



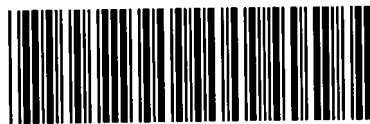
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**Axiom Education (Edinburgh) Holdings Limited**  
(Reg No. 05937064)

**Strategic report, Directors' report and audited financial statements**  
**For the year ended**  
**31 December 2017**

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# Strategic report

## Business review

The Company acts as a holding company for the investment in its subsidiary undertaking, Axiom Education (Edinburgh) Limited.

The profit for the year was nil (2016: nil). The Company received and paid on to its parent £3,084,000 of subordinated debt interest (2016: £3,063,000). The interest includes £1,786,000 of Spens interest. The Spens interest was payable due to the early repayment of part of the subordinated debt principal. As a result of early repayment, the loan note holder foregoes future interest income therefore compensation interest (Spens interest) becomes payable immediately.

The net assets of the Company are in a healthy position although they have decreased in the year from £28,272,000 in 2016 to £27,617,000 in 2017 which is driven mainly by the revaluation loss on the investment of £655,000, reducing the revaluation reserve.

As the Company acts as a holding company only, there are no relevant future developments planned.

## Key performance indicators

In its position as a holding company, there are no relevant KPI's for the Company.

## Key risks and uncertainties

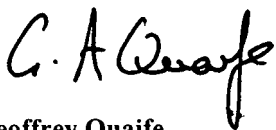
The key risk for the Company is the ability of its subsidiary to repay the subordinated debt and therefore allow the Company to service its own debt.

City of Edinburgh Council (the "Authority") is the sole client of the Company's subsidiary, but the directors consider that no risk arises from such a small client base since the Secretary of State for Education has implicitly underwritten the Authority's obligations.

Most of the performance risk under the Project Agreement and related contracts is passed on to the subcontractors Mitie PFI. The obligations of the service provider and building subcontractor are underwritten by respective parent company guarantees. The Company's subsidiary is exposed to the risk of non-performance by its subcontractors; however, penalties imposed by the Authority will be passed onto the subcontractor at fault under the terms of the subcontracts.

Mitie PFI has been operating and maintaining the new project facilities since the first school opened in November 2008. The relationship between the Company and Mitie PFI is excellent with the parties meeting formally on a regular basis with ad hoc meetings held when required. Both parties have a very positive working relationship with the Authority at a management level and with the individual schools. Mitie PFI's performance is generally very good and this is reflected in the low level of deductions applied.

By order of the board



Geoffrey Quaife

Director

Cowley Business Park,  
Cowley,  
Uxbridge,  
Middlesex,  
UB8 2AL

20 June 2018

## Directors' report

The directors present their report and the audited financial statements of Axiom Education (Edinburgh) Holdings Limited ("the Company") for the year ended 31 December 2017.

### Activities

The principal activity of the Company is to act as a holding company for the investment in its subsidiary undertaking.

### Results and dividends

The results for the year are shown in the profit and loss account on page 6. The directors have not paid a dividend in the year (2016: nil).

### Directors and director's interests

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

Mark Holden  
Geoffrey Quaife

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Political and charitable contributions

There were no donations of a political or charitable nature made during the current or prior years.

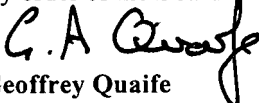
### Disclosure of information to the auditor

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 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.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors are deemed to be reappointed and therefore KPMG LLP will continue in office.

By order of the Board

  
Geoffrey Quaife

*Director*

Cowley Business Park,  
Cowley,  
Uxbridge,  
Middlesex,  
UB8 2AL

20 June 2018

## **Statement of directors' responsibilities in respect of the Strategic Report, the Director's Report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

## **Independent auditor's report to the members of Axiom Education (Edinburgh) Holdings Limited**

### **Opinion**

We have audited the financial statements of Axiom Education (Edinburgh) Holdings Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result 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**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Axiom Education (Edinburgh) Holdings Limited (continued)**

### **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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, 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).

### **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  
United Kingdom

21 June 2018

**Profit and Loss Account and Statement of Other Comprehensive Income**  
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Interest payable and similar expenses	6	(3,084)	(3,063)
Interest receivable and similar income	7	3,084	3,063
<b>Profit before taxation</b>		<u>-</u>	<u>-</u>
Tax on profit/(loss)	8	-	-
<b>Profit after taxation</b>		<u>-</u>	<u>-</u>
<b>Other Comprehensive Income</b>			
<i>Items that will or may be reclassified to profit and loss.</i>			
Revaluation of Investments	9	<u>(655)</u>	<u>2,624</u>
<b>Other Comprehensive (Loss)/income for the year</b>		<u>(655)</u>	<u>2,624</u>
<b>Total Comprehensive (Loss)/income for the year</b>		<u><u>(655)</u></u>	<u><u>2,624</u></u>

The results above are all in respect of the continuing operations of the Company.

The notes on pages 9 to 16 form an integral part of the financial statements.

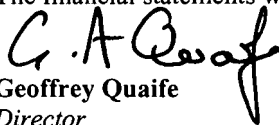


**Balance Sheet**  
as at 31 December 2017

Reg No.05937064

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investments	9	27,615	28,270
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	1,126	3,463
Debtors: amounts falling due over one year	11	9,080	9,956
Cash at bank in hand		2	2
<b>Total current assets</b>		<b>10,208</b>	<b>13,421</b>
<b>Total assets</b>		<b>37,823</b>	<b>41,691</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(1,126)	(3,463)
<b>Net current assets</b>		<b>9,082</b>	<b>9,958</b>
<b>Total assets less current liabilities</b>		<b>36,697</b>	<b>38,228</b>
Creditors: amounts falling due after more than one year	13	(9,080)	(9,956)
<b>Net assets</b>		<b>27,617</b>	<b>28,272</b>
<b>Capital and reserves</b>			
Called up share capital	15	174	174
Revaluation reserve		27,442	28,097
Profit and loss account		1	1
<b>Shareholders' funds</b>		<b>27,617</b>	<b>28,272</b>

The financial statements were approved by the Board of Directors on *20 June* 2018 and signed on its behalf by:

  
Geoffrey Quaife  
Director

The notes on pages 9 to 16 form an integral part of the financial statements.

**Statement of Changes in Equity  
for the year ended 31 December 2017**

	<b>Called up share capital £000</b>	<b>Revaluation reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
Balance at 1 January 2016	174	25,473	1	25,648
<b>Total comprehensive income for the period</b>				
Profit	-	-	-	-
Other comprehensive income	-	2,624	-	2,624
-Total comprehensive income for the period	-	2,624	-	2,624
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>174</b>	<b>28,097</b>	<b>1</b>	<b>28,272</b>

	<b>Called up share capital £000</b>	<b>Revaluation reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
Balance at 1 January 2017	174	28,097	1	28,272
<b>Total comprehensive income for the period</b>				
Profit	-	-	-	-
Other comprehensive loss	-	(655)	-	(655)
-Total comprehensive loss for the period	-	(655)	-	(655)
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>174</b>	<b>27,442</b>	<b>1</b>	<b>27,617</b>

The notes on pages 9 to 16 form an integral part of the financial statements.

## **Notes** *(forming part of the financial statements)*

### **1 Basis of preparation**

Axiom Education (Edinburgh) Holdings Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The registered company number is 05937064 and the registered address is Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Zealburg Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Zealburg Holdings Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from the registered address in note 19. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Zealburg Holdings Limited. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Zealburg Holdings Limited, the Company has taken advantage of the exemption covered in FRS102 section 33 and has therefore not disclosed transactions or balances with entities which form part of that group (or investees of the group qualifying as related parties).

As the consolidated financial statements of Zealburg Holdings Limited include disclosures equivalent to these required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102-11 Basic Financial Instruments and FRS 102-12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: Investments in subsidiaries

#### **Going concern**

The directors believe that preparation on a going concern basis is appropriate for the following reasons. The directors have reviewed the cash flow forecast for the full service concession term and believe that the Company will be able to settle their liabilities as they fall due for payment for the foreseeable future. They are satisfied that the interest receipts from the Company's subsidiary, Axiom Education (Edinburgh) Limited, will be received and can service the interest payments to the loan note holder.

## Notes (continued)

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

#### (a) Investments

Investments are held at fair value with changes in fair value going through the revaluation reserve.

Fair value has been calculated by the directors based upon the forecast cashflows of the group discounted at an appropriate rate to account for the risk of the specific project

#### (b) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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 not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

#### (c) Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end, have been approved by the shareholders and are therefore irrevocable. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### (d) Basic financial instruments

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Interest bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

## Notes (continued)

### 2 Accounting policies (continued)

#### (e) Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees.

Other interest receivable and similar income include interest receivable on funds invested and interest receivable on amounts lent to group undertakings.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### (f) 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.

### 3 Audit fees

	2017 £'000	2016 £'000
Auditor's remuneration		
Audit of financial statements	1	1
	<u>1</u>	<u>1</u>

The audit fees are borne by Axiom Education (Edinburgh) Limited.

### 4 Staff numbers and costs

The Company had no employees in either the current or the prior year.

### 5 Remuneration of Directors

The directors received no remuneration for their services (2016: £nil). The directors' duties to this company are incidental and as a result, no qualifying services have been performed.

### 6 Interest payable and similar expenses

	2017 £'000	2016 £'000
Subordinated loan note interest payable	3,084	3,063
	<u>3,084</u>	<u>3,063</u>

**Notes (continued)**

**7 Interest receivable and similar income**

	2017 £'000	2016 £'000
Subordinated loan note interest receivable	3,084	3,063
	<u>3,084</u>	<u>3,063</u>

**8 Taxation**

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £'000	2016 £'000
Total current tax	-	-

	2017 £'000	2016 £'000
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
<b>Total Tax</b>	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	2017 £'000	2016 £'000
Profit before taxation	-	-
Current tax at 19.25 % (2016: 20%)	-	-
<b>Total Tax expense included in Profit and Loss</b>	<u>-</u>	<u>-</u>

*Factors that may affect future tax charges*

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2016. A further reduction to 17% (effective 1 April 2020) was substantively enacted on the 6 September 2017. This will reduce the company's future current tax charge accordingly.

## Notes (continued)

### 9 Investment

#### Investment in subsidiary undertakings

£'000

At 31 December 2016

28,270

Revaluation loss for the year

(655)

At 31 December 2017

27,615

Investments in subsidiary undertaking are valued using a discounted cashflow methodology. The valuation techniques and methodologies have been applied consistently with the prior year. The valuation assumes discount rate of 7.0% (2016: 7.0%), tax rate of 18%, reducing to 17% (2016: 18%) and inflation rate of 3.2% (2016: 2.5%).

Subsidiary undertaking	Registered Office	Country of incorporation	Principal activity	Class & percentage of shares held
Axiom Education (Edinburgh) Limited	Cowley Business Park, Cowley, Uxbridge, UB8 2AL	England	PFI	100% of Ordinary Shares

### 10 Debtors: amounts falling due within one year

	2017 £'000	2016 £'000
Subordinated loan notes receivable	269	234
Spens interest	-	1,635
Other debtors	857	1,594
	<u>1,126</u>	<u>3,463</u>

## Notes (continued)

### 11 Debtors: amounts falling due over one year

	2017 £'000	2016 £'000
Subordinated loan notes receivable	<u>9,080</u>	<u>9,956</u>

On 4 July 2011, the Company acquired unsecured loan notes of £12,539,000 issued by its subsidiary, Axiom Education (Edinburgh) Limited. The loan notes receivable and payable attract interest at a rate of 12.75% payable annually and are repayable by 2037.

### 12 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Subordinated loan notes payable	269	234
Spens interest	-	1,635
Accruals	327	1,064
Other creditors	<u>530</u>	<u>530</u>
	<u>1,126</u>	<u>3,463</u>

### 13 Creditors: amounts falling due over one year

	2017 £'000	2016 £'000
Subordinated loan notes payable	<u>9,080</u>	<u>9,956</u>

On 4 July 2011, the Company issued unsecured subordinated loan notes of £12,539,000. The loan notes payable attract interest at a rate of 12.75% receivable annually. The loan notes are repayable by 2037 in installments.

### 14 Analysis of debt

	2017 £'000	2016 £'000
Debt can be analysed as falling due:		
In one year or less, or on demand	269	234
Between two and five years	1,115	1,126
In five years or more	<u>7,965</u>	<u>8,830</u>
	<u>9,349</u>	<u>10,190</u>



## Notes (continued)

### 15 Called up share capital

	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
174,000 ordinary shares of £1 each	174	174

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 16 Financial instruments

#### (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £'000	2016 £'000
Assets measured at fair value through other comprehensive income		
Investment	27,615	28,270
Assets measured at amortised cost		
- Trade and other debtors	857	3,229
- Subordinated debt	9,349	10,190
Assets measured at cost less impairment		
- Cash and Cash equivalents	2	2
Liabilities measured at amortised cost		
- Accruals and amounts owed to group undertakings	(857)	(3,229)
- Subordinated debt	(9,349)	(10,190)

## Notes (continued)

### 17 Related party transactions

Infrastructure Investments LP is an intermediate Holding Company of the Company.

During the year, the Company incurred costs charges by these related parties as follows:

	Transactions		Balance owed to/(from) at year end	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Subordinated debt interest</b>				
Infrastructure Investments LP	3,085	3,063	327	2,699
<b>Subordinated debt capital</b>				
Infrastructure Investments LP	841	1,048	9,349	10,190
	<b>3,926</b>	<b>4,111</b>	<b>9,676</b>	<b>12,889</b>

### 18 Ultimate controlling parties

The Company is a subsidiary undertaking of Zealburg Holdings Limited, a company incorporated and domiciled in England in the UK.

The smallest and largest Group in which the results of the Company are consolidated is that headed by Zealburg Holdings Limited a Company incorporated in England in the UK. The consolidated accounts of this Group are available to the public and may be obtained from 12 Charles II Street, London, SW1Y 4QU.

HICL Infrastructure Company Limited is the ultimate controlling party, incorporated in Guernsey. The registered address for this company is 12 Charles II Street, London, SW1Y 4QU.

### 19 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the Company's accounting policies are described below:

- Valuation of the investment in subsidiaries requires critical judgments of discount rate, inflation and tax rates applied to the future cashflows of the investment.