | <u>1,015,597</u> | <u>1,043,106</u> |

#### 9. Tax on Loss

Major components of tax expense

|  | 2019<br>£    | 2018<br>£    |
|--|--------------|--------------|
| Deferred tax:                                  |              |              |
| Origination and reversal of timing differences | <u>1,520</u> | <u>1,159</u> |
| Tax on loss                                    | <u>1,520</u> | <u>1,159</u> |

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 9. Tax on Loss *(continued)*

##### Reconciliation of tax expense

The tax assessed on the loss for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

|                             | 2019<br>£    | 2018<br>£    |
|-----------------------------|--------------|--------------|
| Loss before taxation        | (535,646)    | (537,667)    |
| Loss by rate of tax         | (101,773)    | (102,157)    |
| Deferred tax not recognised | 103,293      | 103,316      |
| Total tax charge            | <u>1,520</u> | <u>1,159</u> |

#### 10. Debtors

Debtors amounts falling due within one year are as follows:

|                                    | 2019<br>£      | 2018<br>£      |
|------------------------------------|----------------|----------------|
| Trade debtors                      | 276,853        | 261,952        |
| Amounts owed by Group undertakings | —              | 34,474         |
| Deferred tax asset                 | 7,787          | 9,307          |
| Prepayments and accrued income     | 6,617          | 5,164          |
| Corporation tax repayable          | 54,111         | 19,637         |
| Finance debtor                     | 516,560        | 312,464        |
|                                    | <u>861,928</u> | <u>642,998</u> |

Debtors amounts falling due after more than one year are as follows:

|                | 2019<br>£         | 2018<br>£         |
|----------------|-------------------|-------------------|
| Finance debtor | <u>15,740,201</u> | <u>16,748,726</u> |

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

|                                    | 2019<br>£        | 2018<br>£        |
|------------------------------------|------------------|------------------|
| Bank loans and overdrafts          | 474,622          | 448,758          |
| Trade creditors                    | 9,946            | —                |
| Amounts owed to Group undertakings | 928,671          | 1,622,194        |
| Accruals and deferred income       | 2,084,100        | 1,834,395        |
| Taxation and social security       | 96,103           | 81,928           |
|                                    | <u>3,593,442</u> | <u>3,987,275</u> |

The amounts owed to Group undertakings consists of accrued interest of £928,671 (2018: £1,622,194), the balance is unsecured, non interest bearing and repayable on demand.

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

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

|                                    | 2019              | 2018              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Bank loans and overdrafts          | 11,856,408        | 12,328,730        |
| Amounts owed to Group undertakings | 1,574,200         | 1,574,200         |
| Accruals and deferred income       | 480,498           | 345,797           |
|                                    | <u>13,911,106</u> | <u>14,248,727</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.

The Company has a bank loan of £12,410,130 (2018: £12,868,646). 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:

|                               | 2019         | 2018         |
|-------------------------------|--------------|--------------|
|                               | £            | £            |
| Included in debtors (note 10) | <u>7,787</u> | <u>9,307</u> |

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

|                                | 2019           | 2018           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Accelerated capital allowances | (5,315)        | (6,481)        |
| Short term timing differences  | <u>(2,472)</u> | <u>(2,826)</u> |
|                                | <u>(7,787)</u> | <u>(9,307)</u> |

The net deferred tax asset expected to reverse in 2020 is £1,154. This primarily relates to the reversal of timing differences on capital allowances and short term timing differences.

|                                     | 2019           |
|-------------------------------------|----------------|
|                                     | £              |
| Opening balance                     | (9,307)        |
| Movement through the profit or loss | <u>1,520</u>   |
| Closing balance                     | <u>(7,787)</u> |

Deferred tax of £247,911 (2018: £148,096) in relation to unused losses has not been recognised in the financial statements.

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 14. Financial Instruments

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

|  | 2019<br>£           | 2018<br>£           |
|--|---------------------|---------------------|
| <b>Financial assets that are debt instruments measured at amortised cost</b> |                     |                     |
| Financial assets that are debt instruments measured at amortised cost        | <u>16,533,614</u>   | <u>17,340,318</u>   |
| <b>Financial liabilities measured at amortised cost</b>                      |                     |                     |
| Financial liabilities measured at amortised cost                             | <u>(14,917,374)</u> | <u>(16,069,533)</u> |

#### 15. Called Up Share Capital

Issued, called up and fully paid

|                            | 2019             |                  | 2018             |                  |
|----------------------------|------------------|------------------|------------------|------------------|
|                            | 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> |

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 records retained earnings and accumulated losses.

#### 17. Cash Generated from Operations

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Loss for the financial year                  | (537,166)      | (538,826)      |
| <i>Adjustments for:</i>                      |                |                |
| Other interest receivable and similar income | (803,500)      | (830,396)      |
| Interest payable and similar expenses        | 1,015,597      | 1,043,106      |
| Tax on loss                                  | 1,520          | 1,159          |
| <i>Changes in:</i>                           |                |                |
| Trade and other debtors                      | 788,074        | 713,712        |
| Trade and other creditors                    | 408,649        | 276,713        |
|  | <u>873,174</u> | <u>665,468</u> |

#### 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.

# Ashburton Services Limited

## Notes to the Annual Report and Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 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 undertaking is HICL Infrastructure Company Limited, incorporated in Guernsey. Registered office at 12 Charles II Street, London, SW1Y 4QU. On 1 April 2019, HICL Infrastructure Company Limited transferred all of its assets to HICL Infrastructure Plc. As a result, the ultimate beneficial owner of the company changed from HICL Infrastructure Company Limited to HICL Infrastructure Plc, a company listed on the London Stock Exchange and registered at 12 Charles II Street, London, SW1Y 4QU.