

AURA HOLDINGS (NEWCASTLE) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2014

Registered in England and Wales No. 6034462

TUESDAY



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AURA HOLDINGS (NEWCASTLE) LIMITED

REPORT OF THE DIRECTORS

Directors: D R V Luscombe
R J W Wotherspoon
A P Fordyce

Secretary: K J Pearson

The directors present their report and the group financial statements for the year ended 31 March 2014.

1. DIRECTORS

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

2. DISCLOSURE OF INFORMATION TO AUDITOR

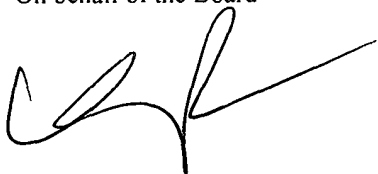
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have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

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

3. AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the Board



K J Pearson
Secretary

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

8 September 2014

AURA HOLDINGS (NEWCASTLE) LIMITED

STRATEGIC REPORT

1. RESULTS FOR THE YEAR

The group profit for the year on ordinary activities after taxation and minority interests amounted to £96,998 (2013: £1,944 loss).

The directors do not recommend payment of a final dividend (2013: £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, with further projects currently in the design and planning stage. Aura Newcastle Limited has over the last few years begun to diversify the services offered to clients with the provision of a facilities management and small works service. 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 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.

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.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'K J Pearson', written over a horizontal line.

K J Pearson
Secretary

8 September 2014

AURA HOLDINGS (NEWCASTLE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and 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).

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 23. 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).

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 2014 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.

Baker Tilly UK Audit LLP

Linda Gray (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

19 September 2014

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

Year ended 31 March 2014

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
Turnover	2	14,613,437	14,639,506
Cost of sales		(13,855,247)	(14,014,534)
Gross profit		758,190	624,972
Administrative expenses		(76,751)	(80,056)
Operating profit	3	681,439	544,916
Interest receivable and similar income	4	12,439,569	12,561,471
Interest payable and similar charges	5	(12,935,857)	(13,101,394)
Profit on ordinary activities before taxation		185,151	4,993
Tax on profit on ordinary activities	6	(63,904)	(7,507)
Profit/(loss) on ordinary activities after taxation		121,247	(2,514)
Minority interest	14	(24,249)	570
Profit/(loss) for the financial year	16, 17	96,998	(1,944)

There are no recognised gains or losses other than the profit/(loss) for the financial year (2013: £Nil) and therefore no statement of total recognised gains and losses is given.

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

The notes on pages 10 to 23 form part of these financial statements.

AURA HOLDINGS (NEWCASTLE) LIMITED**GROUP BALANCE SHEET AS AT 31 MARCH 2014**

Company Registration No. 6034462

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
CURRENT ASSETS			
Debtors: Amounts falling due within one year	9	4,497,343	4,341,214
Debtors: Amounts falling due after more than one year	10	181,079,392	184,941,485
Investments - short term deposits		10,317,351	10,559,300
Cash at bank and in hand		3,333,253	2,806,588
		<hr/>	<hr/>
		199,227,339	202,648,587
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	11	(10,208,636)	(9,308,738)
		<hr/>	<hr/>
NET CURRENT ASSETS		189,018,703	193,339,849
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	12	(189,177,599)	(193,619,992)
MINORITY INTEREST	14	31,954	56,203
		<hr/>	<hr/>
NET LIABILITIES		(126,942)	(223,940)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	15	120,000	120,000
Profit and loss account	16	(246,942)	(343,940)
		<hr/>	<hr/>
SHAREHOLDERS' DEFICIT	17	(126,942)	(223,940)
		<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on **8 September** 2014.

Signed on behalf of the Board of Directors.



D R V Luscombe

Director

AURA HOLDINGS (NEWCASTLE) LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2014

Company Registration No. 6034462

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
FIXED ASSETS			
Investments	8	14,195,028	14,768,170
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	910,438	929,237
Cash at bank and in hand		877	956
		<hr/>	<hr/>
		911,315	930,193
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	11	(2,167,179)	(1,661,231)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(1,255,864)	(731,038)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,939,164	14,037,132
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(12,818,288)	(13,916,260)
		<hr/>	<hr/>
NET ASSETS		120,876	120,872
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	15	120,000	120,000
Profit and loss account	16	876	872
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	120,876	120,872
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 23 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on **8 September** 2014.

Signed on behalf of the Board of Directors.



D R V Luscombe

Director

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP CASH FLOW STATEMENT

Year ended 31 March 2014

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
Net cash flow from operating activities		2,574,772	(2,574,933)
Returns on investments and servicing of finance			
Interest received		12,457,814	12,572,222
Interest paid		(12,824,152)	(13,323,031)
Arrangement and commitment fees paid		(51,835)	(69,740)
		<u>(418,173)</u>	<u>(820,549)</u>
Taxation			
UK Corporation tax paid		(16,852)	(24,353)
Capital expenditure and financial investment			
Receipt against PFI financial assets		-	3,144,511
Decrease in finance debtor		3,629,226	3,354,210
		<u>3,629,226</u>	<u>6,498,721</u>
Net cash flow before management of liquid resources and financing		5,768,973	3,078,886
Management of liquid resources			
Decrease/(increase) in short term deposits		241,949	(3,845,300)
Financing			
Draw down of loans		-	9,216,876
Repayment of loans		(5,484,257)	(13,314,042)
		<u>(5,484,257)</u>	<u>(4,097,166)</u>
Increase/(decrease) in cash		<u>526,665</u>	<u>(4,863,580)</u>
Reconciliation of group operating profit to group operating cash flow			
Operating profit		681,439	544,916
Decrease in debtors		25,525	49,751
Increase/(decrease) in creditors		1,867,808	(3,169,600)
Net cash flow from operating activities		<u>2,574,772</u>	<u>(2,574,933)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash		526,665	(4,863,580)
Cash flow from (decrease)/increase in liquid resources		(241,949)	3,845,300
Cash flow from decrease in debt		5,484,257	4,097,166
Movement in net debt resulting from cash flows		<u>5,768,973</u>	<u>3,078,886</u>
Finance charges and capitalised interest		(121,031)	834,594
		<u>5,647,942</u>	<u>3,913,480</u>
Net debt at the start of the year	18	(178,818,736)	(182,732,216)
Net debt at the end of the year	18	<u>(173,170,794)</u>	<u>(178,818,736)</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular policies adopted are described below and have been applied consistently throughout the current and preceding periods.

Accounting convention

The financial statements have been prepared under the historical cost convention.

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 despite the current uncertain economic outlook. 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 Private Finance Initiative contracts. The underlying Private Finance Initiative assets are not deemed to be assets of the group under Financial Reporting Standard No. 5, Reporting the Substance of Transactions, Application Note F, 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 Private Finance Initiative project income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the unitary charge income is included within turnover in accordance with Financial Reporting Standard No. 5, Reporting the Substance of Transactions, Application Note G. 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 design and build construction projects and other community projects. Cost of sales includes the costs relating to design and build construction projects and other community projects. All turnover is generated within the United Kingdom.

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 included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Investments

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

Loans

Loans are stated after the deduction of costs incurred in the arrangement of the finance. These costs are amortised over the period of the loan on a reducing balance basis.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

For an interest swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa.

Interest differentials under these swaps are recognised by adjusting net interest payable over the period of the contracts.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

	<u>2014</u> £	<u>2013</u> £
Deemed disposal of completed PFI schools	-	2,084,136
Other turnover, including non PFI design and build construction projects	14,613,437	12,555,370
	<u>14,613,437</u>	<u>14,639,506</u>

3. OPERATING PROFIT

Operating profit is derived after charging:

	<u>2014</u> £	<u>2013</u> £
Auditors' remuneration - audit fee payable for the audit of the company's subsidiaries	21,934	21,000
- non-audit fee – tax compliance	10,724	11,200
	<u>32,658</u>	<u>32,200</u>

AURA HOLDINGS (NEWCASTLE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2014****4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>2014</u> £	<u>2013</u> £
Finance debtor interest receivable	12,368,923	12,479,857
Bank interest receivable	70,646	81,614
	<u>12,439,569</u>	<u>12,561,471</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2014</u> £	<u>2013</u> £
Interest payable	12,752,995	12,890,428
Commitment fees	46,831	47,733
Arrangement fees	15,000	15,000
Amortisation of finance costs	121,031	148,233
	<u>12,935,857</u>	<u>13,101,394</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

On the results for the year:

	<u>2014</u> £	<u>2013</u> £
Current year tax:		
United Kingdom Corporation Tax	30,936	16,852
Adjustments in respect of prior periods	-	(1,124)
	<u>30,936</u>	<u>15,728</u>
Deferred tax:		
Origination and reversal of timing differences	8,705	(15,629)
Effect of tax rate change on opening balance	24,263	7,408
	<u>32,968</u>	<u>(8,221)</u>
Tax on profit on ordinary activities	<u>63,904</u>	<u>7,507</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the current tax charge for the year:

	<u>2014</u> £	<u>2013</u> £
Profit on ordinary activities before taxation	185,151	4,993
United Kingdom Corporation Tax at 23% (2013: 24%)	42,585	1,198
Expenses not deductible for tax purposes	108	92
Utilisation of tax losses and other deductions	(54,259)	(29,784)
Unrelieved tax losses arising in the year	44,249	46,093
Losses carried back	-	1,349
Marginal relief	(1,747)	(1,291)
Effect of other tax rates	-	(805)
Adjustment in respect of prior periods	-	(1,124)
Current tax charge for the year	<u>30,936</u>	<u>15,728</u>

There were no unrecognised deferred tax assets at the year end (2013: £Nil).

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The group had no employees during the year (2013: None) and no emoluments were paid to the directors in respect of their services to the group (2013: £Nil). £56,911 (2013: £55,759) was payable to the controlling shareholders for directors' services.

8. FIXED ASSET INVESTMENTS

Company

	<u>Shares</u> £	<u>Loans</u> £	<u>Total</u> £
Cost and net book value:			
As at 1 April 2013	120,000	14,648,170	14,768,170
Repayments	-	(573,142)	(573,142)
As at 31 March 2014	<u>120,000</u>	<u>14,075,028</u>	<u>14,195,028</u>

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 in Aura (Newcastle) Holding Company Limited. This 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 in Aura (Newcastle) Holding Company Phase 2 Limited. This 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.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

8. FIXED ASSET INVESTMENTS (CONTINUED)

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>2014</u> £	Group <u>2013</u> £	Company <u>2014</u> £	Company <u>2013</u> £
Trade debtors	94,224	510,979	-	-
Finance debtor	3,883,385	3,629,227	-	-
Taxation - VAT	-	14,709	-	-
Corporation tax	1,124	1,124	-	-
Deferred tax asset	-	54,259	-	-
Prepayments and accrued income	518,610	130,916	-	-
Amounts owed by subsidiary companies	-	-	910,438	929,237
	<u>4,497,343</u>	<u>4,341,214</u>	<u>910,438</u>	<u>929,237</u>

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

<u>Group</u>	<u>2014</u> £	<u>2013</u> £
Finance debtor	180,926,341	184,809,725
Deferred tax asset	153,051	131,760
	<u>181,079,392</u>	<u>184,941,485</u>

The finance debtor shown within debtors due within one year and after more than one year includes £8,213,092 of capitalised interest (2013: £8,373,294).

The deferred tax asset shown within debtors due within one year and after more than one year relates wholly to accumulated tax losses within the group, and has been recognised as follows:

	<u>2014</u> £	<u>2013</u> £
At the start of the financial year	186,019	177,798
(Charged)/credited to the profit and loss account	(32,968)	8,221
At the end of the financial year	<u>153,051</u>	<u>186,019</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

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

Made up as follows:

	<u>2014</u> £	<u>2013</u> £
Included in Debtors: Amounts falling due within one year	-	54,259
Included in Debtors: Amounts falling due after more than one year	153,051	131,760
	<u>153,051</u>	<u>186,019</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u> <u>2014</u> £	<u>Group</u> <u>2013</u> £	<u>Company</u> <u>2014</u> £	<u>Company</u> <u>2013</u> £
Loans (see note 13)	6,731,990	5,605,598	1,256,740	731,910
Other creditors	113,683	92,480	-	-
Taxation - VAT	679,049	478,853	-	-
Corporation tax	30,936	16,852	1	84
Accruals and deferred income	2,652,978	3,114,955	910,438	929,237
	<u>10,208,636</u>	<u>9,308,738</u>	<u>2,167,179</u>	<u>1,661,231</u>

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

	<u>Group</u> <u>2014</u> £	<u>Group</u> <u>2013</u> £	<u>Company</u> <u>2014</u> £	<u>Company</u> <u>2013</u> £
Loans (see note 13)	180,089,408	186,579,026	12,818,288	13,916,260
Accruals and deferred income	9,088,191	7,040,966	-	-
	<u>189,177,599</u>	<u>193,619,992</u>	<u>12,818,288</u>	<u>13,916,260</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

13. LOANS

Group	Loans	Arrangement cost	FRS4 amortisation	Total
	£	£	£	£
At 1 April 2013				
(a) BNP term loan	49,963,948	(427,400)	125,525	49,662,073
(b) EIB term loan (1)	49,085,232	(265,832)	78,073	48,897,473
(c) BNP Change in Law Facility	-	(13,600)	13,600	-
(d) NIBC term loan	38,373,812	(787,800)	118,567	37,704,579
(e) EIB term loan (2)	38,121,868	(195,468)	29,419	37,955,819
(f) NIBC Change in Law Facility	-	(52,559)	52,559	-
(g) Shareholder loan notes (1)	9,093,337	(201,840)	33,509	8,925,006
(h) Shareholder loan notes (2)	9,216,876	(182,784)	5,582	9,039,674
	<u>193,855,073</u>	<u>(2,127,283)</u>	<u>456,834</u>	<u>192,184,624</u>

Repayments/Profit and Loss Account charge during year

(a) BNP term loan	(1,448,347)	-	23,598	(1,424,749)
(b) EIB term loan (1)	(1,365,455)	-	14,678	(1,350,777)
(c) BNP Change in Law Facility	-	-	-	-
(d) NIBC term loan	(1,074,449)	-	47,856	(1,026,593)
(e) EIB term loan (2)	(879,578)	-	11,874	(867,704)
(f) NIBC Change in Law Facility	-	-	-	-
(g) Shareholder loan notes (1)	(450,074)	-	8,878	(441,196)
(h) Shareholder loan notes (2)	(266,354)	-	14,147	(252,207)
	<u>(5,484,257)</u>	<u>-</u>	<u>121,031</u>	<u>(5,363,226)</u>

At 31 March 2014

(a) BNP term loan	48,515,601	(427,400)	149,123	48,237,324
(b) EIB term loan (1)	47,719,777	(265,832)	92,751	47,546,696
(c) BNP Change in Law Facility	-	(13,600)	13,600	-
(d) NIBC term loan	37,299,363	(787,800)	166,423	36,677,986
(e) EIB term loan (2)	37,242,290	(195,468)	41,293	37,088,115
(f) NIBC Change in Law Facility	-	(52,559)	52,559	-
(g) Shareholder loan notes (1)	8,643,263	(201,840)	42,387	8,483,810
(h) Shareholder loan notes (2)	8,950,522	(182,784)	19,729	8,787,467
	<u>188,370,816</u>	<u>(2,127,283)</u>	<u>577,865</u>	<u>186,821,398</u>

Made up as follows:

	<u>2014</u> £	<u>2013</u> £
Included in Creditors: Amounts falling due within one year	6,731,990	5,605,598
Included in Creditors: Amounts falling due after more than one year	180,089,408	186,579,026
	<u>186,821,398</u>	<u>192,184,624</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

13. 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 company'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 £1,544,926 (2013: £1,591,047) 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 company'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 is 0.7% until at least 2 years after construction on the PFI schools is completed, and 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 £2,490,201 (2013: £2,561,944) is also available from NIBC.
- (g) Unsecured loan notes of £10,092,000 were drawn down in full from the group's shareholders during September 2009. 10,092,000 £1 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 2014 1,448,737 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>2014</u> £	<u>2013</u> £
Sir Robert McAlpine Capital Ventures Limited	2,592,979	2,728,001
Elgin BSF Limited	2,592,979	2,728,001
Parsons Brinckerhoff Overseas Holdings Limited	1,728,652	1,818,667
Building Schools for the Future Investments LLP	1,642,220	1,727,735
The Council of the City of Newcastle upon Tyne	86,433	90,933
	<u>8,643,263</u>	<u>9,093,337</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

13. LOANS (CONTINUED)

- (h) Unsecured loan notes of £9,216,876 were drawn down in full from the group's shareholders on 28 August 2012. 9,216,876 £1 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 2014 266,354 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>2014</u> £	<u>2013</u> £
Sir Robert McAlpine Capital Ventures Limited	2,685,157	2,765,063
Elgin BSF Limited	2,685,157	2,765,063
Parsons Brinckerhoff Overseas Holdings Limited	1,790,104	1,843,375
Building Schools for the Future Investments LLP	1,700,599	1,751,206
The Council of the City of Newcastle upon Tyne	89,505	92,169
	<u>8,950,522</u>	<u>9,216,876</u>

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

The loans are repayable as follows:

	<u>2014</u> £	<u>2013</u> £
In less than 1 year	6,799,091	5,682,701
In 1 - 2 years	5,325,508	5,520,189
In 2 - 5 years	18,876,912	16,864,031
Over 5 years	157,369,305	165,788,152
	<u>188,370,816</u>	<u>193,855,073</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 16 April 2014 Building Schools for the Future Investments LLP sold its investment in the group to Dalmore Capital (Para 1) Limited.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

13. LOANS (CONTINUED)

Company

	<u>Loan</u> £
At 1 April 2013	
(a) Shareholder loan notes (1)	7,274,669
(b) Shareholder loan notes (2)	7,373,501
	<u>14,648,170</u>
Repayments	
(a) Shareholder loan notes (1)	(360,059)
(b) Shareholder loan notes (2)	(213,083)
	<u>(573,142)</u>
As at 31 March 2014	
(a) Shareholder loan notes (1)	6,914,610
(b) Shareholder loan notes (2)	7,160,418
	<u>14,075,028</u>

Made up as follows:

	<u>2014</u> £	<u>2013</u> £
Included in Creditors: Amounts falling due within one year	1,256,740	731,910
Included in Creditors: Amounts falling due after more than one year	12,818,288	13,916,260
	<u>14,075,028</u>	<u>14,648,170</u>

(a) Unsecured loan notes of £8,073,600 were drawn down in full from the company's shareholders during September 2009. 8,073,600 £1 loan notes were issued at par in proportion to the shareholders' equity holding. 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 2014 1,158,990 notes had been repaid at par.

(b) Unsecured loan notes of £7,373,501 were drawn down in full from the company's shareholders on 28 August 2012. 7,373,501 £1 loan notes were issued at par in proportion to the shareholders' equity holding. 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 2014 213,083 notes had been repaid at par.

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

The loans are repayable as follows:

	<u>2014</u> £	<u>2013</u> £
In less than 1 year	1,256,740	731,910
In 1 - 2 years	148,272	233,616
In 2 - 5 years	1,109,320	322,968
Over 5 years	11,560,696	13,359,676
	<u>14,075,028</u>	<u>14,648,170</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

14. MINORITY INTEREST

Group

	£
At 1 April 2013	(56,203)
Charged to the profit and loss account	24,249
At 31 March 2014	<u>(31,954)</u>

15. CALLED UP SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
	£	£
Allotted, called up and fully paid:		
120,000 Ordinary shares of £1 each	120,000	120,000
	<u>120,000</u>	<u>120,000</u>

16. RESERVES

Group

	<u>Profit and loss account</u>
	£
As at 1 April 2013	(343,940)
Profit for the financial year	96,998
As at 31 March 2014	<u>(246,942)</u>

Company

	<u>Profit and loss account</u>
	£
As at 1 April 2013	872
Profit for the financial year	4
As at 31 March 2014	<u>876</u>

As permitted by S.408 of the Companies Act 2006, no profit and loss account of the company is presented. The company made a profit of £4 (2013: £334) in the year ended 31 March 2014.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

17. RECONCILIATION OF SHAREHOLDERS' (DEFICIT)/FUNDS

Group

	<u>2014</u> £	<u>2013</u> £
Opening shareholders' deficit	(223,940)	(221,996)
Profit/(loss) for the financial year	96,998	(1,944)
Closing shareholders' deficit	<u>(126,942)</u>	<u>(223,940)</u>

Company

	<u>2014</u> £	<u>2013</u> £
Opening shareholders' funds	120,872	120,538
Profit for the financial year	4	334
Closing shareholders' funds	<u>120,876</u>	<u>120,872</u>

18. ANALYSIS OF NET DEBT

	At 1 April <u>2013</u> £	Cash Flow <u>£</u>	Other non cash <u>movement</u> £	At 31 March <u>2014</u> £
Cash at bank and in hand	2,806,588	526,665	-	3,333,253
Investments - short term deposits	10,559,300	(241,949)	-	10,317,351
Loans due within one year	(5,605,598)	5,484,257	(6,610,649)	(6,731,990)
Loans due after one year	(186,579,026)	-	6,489,618	(180,089,408)
Net debt	<u>(178,818,736)</u>	<u>5,768,973</u>	<u>(121,031)</u>	<u>(173,170,794)</u>

Other non cash movement relates to FRS4 amortisation (see note 13).

19. DERIVATIVES NOT INCLUDED AT FAIR VALUE

At the balance sheet date the group had the following open derivatives that were not included in the accounts at fair value.

	<u>2014</u> £	<u>2013</u> £
Fair value of derivative:		
Loss on interest rate swaps		
BNP term loan (note 13 (a))	13,460,832	19,826,120
NIBC term loan (note 13 (d))	5,498,610	8,834,930
	<u>18,959,442</u>	<u>28,661,050</u>

The interest rate swap applying to the BNP term loan matures on 30 December 2033. The interest rate swap applying to the NIBC term loan matures on 31 March 2036.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

20. RELATED PARTY TRANSACTIONS

The group has entered into the following material transactions with related parties:

On 26 November 2009 the group entered into a contract with Sir Robert McAlpine Limited, a group member of one of the group's shareholders for the construction of four schools in Newcastle. These schools are being constructed under a Private Finance Initiative project. An amount of £Nil (2013: £2,359,910) was payable under this contract during the year and has been included within the finance debtor. £142,781 (2013: £639,964) was unpaid at the year end and included within accruals and deferred income due within one year.

The group has also entered into a number of design and build contracts with Sir Robert McAlpine Limited for the construction of schools and other community buildings in Newcastle. An amount of £8,710,959 (2013: £7,094,516) was payable under these contracts during the year and £514,435 (2013: £449,897) was unpaid at the year end and included within accruals and deferred income due within one year.

Robertson Facilities Management Limited, Robertson Construction NEE Limited, Robertson Capital Projects Limited and Robertson Group Limited were until 27 September 2013 group members of one of the group's shareholders. Amounts totalling £2,404,119 (2013: £3,575,805) were payable to this date for the provision of offices and construction and facilities management services. Of this, £5,106 (2013: £295,372) was unpaid at the year end and included within accruals and deferred income due within one year.

During the year an amount of £5,805 (2013: £20,304) was payable in respect of running costs and other services to Parsons Brinckerhoff Limited, a group member of one of the group's shareholders. Of this, £1,278 (2013: £5,573) was unpaid at the year end and included within accruals and deferred income due within one year.

Amounts totalling £402,698 (2013: £441,593) were payable to Sir Robert McAlpine Capital Ventures Limited, Sir Robert McAlpine Limited and Parsons Brinckerhoff Limited during the year for the provision of staff and other services. £34,465 (2013: £54,476) was unpaid at the year end and included within accruals and deferred income due within one year.

Fees of £56,911 (2013: £155,759) were payable to the group's shareholders for directors' and management services during the year, and £41,875 (2013: £67,611) was included within accruals and deferred income due within one year at the year end, as follows:

	Fees payable 2014 £	Fees payable 2013 £	Fees accrued 2014 £	Fees accrued 2013 £
Sir Robert McAlpine Capital Ventures Limited	15,312	44,958	6,253	6,056
Elgin BSF Limited	15,312	44,958	6,253	40,056
Parsons Brinckerhoff Overseas Holdings Limited	15,312	34,959	19,881	7,499
Building Schools for the Future Investments LLP	6,975	16,884	5,488	-
The Council of the City of Newcastle upon Tyne	4,000	14,000	4,000	14,000
	<u>56,911</u>	<u>155,759</u>	<u>41,875</u>	<u>67,611</u>

During September 2009, loan notes of £10,092,000 were provided by the group's shareholders. Repayments of £450,074 (2013: £455,816) have been made during the year. Interest of £1,069,828 (2013: £1,151,336) was payable on these loan notes during the year, and £532,690 (2013: £560,729) is included within accruals and deferred income due within one year at the year end.

A loan of £8,045,000 was provided by the group's shareholders during the year to 31 March 2010. Interest of £232,151 was payable on this loan and interest of £187,495 had been capitalised into the loan during the year ended 31 March 2013. On 28 August 2012 the loan together with capitalised interest of £1,171,876 was repaid in full.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

20. RELATED PARTY TRANSACTIONS (CONTINUED)

On 28 August 2012 loan notes of £9,216, 876 were provided by the group's shareholders. Repayments of £266,354 (2013: £Nil) have been made during the year. Interest of £1,105,570 (2013: £665,610) was payable on this loan during the year, and £547,164 (2013: £563,447) is 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 (2013: £15,000) were payable in respect of the facility during the year, and £15,000 (2013: £6,000) was unpaid at the year end and included in accruals and deferred income due within one year. Commitment fees of £8,750 (2013: £8,750) were also payable in respect of the facility during the year, and £3,258 (2013: £2,158) was unpaid at the year end and included in accruals and deferred income due within one year.

21. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.