Registered number: 06223740

AVANTAGE (CHESHIRE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

COMPANY INFORMATION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR 31 MARCH 2018

The board of directors	Louis Javier Falero Angela Roshier Stephen Fensom Duncan Boffey
Company secretary	Imagile Secretariat Services Limited
Company number	06223740
Registered office	Third Floor Broad Quay House Prince Street Bristol BS1 4DJ
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX

AVANTAGE (CHESHIRE) LIMITED

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR 31 MARCH 2018

AVANTAGE (CHESHIRE) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements of Avantage (Cheshire) Limited ("the Company") for the year ended 31 March 2018. The company registration number of Avantage (Cheshire) Limited is 06223740.

Principal activity

The principal activity of the Company is that of design, finance, build and provision of management and maintenance services of extra care housing facilities under a Private Finance Initiative ('PFI') contract with Cheshire County Council.

The project company provides facilities and housing management services to each of the five sites until the contract end date of December 2038.

Business review

The results for the Company are set out in the following financial statements. Contracts for the project have continued to progress in line with expectations. The project became fully operational in August 2009 with Lovell Respond providing facilities management services and Manchester & District Housing Association providing the housing management services. Relationships are good between all parties with a limited amount of deductions being applied. The deductions are passed on to the sub-contractors through the contract structure.

The forthcoming year is expected to bring the continued delivery of high quality services to the client, with business performance meeting shareholder expectations.

Principal risks and uncertainties

The Company has taken on the activity as detailed above and is risk averse in its trading relationships with its customer, funders and sub-contractors as determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the Company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the following section.

Financial risk management

The Company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The senior and subordinated debt interest have been fixed through the use of fixed funding rates, plus a margin. Details of these can be found on pages 15 and 16.

Inflation risk

The Company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The Company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Credit risk

The Company receives the bulk of its revenue from Cheshire County Council and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

Major maintenance replacement risk

The Company is responsible for managing the on-going major maintenance replacement of the buildings and relevant equipment but risks associated with this activity are largely borne by the sub-contractor.

Key performance indicators ('KPIs')

The Company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities. For this reason, the company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the performance or position of the business.

Dividends and transfers to reserves

No dividends were paid during the year (2017: £nil). The profit for the financial year is set out in the statement of comprehensive income on page 6.

Directors

The directors of the Company during the year ended 31 March 2018, and subsequently up to the date of signing the Financial Statements, were:

Angela Roshier
Louis Javier Falero
Stephen Fensom (appointed 9 August 2018)
John Cogbill (resigned 9 August 2018)
Michael Watson (resigned 16 April 2018)
Duncan Boffey (appointed 16 April 2018)

Small company exemptions

The Company has taken advantage of the special provisions applicable to companies subject to the small companies regime within section 415A of the Companies Act 2006 and elected not to prepare a strategic report.

The directors' 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 the auditors

The directors who held office at the date of approval of this Directors' report confirm that:

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

Auditor

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

This report was approved by the board and signed on its behalf.

Louis Javier Falero
Director 10 SEPTEMBER 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved by the board and signed on its behalf.

Louis Javier Falero
Director
10 SEPTEMBER 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AVANTAGE (CHESHIRE) LIMITED

Report on the financial statements

Our opinion

In our opinion, Avantage (Cheshire) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertaintics that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AVANTAGE (CHESHIRE) LIMITED

Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Paul Cheshire (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh **2018**
11 SEPTEMBER 2018

AVANTAGE (CHESHIRE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		£	£
Turnover		**2,984,100**	4,771,153
Cost of sales		**(2,498,568)**	(4,278,257)
Gross profit		**485,532**	492,896
Administrative expenses		**(352,521)**	(392,756)
Operating profit	2	**133,011**	100,140
Interest receivable and similar income	3	**3,468,709**	3,477,210
Interest payable and similar charges	4	**(3,123,916)**	(3,170,990)
Profit on ordinary activities before taxation		**477,804**	406,360
Tax on profit on ordinary activities	5	**(90,782)**	(80,637)
Profit on ordinary activities after taxation		**387,022**	325,723

All amounts relate to continuing operations.

AVANTAGE (CHESHIRE) LIMITED

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018	2017
		£	£
Current assets			
Debtors falling due within one year	6	**821,038**	1,552,971
Debtors falling due after more than one year	6	**49,391,843**	50,139,188
Cash at bank and in hand		**3,548,760**	4,858,564
		53,761,641	56,550,723
Creditors (amounts falling due within one year)	8	**(3,842,194)**	(4,941,697)
Net current assets		**49,919,447**	51,609,026
Creditors (amounts falling due after more than one year)	8	**(48,406,232)**	(49,359,439)
Provisions for liabilities and charges	9	**-**	(1,123,394)
Net assets		**1,513,215**	1,126,193
Capital and reserves			
Called up share capital	11	**999**	999
Profit and loss account		**1,512,216**	1,125,194
Total shareholder's funds		**1,513,215**	1,126,193

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Louis Javier Falero
Director

10 SEPTEMBER 2018

Company registration number: 06223740

The notes on pages 9 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total shareholder's funds
	£	£	£
Balance as at 1 April 2016	999	799,471	800,470
Profit and total comprehensive income for the year	-	325,723	325,723
Balance as at 31 March 2017	**999**	**1,125,194**	**1,126,193**
Profit and total comprehensive income for the year	-	387,022	387,022
Balance as at 31 March 2018	**999**	**1,512,216**	**1,513,215**

The notes on pages 9 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

Avantage (Cheshire) Limited (the "Company") is a company limited by shares and incorporated and domiciled 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") as issued in August 2014 and the Companies Act 2006. The presentation currency of these financial statements is sterling.

The preparation of the financial statements in compliance with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Service concession arrangements – 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.

In these financial statements, the Company is considered to be a small company under section 382 of the Companies Act 2006 (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

The 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 within this note below.

Measurement convention
The financial statements are prepared on the historical cost basis.

Other basic financial instruments
Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The Company is obligated to keep a separate cash reserve in respect of future major maintenance costs. This restricted cash balance, which is shown on the balance sheet within the "cash at bank and in hand" balance, amounts to £1,338,900 (2017: £1,359,646).

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.

Finance debtor and contractual receivables

Finance debtor and contractual receivables are classified as loans and receivables as defined in FRS 102, which are initially recognised at the fair value of the consideration received or receivable and are then stated at amortised cost.

1. ACCOUNTING POLICIES (CONTINUED)

Other basic financial instruments (continued)
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.

Turnover
Turnover is recognised in accordance with the finance debtor and services income policies below and excludes VAT.

Going concern
The Directors have reviewed the Company's projected profits and cash flows by reference to a financial model covering accounting periods up to April 2039. 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.

Interest receivable and interest payable

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

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy below.

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

Taxation
Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account.

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, if recognised, 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 102.

Finance debtor and services income
The Company is an operator of a Private Finance Initiative (PFI) contract, which was entered into prior to transition to FRS 102. Therefore the accounting has been continued using the accounting policies applied prior to the date of transition to FRS 102 as follows. The underlying asset was not deemed to be an asset of the Company under FRS 5, Application Note G, 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 is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to the finance debtor. During the operational phase unitary charge receipts are included within turnover and the finance debtor in accordance with the long term contract accounting policy below.

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 an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

1. ACCOUNTING POLICIES (CONTINUED)

Debt issue costs and discount on issue
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.

Key assumptions
The preparation of financial statements in conformity with FRS 102 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:

- Accounting for the service concession contract and finance debtors requires an estimation of service margins, and associated amortisation profile which is based on forecasted results of the PFI contract.
- The Company makes judgements on the recoverability of the Finance Debtor, based on the receipt of the unitary fee in accordance with the contractual payment mechanism contained in the project agreement.

2. OPERATING PROFIT

The company had no employees during the year (2017: none). No remuneration was paid directly by the company to the directors in respect of their services to the Company (2017: £nil).

The amounts paid in relation to the services of J Cogbill, M Watson, J Falero, and A Roshier totalled £27,956 (2017: £27,010) and reflect the agreed fees payable to each shareholder in respect of their nominated director(s). None of the directors received any defined benefit or defined contribution pension scheme contributions from the company.

The auditors' remuneration in respect of the audit of the Company's financial statements was £8,000 (2017: £9,730). In addition, the Company bore £1,500 (2017: £1,600) in respect of the audit fee for its parent company during the year.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Bank interest receivable	**6,623**	15,124
Finance debtor interest	**3,462,086**	3,462,086
	3,468,709	3,477,210

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Interest and fees payable on bank loans	**2,667,667**	2,720,452
Interest and fees payable on intercompany loan	**442,927**	435,520
Other finance charges	**13,322**	15,018
	3,123,916	3,170,990

5. TAXATION

(a) Analysis of tax for the year

	2018	2017
	£	£
Current tax:		
UK corporation tax on profit for the year	**90,782**	73,437
Total current tax	**90,782**	73,437
Deferred tax:		
Origination and reversal of timing differences (note 7)	-	7,200
Total deferred tax credit	-	7,200
Tax on profit on ordinary activities	**90,782**	80,637

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

5. TAXATION (continued)

(b) Factors affecting current tax

The tax assessed for the year is the same as (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below.

	2018	2017
	£	£
Profit on ordinary activities before taxation	**477,804**	406,360
Tax on profit on ordinary activities multiplied by standard rate in the UK 19% (2017: 20%)	**90,782**	81,272
Effects of:		
Impact of tax rate adjustment	-	(800)
Prior period adjustments	-	165
Current tax charge for the year	**90,782**	80,637

6. DEBTORS

	2018	2017
	£	£
Amounts falling due within one year:		
Contract debtor	**131,395**	388,810
Trade debtors	**230,641**	5,107
Other debtors	**424,374**	1,111,930
Prepayments and accrued income	**34,628**	47,124
	821,038	1,552,971
Amounts falling due after more than one year		
Contract debtor	**49,391,843**	50,139,188
Total	**49,391,843**	50,139,188

7. DEFERRED TAX ASSET

	2018	2017
	£	£
Provision at 1 April	-	7,200
Deferred tax charge in statement of comprehensive income for the year (note 5)	-	(7,200)
Provision at 31 March	-	-

8. CREDITORS

	2018	2017
	£	£
Amounts falling due within one year:		
Bank loans and overdrafts (note 10)	**979,670**	819,790
Bank facility (note 10)	**424,364**	992,338
Trade creditors	**587,648**	512,565
Other creditors	**63,045**	85,875
Corporation tax creditor	**25,029**	7,486
Accruals and deferred income	**1,762,438**	2,523,643
	3,842,194	4,941,697
Amounts falling due after more than one year:		
Bank loans and overdrafts (note 10)	**44,691,785**	45,644,992
Amounts owed to group undertakings (note 10)	**3,714,447**	3,714,447
	48,406,232	49,359,439

9. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Defects		
Provision at 1 April	**1,123,394**	1,849,963
Utilisation during the year	**(1,123,394)**	(726,569)
Provision at 31 March	**-**	1,123,394

The provision for defects represents costs that are expected to be incurred in relation to building contract defects detailed in note 13. This provision has been fully utilised in this year.

10. LOANS AND BORROWINGS

	2018	2017
	£	£
Bank loans and overdrafts	**46,088,170**	46,907,890
Bank facility	**424,364**	992,338
Amounts owed to group undertakings	**3,714,447**	3,714,447
	50,226,981	51,614,675
Less: unamortised issue costs	**(416,715)**	(443,108)
	49,810,266	51,171,567

10. LOANS AND BORROWINGS (continued)

	2018	2017
	£	£
Maturity of financial liabilities		
In one year or less	**1,404,034**	1,812,128
In more than one year, but not more than two years	**898,321**	979,670
In more than two years, but not more than five years	**2,602,522**	2,839,255
In more than five years	**45,322,104**	45,983,622
	50,226,981	51,614,675
Less: unamortised debt issue costs	**(416,715)**	(443,108)
	49,810,266	51,171,567

Nationwide Building Society (as security trustee for the senior finance parties) holds a fixed and floating charge over the company and its assets.

Bank loans consist of senior debt and standby facility. Senior debt at 31 March 2018 totalled £46,088,170 (2017: £46,907,890) and is repayable over 21 years on fixed dates.

The bank loans is split into a short term facility and senior facility, attracting interest at 5.11% plus margin of 0.55% on the senior debt.

The standby facility is available for the buying back of privately owned properties within the constraints of the Allocations and Sales Protocol. Standby facility at 31 March 2018 totalled £424,364 (2017: £992,366). The facility attracts interest at a 0.52%.

The amounts due to group undertakings relates to an intercompany loan and at 31 March 2018 totalled £3,714,447 (2017: £3,714,447) and is repayable over 20 years on fixed dates. The loan is unsecured and attracts interest at 10.45%.

The issue costs of the senior debt totalled £738,172 (2017: £738,172) with £383,972 remaining unamortised at 31 March 2018 (2017: £409,009), this includes £139,983 (2017: £139,983) of commitment fees which have been offset against the loan in accordance with FRS 102 Section 25.

The issue costs of the intercompany loan totalled £51,715 (2017: £51,715) with £32,743 remaining unamortised at 31 March 2018 (2017: £34,099). No commitment fees are charged on the intercompany loan.

11. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted and fully paid		
999 (2017: 999) Ordinary share of £1	**999**	999

Profit and loss account
The retained earnings comprise the cumulative distributable profits of the company less any dividends paid to the parent company.

12. RELATED PARTY DISCLOSURES

Your Housing Limited

During the year, Avantage (Cheshire) Limited has:

- Incurred £9,319 (2017: £9,003) in respect of directors' fees recharged by Your Housing Limited. £nil was outstanding as at 31 March 2018 (2017: £nil).
- Incurred £1,857,932 (2017: £1,794,704) in respect of housing management costs and provision of services under the construction services agreement. These costs were expensed in the profit and loss account in line with the Company's accounting policies. The balance outstanding at the 31 March 2018 was £355,280 (2017: £360,830).

DIF Infrastructure III CV (ultimate parent undertaking of TIF Holdco Limited).

- Incurred £18,637 (2017: £18,007) in respect of directors' fees recharged by DIF Infrastructure III. £nil was outstanding as at 31 March 2018 (2017: £nil).

Transactions with the immediate parent company are exempt from disclosure under FRS 102 Section 33.

13. DEFECTS

For a twelve year period following services commencement, the building contractor was responsible for rectifying all defects properly notified to them. At the end of this period, the consortium adviser would, if achieved, certify that the defects have been properly rectified and the remaining retention fund would have been released.

During the twelve month period end March 2011, a number of visible defects were reported to the building contractor. Due to the nature of the identified flooring defects, the consortium was concerned that the floor design did not comply with the requirements of the Output Specification. The building contractor had confirmed that they would address and rectify the visible flooring defects but they believed that the floor was compliant and they would not carry out any other works to change the flooring design.

During period end March 2015 a further defect was identified in that there should not be a provision to charge mobility vehicles in corridor areas. A solution is being designed to provide alternative charging facilities at each of the sites. The building contractor went into administration on 9th March 2015. Avantage (Cheshire) Limited subsequently terminated the building contract.

During the period all the rectification works were completed and this fully utilised the retention monies.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of Avantage (Cheshire) Holdings Limited, a company registered in England and Wales. The share capital of Avantage (Cheshire) Holdings Limited is held 33.33% by Your Housing Limited and 66.67% by TIF Holdco Limited. The ultimate parent undertaking and controlling party of Avantage (Cheshire) Holdings Limited is DIF Infrastructure III CV.