



AURA HOLDINGS (NEWCASTLE) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 MARCH 2016



Registered in England and Wales No. 6034462

AURA HOLDINGS (NEWCASTLE) LIMITED

REPORT OF THE DIRECTORS

Directors:	D R V Luscombe	(resigned 30 November 2015)
	R J W Wotherspoon	
	A P Fordyce	(resigned 17 April 2015)
	J McDonagh	(appointed 27 November 2015)
	J S Gordon	(appointed 30 November 2015)

Company Secretary: K J Pearson

The directors present their annual report and the audited financial statements of the group for the year ended 31 March 2016. These are the first published financial statements of the group prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The financial statements were previously prepared in accordance with previous United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

1. DIRECTORS

On 17 April 2015 A P Fordyce resigned as a director.

On 27 November 2015 J McDonagh was appointed as a director.

On 30 November 2015 D R V Luscombe resigned as a director, and on the same date J S Gordon was appointed as a director.

The remaining directors, as set out above, served throughout the year and remain in office.

2. DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

3. AUDITOR

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Chartered Accountants, is deemed to be reappointed under Section 487(2) of the Companies Act 2006.

4. STRATEGIC REPORT

In accordance with Section 414C(11) of the Companies Act 2006 the company has chosen to set out in the Strategic Report information required to be contained in the Directors' Report by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008, Schedule 7.

On behalf of the Board



K J Pearson
Company Secretary

Registered Office:
Eaton Court
Maylands Avenue
Hemel Hempstead
Herts
HP2 7TR

28 September 2016

AURA HOLDINGS (NEWCASTLE) LIMITED

STRATEGIC REPORT

1. RESULTS FOR THE YEAR

The group profit for the year attributable to the owners of the parent amounted to £390,000 (2015: £340,000). During the year interim dividends of £Nil (2015: £120,000) were declared and paid.

The directors do not recommend payment of a final dividend (2015: £Nil).

2. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company is a holding company which has investments in Aura Newcastle Limited, Aura (Newcastle) Holding Company Limited and Aura (Newcastle) Holding Company Phase 2 Limited.

Aura Newcastle Limited currently manages the operation of the group's Private Finance Initiative projects. In addition the company has also undertaken a number of design and build contracts for schools and other community projects. Aura Newcastle Limited has over the last few years begun to diversify the services offered to clients with the provision of consultancy and small works services. The company intends to continue to develop the offering to clients focusing on property and property related services.

Aura (Newcastle) Holding Company Limited is a holding company and its only asset is its investment in Aura (Newcastle) Project Company Limited. On 5 July 2007 Aura (Newcastle) Project Company Limited completed financial close on a Private Finance Initiative project to design, build, finance and operate seven schools in Newcastle. Final completion of the construction occurred in July 2010 and the project is operational.

Aura (Newcastle) Holding Company Phase 2 Limited is a holding company and its only asset is its investment in Aura (Newcastle) Project Company Phase 2 Limited. On 26 November 2009 Aura (Newcastle) Project Company Phase 2 Limited completed financial close on a Private Finance Initiative project to design, build, finance and operate four schools in Newcastle. Final completion of the construction occurred in November 2012 and the project is operational.

3. REVIEW OF THE BUSINESS

The group continues to meet its contractual obligations to Newcastle City Council and its other clients whilst also working to improve its efficiency in controlling costs.

Key performance indicators (KPIs) include the monitoring of operating and pre-tax profit and cash flow and the management of working capital.

The group's operations are managed under the supervision of its directors in accordance with its funding arrangements. These operations are largely determined by the detailed terms of the PFI contract. For this reason, the group's directors consider that further KPIs for the group are not necessary or appropriate for an understanding of the performance or position of the business.

4. PRINCIPAL RISKS AND UNCERTAINTIES

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

Interest rate risk

The group hedged its interest rate risk at the inception of the PFI projects through the use of interest rate swaps on any variable rate debt.

Inflation risk

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

Liquidity risk

The group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. The nature of the group is such that cash flows are reasonably predictable.

AURA HOLDINGS (NEWCASTLE) LIMITED

STRATEGIC REPORT (CONTINUED)

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk

The group receives the majority of its revenue from Newcastle City Council in the form of unitary and milestone payments and therefore is not exposed to significant credit risk.

5. FINANCIAL INSTRUMENTS

The group works to mitigate the risks faced regarding the recoverability of balances due to it. This includes reviewing the credit worthiness of customers prior to the provision of service to them. The group has outstanding bank loan balances and shareholder loan balances. Repayment and servicing of these balances will principally be financed through the continued successful operation of the group's contracts and ultimate profitability. The directors monitor the overall group performance and forecast cash flows on a monthly basis.

Approved by the Board and signed on its behalf by:



J S Gordon
Director

28 September 2016

AURA HOLDINGS (NEWCASTLE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 group and the company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AURA HOLDINGS (NEWCASTLE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AURA HOLDINGS (NEWCASTLE) LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

RSM UK Audit LLP

Linda Gray (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

Third Floor

Centenary House

69 Wellington Street

Glasgow

G2 6HG

30/9/ 2016

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME Year ended 31 March 2016

	<u>Notes</u>	<u>2016</u> £'000	<u>2015</u> £'000
Turnover	2	10,177	11,865
Cost of sales		(9,399)	(11,051)
Gross profit		778	814
Administrative expenses		(87)	(94)
Operating profit		691	720
Interest receivable and similar income	3	11,935	12,197
Interest payable and similar charges	4	(11,999)	(12,380)
Profit on ordinary activities before taxation	5	627	537
Tax on profit on ordinary activities	6	(139)	(112)
Profit on ordinary activities after taxation and profit for the financial year		488	425
Other comprehensive income (net of tax) Hedge of variable interest rate risk – fair value losses on effective hedge		(731)	(8,900)
Total comprehensive income for the year		(243)	(8,475)
Profit for the year attributable to:			
Owners of the parent		390	340
Non-controlling interests		98	85
Profit for the year		488	425
Total comprehensive income for the year attributable to:			
Owners of the parent		(341)	(8,560)
Non-controlling interests		98	85
Total comprehensive income for the year		(243)	(8,475)

The operating profit for the year arises from the group's continuing operations.

The notes on pages 12 to 28 form part of these financial statements.

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP BALANCE SHEET AS AT 31 MARCH 2016

	<u>Notes</u>	<u>2016</u> £'000	<u>2015</u> £'000
CURRENT ASSETS			
Debtors: Amounts falling due within one year	9	6,322	5,196
Debtors: Amounts falling due after more than one year	10	177,208	182,185
Investments - short term deposits		-	4,008
Cash at bank and in hand		15,262	9,550
		<hr/> 198,792	<hr/> 200,939
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	11	<hr/> (14,437)	<hr/> (12,797)
NET CURRENT ASSETS			
		184,355	188,142
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	12	<hr/> (208,549)	<hr/> (212,093)
NET LIABILITIES			
		<hr/> (24,194)	<hr/> (23,951)
CAPITAL AND RESERVES			
Called up share capital	15	120	120
Cash flow hedge reserve		(24,798)	(24,067)
Profit and loss account		363	(27)
		<hr/> (24,315)	<hr/> (23,974)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
		<hr/> 121	<hr/> 23
TOTAL EQUITY			
		<hr/> (24,194)	<hr/> (23,951)

Company Registration No. 6034462

The notes on pages 12 to 28 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on *28 September* 2016.

Signed on behalf of the Board of Directors.



J S Gordon

Director

AURA HOLDINGS (NEWCASTLE) LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2016

	<u>Notes</u>	<u>2016</u> £'000	<u>2015</u> £'000
FIXED ASSETS			
Investments	8	12,773	12,952
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	849	834
Cash at bank and in hand		1	1
		<hr/>	<hr/>
		850	835
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1,094)	(1,045)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(244)	(210)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,529	12,742
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(12,408)	(12,621)
		<hr/>	<hr/>
NET ASSETS		121	121
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	15	120	120
Profit and loss account		1	1
		<hr/>	<hr/>
TOTAL EQUITY		121	121
		<hr/>	<hr/>

Company Registration No. 6034462

The notes on pages 12 to 28 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on *28 September* 2016.

Signed on behalf of the Board of Directors.



J S Gordon

Director

AURA HOLDINGS (NEWCASTLE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital £'000	Attributable to owners of the parent Cash flow hedge reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2014	120	(15,167)	(247)	(15,294)
Profit for the year	-	-	340	340
Other comprehensive income, net of tax Hedge of variable interest rate risk – fair value losses on effective hedge	-	(8,900)	-	(8,900)
Dividends	-	-	(120)	(120)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	120	(24,067)	(27)	(23,974)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit for the year	-	-	390	390
Other comprehensive income, net of tax Hedge of variable interest rate risk – fair value losses on effective hedge	-	(731)	-	(731)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	120	(24,798)	363	(24,315)
	<hr/>	<hr/>	<hr/>	<hr/>

AURA HOLDINGS (NEWCASTLE) LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY**
Year ended 31 March 2016

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2014	120	1	121
Profit for the year	-	120	120
Dividends	-	(120)	(120)
	<hr/>	<hr/>	<hr/>
At 31 March 2015	120	1	121
	<hr/>	<hr/>	<hr/>
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2016	120	1	121
	<hr/>	<hr/>	<hr/>

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP CASH FLOW STATEMENT

Year ended 31 March 2016

	<u>2016</u> £'000	<u>2015</u> £'000
OPERATING ACTIVITIES		
Profit after tax	488	425
Adjustments for:		
Interest receivable	(11,935)	(12,197)
Interest payable	11,999	12,380
Taxation	139	112
	<hr/> 691	<hr/> 720
Decrease in finance debtor	4,155	3,883
(Increase)/decrease in other debtors	(911)	330
Increase in creditors	3,250	2,096
	<hr/>	<hr/>
Cash generated from operations	7,185	7,029
Corporation tax paid	(166)	(30)
Net cash flows from operating activities	<hr/> 7,019	<hr/> 6,999
INVESTING ACTIVITIES		
Interest received	11,937	12,194
Net cash flows from investing activities	<hr/> 11,937	<hr/> 12,194
FINANCING ACTIVITIES		
Repayment of loans	(5,364)	(6,782)
Interest paid	(11,834)	(12,293)
Commitment and arrangement fees paid	(54)	(61)
Equity dividends paid	-	(150)
Net cash flows from financing activities	<hr/> (17,252)	<hr/> (19,286)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<hr/> 1,704	<hr/> (93)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	<hr/> 13,558	<hr/> 13,651
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<hr/> 15,262	<hr/> 13,558
Cash and cash equivalents represent:		
Cash at bank and in hand	15,262	9,550
Short term deposits	-	4,008
	<hr/> 15,262	<hr/> 13,558

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES

Aura Holdings (Newcastle) Limited (the “company”) is a private company limited by shares and incorporated and domiciled in England. The address of the company’s registered office is Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR. The company’s principal activities and operations are described in the Strategic Report.

The group consists of Aura Holdings (Newcastle) Limited and all of its subsidiaries.

The principal accounting policies applied in the preparation of these financial statements are set out below. They have, unless otherwise stated, been applied consistently throughout the current and preceding years.

Basis of accounting

These financial statements are the first financial statements of the group prepared in accordance with Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”). The financial statements of the group for the year ended 31 March 2015 were prepared in accordance with previous United Kingdom Generally Accepted Accounting Practice (UK GAAP). The date of transition to FRS 102 was 1 April 2014.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of the following exemption from the requirements of FRS 102 permitted by FRS 102 Chapter 35 “Transition to this FRS”:

- Service concession arrangements – The group 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 “Transition to this FRS”. Adjustments are recognised directly in retained earnings at the transition date. An explanation of how the transition to FRS 102 has affected financial position and financial performance is provided in note 19.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures.

Company Profit and Loss Account and Other Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, no profit and loss account of the company is presented. The company’s profit for the year and total comprehensive income for the year were £3 (2015: £120,003) and £3 (2015: £120,003) respectively.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The group's financial statements incorporate the assets and liabilities of all subsidiaries as at the balance sheet date and their results for the year ended on that date using the acquisition method of accounting. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report. The financial position of the group is set out in the balance sheet and the accompanying notes to the financial statements.

The directors believe that the group has satisfactory financial resources to allow it to operate its contracts. As a consequence, the directors believe that the group is well placed to manage its business risks successfully. The directors consider that, after reviewing the latest forecasts, the group has sufficient funds to cover its short term liabilities and will be in a position to pay its long term debts as they reach maturity.

The financial statements have therefore been prepared on a going concern basis.

Turnover, cost of sales and finance debtor

The group is an operator of a Private Finance Initiative contracts. The underlying assets are not deemed to be assets of the group under previous UK GAAP, because the risks and rewards of ownership as set out in that standard are deemed to lie principally with Newcastle City Council.

During the operational phase of the project income is allocated between interest receivable and the finance debtor repayment using a project specific interest rate. The remainder of the unitary charge income is included within turnover in accordance with previous UK GAAP. The group 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.

Turnover also includes fees receivable together with recharges of costs relating to construction projects and other community projects. Cost of sales includes the costs relating to construction projects and other community projects.

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and is included in debtors. To the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

All turnover is generated within the United Kingdom.

Investments

Investments comprise of term deposits of less than one year. These are included as liquid resources.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The principal financial assets and liabilities of the group are as follows:

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Trade debtors

Trade debtors are initially recognised at the transaction price and then are stated at amortised cost.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, the group documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

The group elects to adopt hedge accounting for interest rate swaps where:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (ie. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and
- the change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Cash flow hedge – hedge of variable interest rate risk

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in profit or loss. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised in profit or loss in the period(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified to profit or loss when the variable rate interest is recognised in profit or loss.

Hedge accounting is discontinued when a variable to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or the company documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to profit or loss, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Taxation

Tax on the profit or loss for the year represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Critical accounting estimates and areas of judgement

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 group's accounting policies are described below:

Service concession accounting

Accounting for the service concession contract and finance debtor requires an estimation of service margins, which are based on forecast revenues and costs of the PFI contract.

Debtors

The recoverability of the group's debtors has been assessed by the directors and, where any uncertainty has been identified, sufficient provisions have been posted to reflect uncertainty.

Accruals

Management must use their knowledge of the business to ensure all appropriate costs have been accrued for.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

2. TURNOVER

An analysis of the group's turnover by class of business is as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
Class of business		
Revenue from PFI contracts	6,120	5,985
Revenue from professional services	4,026	2,337
Revenue from construction contracts	31	3,543
	<u>10,177</u>	<u>11,865</u>

An analysis of the geographical location of the company's turnover is as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
Geographical segment		
United Kingdom	<u>10,177</u>	<u>11,865</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2016</u> £'000	<u>2015</u> £'000
Finance debtor interest receivable	11,865	12,126
Bank interest receivable	70	71
	<u>11,935</u>	<u>12,197</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2016</u> £'000	<u>2015</u> £'000
Loan interest payable	8,168	8,389
Swap interest	3,656	3,810
Commitment fees	44	46
Arrangement fees	15	15
Amortisation of finance costs	116	120
	<u>11,999</u>	<u>12,380</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>2016</u> £'000	<u>2015</u> £'000
Audit services – statutory audit	23	22
Other services – tax compliance	12	11

The cost of the audit of the company has been borne by some of the company's subsidiaries.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

On the profit for the year:

	<u>2016</u> £'000	<u>2015</u> £'000
Current year tax:		
United Kingdom Corporation Tax	107	111
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	17	1
Effect of tax rate change on opening balance	15	-
	<hr/>	<hr/>
	32	1
	<hr/>	<hr/>
~ Tax on profit on ordinary activities	139	112
	<hr/>	<hr/>
Factors affecting the tax charge for the year:		
	<u>2016</u> £'000	<u>2015</u> £'000
Profit on ordinary activities before taxation	626	537
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard Corporation Tax rate of 20% (2015: 21%)	125	113
Amounts relating to change in tax rates	14	-
Utilisation of tax losses and other deductions	-	(2)
	<hr/>	<hr/>
Tax charge for the year	139	111
	<hr/>	<hr/>

In addition to the amount charged to profit or loss, £573,000 deferred tax charge (2015: £2,225,000 credit) has been recognised in other comprehensive income relating to the fair value movement on variable to fixed interest rate swaps.

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The group had no employees during the year (2015: None) and therefore no staff costs (2015: £Nil), and no emoluments were paid to the directors in respect of their services to the group (2015: £Nil). £59,000 (2015: £58,000) was payable to the controlling shareholders for directors' services.

8. FIXED ASSET INVESTMENTS

Company

	<u>Shares</u> £'000	<u>Loans</u> £'000	<u>Total</u> £'000
Cost and net book value:			
As at 1 April 2015	120	12,832	12,952
Repayments	-	(179)	(179)
	<hr/>	<hr/>	<hr/>
As at 31 March 2016	120	12,653	12,773
	<hr/>	<hr/>	<hr/>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

8. FIXED ASSET INVESTMENTS (CONTINUED)

The company owns 80% of the total share capital of Aura Newcastle Limited which is incorporated in Great Britain and registered in England and Wales. The company owns 100% of the Ordinary class 'C' shares in Aura Newcastle Limited. This subsidiary was set up to be a Local Education Partnership working together with Newcastle City Council on building projects for schools in Newcastle.

The company also owns 80% of the total share capital of Aura (Newcastle) Holding Company Limited which is incorporated in Great Britain and registered in England and Wales. The company directly owns 72% of the Ordinary shares and, through Aura Newcastle Limited, a further 8% of the Ordinary shares. Aura (Newcastle) Holding Company Limited is a holding company with a 100% equity investment in Aura (Newcastle) Project Company Limited, which was set up to design, build, finance and operate seven schools in Newcastle.

The company also owns 80% of the total share capital of Aura (Newcastle) Holding Company Phase 2 Limited which is incorporated in Great Britain and registered in England and Wales. The company directly owns 72% of the Ordinary shares and, through Aura Newcastle Limited, a further 8% of the Ordinary shares. Aura (Newcastle) Holding Company Phase 2 Limited is a holding company with a 100% equity investment in Aura (Newcastle) Project Company Phase 2 Limited, which was set up to design, build, finance and operate four schools in Newcastle.

In the directors' opinion, the value of the investments in the subsidiary undertakings is not less than the amount at which they are stated in the company's balance sheet.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group <u>2016</u> £'000	Group <u>2015</u> £'000	Company <u>2016</u> £'000	Company <u>2015</u> £'000
Trade debtors	707	77	-	-
Finance debtor	4,446	4,155	-	-
Taxation – VAT	20	-	-	-
Deferred tax asset	680	754	-	-
Prepayments and accrued income	469	210	-	-
Amounts owed by subsidiary companies	-	-	849	834
	<u>6,322</u>	<u>5,196</u>	<u>849</u>	<u>834</u>

10. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<u>Group</u>	<u>2016</u> £'000	<u>2015</u> £'000
Finance debtor	172,325	176,771
Deferred tax asset	4,883	5,414
	<u>177,208</u>	<u>182,185</u>

The finance debtor shown within debtors due within one year and after more than one year includes £7,858,000 of capitalised interest (2015: £8,042,000).

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

10. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The deferred tax asset shown within debtors due within one year and after more than one year relates partly to accumulated tax losses within the group. The balance relates to the fair value recognised on variable to fixed interest rate swaps. The deferred tax asset has been recognised as follows:

	Tax losses £'000	Interest rate swap £'000	Total £'000
At 1 April 2015	151	6,017	6,168
Charged to the profit and loss account	(32)	-	(32)
Recognised in other comprehensive income	-	(573)	(573)
At 31 March 2016	119	5,444	5,563

Made up as follows:

	2016 £'000	2015 £'000
Included in Debtors: Amounts falling due within one year	680	754
Included in Debtors: Amounts falling due after more than one year	4,883	5,414
	5,563	6,168

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Loans (see note 14)	5,963	5,363	245	211
Variable to fixed interest rate swaps (note 13)	3,506	3,656	-	-
Trade creditors	331	-	-	-
Other creditors	150	130	-	-
Taxation - VAT	1,007	832	-	-
Corporation tax	51	111	-	-
Accruals and deferred income	3,429	2,705	849	834
	14,437	12,797	1,094	1,045

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Loans (see note 14)	168,948	174,796	12,408	12,621
Variable to fixed interest rate swaps (note 13)	26,736	26,428	-	-
Accruals and deferred income	12,865	10,869	-	-
	208,549	212,093	12,408	12,621

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

13. FINANCIAL INSTRUMENTS

The carrying amount of the group's financial instruments are as follows:

	2016 £'000	2015 £'000
Financial assets		
Measured at amortised cost		
Trade debtors	707	77
Finance debtor	176,771	180,926
Accrued income	404	155
	<u>177,882</u>	<u>181,158</u>
Financial liabilities		
Measured at amortised cost		
Trade creditors	331	-
Accruals	3,340	2,691
Bank loans	159,371	164,418
Shareholder loans	15,540	15,741
	<u>178,582</u>	<u>182,850</u>
Measured at fair value through profit and loss		
Variable to fixed interest rate swaps	30,242	30,084
	<u>208,824</u>	<u>212,934</u>

Interest Rate Swaps

The group uses interest rate swaps to manage its exposure to interest rate movements on its variable rate loans. Contracts with nominal values of £80,343,000 (2015: £82,951,000) fix interest payments on variable rate debts at an average rate of 5.14% (2015: 5.14%) for periods up to March 2036.

The fair value of the interest rate swaps has been calculated by the swap providers, BNP and NIBC, using their own internal models and calculation methods which take into consideration relevant current market conditions and reasonable estimates about relevant future market conditions and/or are based on or use third party sources.

The interest rate swaps meet the conditions for hedge accounting, as set out in note 1.

The fair value of variable to fixed interest rate swaps that is effective in offsetting the variable interest rate risk on variable rate debt has been recognised in other comprehensive income and will be released to the profit and loss account bi-annually over the term of the swap agreements which expires by March 2036. The cash flows in respect of the swap occur bi-annually from 31 March 2010 until the agreements expire by March 2036.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. LOANS

Group	Loans	Arrangement cost	Amortisation of arrangement cost	Total
	£'000	£'000	£'000	£'000
At 1 April 2015				
(a) BNP term loan	46,875	(427)	172	46,620
(b) EIB term loan (1)	46,275	(266)	107	46,116
(c) BNP Change in Law Facility	-	(14)	14	-
(d) NIBC term loan	36,118	(788)	213	35,543
(e) EIB term loan (2)	36,281	(195)	53	36,139
(f) NIBC Change in Law Facility	-	(53)	53	-
(g) Shareholder loan notes (1)	8,036	(202)	51	7,885
(h) Shareholder loan notes (2)	8,003	(183)	36	7,856
	<u>181,588</u>	<u>(2,128)</u>	<u>699</u>	<u>180,159</u>

Repayments/Profit and Loss Account charge during year

(a) BNP term loan	(1,391)	-	23	(1,368)
(b) EIB term loan (1)	(1,528)	-	14	(1,514)
(d) NIBC term loan	(1,212)	-	46	(1,166)
(e) EIB term loan (2)	(1,010)	-	11	(999)
(g) Shareholder loan notes (1)	-	-	8	8
(h) Shareholder loan notes (2)	(223)	-	14	(209)
	<u>(5,364)</u>	<u>-</u>	<u>116</u>	<u>(5,248)</u>

At 31 March 2016

(a) BNP term loan	45,484	(427)	195	45,252
(b) EIB term loan (1)	44,747	(266)	121	44,602
(c) BNP Change in Law Facility	-	(14)	14	-
(d) NIBC term loan	34,906	(788)	259	34,377
(e) EIB term loan (2)	35,271	(195)	64	35,140
(f) NIBC Change in Law Facility	-	(53)	53	-
(g) Shareholder loan notes (1)	8,036	(202)	59	7,893
(h) Shareholder loan notes (2)	7,780	(183)	50	7,647
	<u>176,224</u>	<u>(2,128)</u>	<u>815</u>	<u>174,911</u>

Made up as follows:

	2016 £'000	2015 £'000
Included in Creditors: Amounts falling due within one year	5,963	5,363
Included in Creditors: Amounts falling due after more than one year	168,948	174,796
	<u>174,911</u>	<u>180,159</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. LOANS (CONTINUED)

- (a) The BNP term loan bears interest at LIBOR plus an applicable margin of 0.6% plus the Reserve Asset Costs. An interest rate swap has been used to reduce the group's exposure to fluctuating interest rates. The loan has been fully drawn down and is repayable in semi-annual instalments from 31 March 2011 to 30 September 2033 plus a final payment on 31 December 2033.
- (b) The EIB term loan (1) bears interest at 5.589% plus an applicable margin of 0.15%. The loan has been fully drawn down and is repayable in semi-annual instalments from 31 March 2010 to 30 September 2032 plus a final payment on 31 December 2032.

The (a) and (b) term loans are part of the senior debt facility and are secured by a fixed and floating charge over the assets of Aura (Newcastle) Project Company Limited.

- (c) A Change in Law facility of £1,448,000 (2015: £1,493,000) is also available from BNP.
- (d) The NIBC term loan bears interest at LIBOR plus an applicable margin plus the Mandatory Cost. The applicable margin ranges between 2.5% and 2.7%. An interest rate swap has been used to reduce the group's exposure to fluctuating interest rates. The loan is repayable in semi-annual instalments from 30 September 2012 to 31 March 2036.
- (e) The EIB term loan (2) bears interest at 4.616% plus an applicable margin. The applicable margin was 0.7% until 31 March 2014 and is 0.4% thereafter. The loan is repayable in semi-annual instalments from 30 September 2012 to 31 March 2036.

The (d) and (e) term loans are part of the senior debt facility and are secured by a fixed and floating charge over the assets of Aura (Newcastle) Project Company Phase 2 Limited.

- (f) A Change in Law facility of £2,330,000 (2015: £2,411,000) is also available from NIBC.
- (g) During September 2009 10,092,000 £1 unsecured loan notes were issued at par. Interest on the loan notes is charged at 12.36%. The loan notes are repayable in semi-annual instalments from 31 March 2010 to 31 March 2035 and by 31 March 2016 2,056,000 notes had been repaid at par. The loan notes are subordinate to the term loans (a) and (b) and are held by the group's shareholders as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
Sir Robert McAlpine Capital Ventures Limited	-	2,411
Dalmore Capital (Aura) Limited	2,411	-
Elgin BSF Limited	2,411	2,411
Balfour Beatty Education Limited	-	1,607
PPDI Assetco Limited	1,607	-
Dalmore Capital (Para 1) Limited	1,527	1,527
The Council of the City of Newcastle upon Tyne	80	80
	<u>8,036</u>	<u>8,036</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. LOANS (CONTINUED)

- (h) On 28 August 2012 9,217,000 £1 unsecured loan notes were issued at par. Interest on the loan notes is charged at 12.26%. The loan notes are repayable in semi-annual instalments from 31 March 2013 to 31 March 2037 and by 31 March 2016 1,437,000 notes had been repaid at par. The loan notes are subordinate to term loans (d) and (e) and are held by the group's shareholders as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
Sir Robert McAlpine Capital Ventures Limited	-	2,401
Dalmore Capital (Aura) Limited	2,334	-
Elgin BSF Limited	2,334	2,401
Balfour Beatty Education Limited	-	1,601
PPDI Assetco Limited	1,556	-
Dalmore Capital (Para 1) Limited	1,478	1,520
The Council of the City of Newcastle upon Tyne	78	80
	<u>7,780</u>	<u>8,003</u>

A loan facility of £500,000 provided by the group's shareholders is also available.

The loans are repayable as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
In less than 1 year	6,006	5,404
In 1 - 2 years	5,999	5,957
In 2 - 5 years	19,388	19,442
Over 5 years	144,831	150,785
	<u>176,224</u>	<u>181,588</u>

Arrangement costs relate to those costs incurred in raising the term loans, Change in Law facilities and shareholder loan notes. All arrangement costs capitalised are amortised over the period of the debt to which they relate, with the exception of the arrangement costs of the Change in Law facilities. As there is no set drawdown or repayment profile for these facilities, the costs were expensed immediately.

On 13 October 2015 Sir Robert McAlpine Capital Ventures Limited sold its investment in the group to Dalmore Capital (Aura) Limited.

On 30 November 2015 Balfour Beatty Education Limited sold its investment in the group to PPDI Assetco Limited.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. LOANS (CONTINUED)

Company

	Shareholder loan notes (1) £'000	Shareholder loan notes (2) £'000	Total £'000
At 1 April 2015	6,429	6,403	12,832
Repayments	-	(179)	(179)
At 31 March 2016	6,429	6,224	12,653
Made up as follows:			
		2016 £'000	2015 £'000
Included in Creditors: Amounts falling due within one year		245	211
Included in Creditors: Amounts falling due after more than one year		12,408	12,621
		12,653	12,832

- (1) During September 2009 8,074,000 £1 unsecured loan notes were issued at par. Interest on the loan notes is charged at 12.36%. The loan notes are repayable in semi-annual instalments from 31 March 2010 to 31 March 2035 and by 31 March 2016 1,645,000 notes had been repaid at par. The loan notes are held by the company's shareholders as follows:

	2016 £'000	2015 £'000
Sir Robert McAlpine Capital Ventures Limited	-	2,411
Dalmore Capital (Aura) Limited	2,411	-
Elgin BSF Limited	2,411	2,411
Balfour Beatty Education Limited	-	1,607
PPDI Assetco Limited	1,607	-
	6,429	6,429

- (2) On 28 August 2012 7,374,000 £1 unsecured loan notes were issued at par. Interest on the loan notes is charged at 12.26%. The loan notes are repayable in semi-annual instalments from 31 March 2013 to 31 March 2037 and by 31 March 2016 1,150,000 notes had been repaid at par. The loan notes are held by the company's shareholders as follows:

	2016 £'000	2015 £'000
Sir Robert McAlpine Capital Ventures Limited	-	2,401
Dalmore Capital (Aura) Limited	2,334	-
Elgin BSF Limited	2,334	2,401
Balfour Beatty Education Limited	-	1,601
PPDI Assetco Limited	1,556	-
	6,224	6,403

A loan facility of £400,000 provided by the company's shareholders is also available.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. LOANS (CONTINUED)

The loans are repayable as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
In less than 1 year	246	211
In 1 - 2 years	302	206
In 2 - 5 years	728	1,117
Over 5 years	11,377	11,298
	<u>12,653</u>	<u>12,832</u>

15. SHARE CAPITAL

	<u>2016</u> £'000	<u>2015</u> £'000
Allotted, called up and fully paid: 120,000 Ordinary shares of £1 each	120	120

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

16. RESERVES

Reserves of the group represent the following:

Cash flow hedge reserve (note 13)

Gains and losses arising on variable to fixed interest rate swaps which have been designated as hedges for hedge accounting purposes.

Retained earnings

Cumulative profit and loss net of distributions to owners.

17. RELATED PARTY TRANSACTIONS

The group has entered into the following material transactions on normal commercial terms with related parties:

The group has entered into a number of contracts with Sir Robert McAlpine Limited, a group member of one of the group's shareholders for the construction of schools and other community buildings in Newcastle. An amount of £2,072,000 (2015: £4,067,000) was payable under these contracts during the year and £257,000 (2015: £506,000) was unpaid at the year end and included within accruals and deferred income due within one year.

Parsons Brinckerhoff Limited was until 30 October 2014 a group member of one of the group's shareholders. Amounts totalling £231,000 were payable to this date for the provision of staff and design services.

Amounts totalling £302,000 (2015: £356,000) were payable to Sir Robert McAlpine Capital Ventures Limited, a group member of one of the group's shareholders, and Sir Robert McAlpine Limited during the year for the provision of staff and other services. £40,000 (2015: £24,000) was unpaid at the year end and included within accruals and deferred income due within one year.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

17. RELATED PARTY TRANSACTIONS (CONTINUED)

Fees of £59,000 (2015: £58,000) were payable to the group's shareholders for directors' and management services during the year, and £60,000 (2015: £41,000) was included within accruals and deferred income due within one year at the year end, as follows:

	Fees payable <u>2016</u> £'000	Fees payable <u>2015</u> £'000	Fees accrued <u>2016</u> £'000	Fees accrued <u>2015</u> £'000
Sir Robert McAlpine Capital Ventures Limited	4	15	-	10
Dalmore Capital (Aura) Limited	12	-	12	-
Elgin BSF Limited	16	16	12	11
Parsons Brinckerhoff Overseas Holdings Limited	-	4	-	-
Balfour Beatty Education Limited	2	12	-	12
PPDI Assetco Limited	14	-	25	-
Dalmore Capital (Para 1) Limited	7	7	7	4
The Council of the City of Newcastle upon Tyne	4	4	4	4
	<u>59</u>	<u>58</u>	<u>60</u>	<u>41</u>

During September 2009, loan notes of £10,092,000 were provided by the group's shareholders. Repayments of £nil (2015: £607,000) have been made during the year. Interest of £996,000 (2015: £1,014,000) was payable on these loan notes during the year, and £498,000 (2015: £495,000) was included within accruals and deferred income due within one year at the year end.

On 28 August 2012 loan notes of £9,217,000 were provided by the group's shareholders. Repayments of £223,000 (2015: £947,000) have been made during the year. Interest of £959,000 (2015: £1,016,000) was payable on this loan during the year, and £478,000 (2015: £489,000) was included within accruals and deferred income due within one year at the year end.

A working capital loan facility of £500,000 was provided by the group's shareholders during the current and prior years. Arrangement fees of £15,000 (2015: £15,000) were payable in respect of the facility during the year, and £20,000 (2015: £15,000) was unpaid at the year end and included in accruals and deferred income due within one year. Commitment fees of £9,000 (2015: £9,000) were also payable in respect of the facility during the year, and £4,000 (2015: £3,000) was unpaid at the year end and included in accruals and deferred income due within one year.

An interim dividend of £nil (2015: £120,000) was declared and paid to the group's shareholders during the year, as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
Sir Robert McAlpine Capital Ventures Limited	-	45
Elgin BSF Limited	-	45
Parsons Brinckerhoff Overseas Holdings Limited	-	30
	<u>-</u>	<u>120</u>

18. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

19. TRANSITION TO FRS 102 FROM PREVIOUS UK GAAP

As stated in note 1, these are the group's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous UK GAAP). An explanation of how the transition from previous UK GAAP to FRS 102 has affected the group's financial position and financial performance is set out in the following table:

Reconciliation of equity

		1 April 2015			31 March 2016		
	Note	Previous UK GAAP £000	Effect of transition to FRS102 £000	FRS 102 £000	Previous UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
CURRENT ASSETS							
Debtors (due within one year)		4,465	731	5,196	5,691	631	6,322
Debtors (due after more than one year)		176,899	5,286	182,185	172,395	4,813	177,208
Investments		4,008	-	4,008	-	-	-
Cash at bank and in hand		9,550	-	9,550	15,262	-	15,262
		194,922	6,017	200,939	193,348	5,444	198,792
CREDITORS: AMOUNTS DUE WITHIN ONE YEAR							
	a	(9,141)	(3,656)	(12,797)	(10,931)	(3,506)	(14,437)
NET CURRENT ASSETS		185,781	2,361	188,142	182,417	1,938	184,355
CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR							
	a	(185,665)	(26,428)	(212,093)	(181,813)	(26,736)	(208,549)
NET ASSETS/ (LIABILITIES)		116	(24,067)	(23,951)	604	(24,798)	(24,194)
CAPITAL AND RESERVES							
Called up share capital		120	-	120	120	-	120
Cash flow hedge reserve	a & b	-	(24,067)	(24,067)	-	(24,798)	(24,798)
Profit and loss account		(27)	-	(27)	363	-	363
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		93	(24,067)	(23,974)	483	(24,798)	(24,315)
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		23	-	23	121	-	121
TOTAL EQUITY		116	(24,067)	(23,951)	604	(24,798)	(24,194)

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

19. TRANSITION TO FRS 102 FROM PREVIOUS UK GAAP (CONTINUED)

Notes to the reconciliation of equity

a) Interest rate swaps

Under previous UK GAAP fair value gains/losses on interest rate swaps were disclosed, but not recognised, in the financial statements. Under FRS 102, these instruments are recognised as assets or liabilities, with a total liability of £30,084,000 being recognised at 1 April 2015 and a corresponding adjustment to reserves. The company has elected to apply hedge accounting under FRS 102 to its interest rate swaps. Consequently, fair value losses of £30,084,000 on variable to fixed interest rate swaps are deferred in other comprehensive income and released to profit or loss over the term of the swap agreement, with £158,000 being added in the year ended 31 March 2016.

b) Deferred tax asset

A deferred tax asset has been recognised in respect of the recognition of the fair value of the interest rate swap.