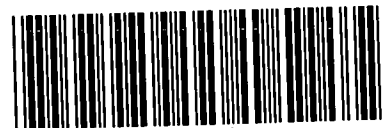


COMPANY REGISTRATION NUMBER: 06034462

Aura Holdings (Newcastle) Limited
Annual Report and Consolidated Financial
Statements
31 March 2021

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Aura Holdings (Newcastle) Limited
Annual Report and Consolidated Financial Statements
Year Ended 31 March 2021

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Aura Holdings (Newcastle) Limited

Officers and Professional Advisers

The Board of Directors

J S Gordon
P K Johnstone
R J W Wotherspoon

Company Secretary

Infrastructure Managers Limited

Registered Office

Cannon Place
78 Cannon Street
London
England
EC4N 6AF

Independent Auditors

RSM UK Audit LLP
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Aura Holdings (Newcastle) Limited

Strategic Report

Year Ended 31 March 2021

The directors present their strategic report on Aura Holdings (Newcastle) Limited ("the Company") for the year ended 31 March 2021.

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. The company intends to continue holding its investments in its subsidiaries.

Aura Newcastle Limited manages the operation of the Group's Private Finance Initiative (PFI) projects. In addition, the company provides 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) Holdings Company Limited is a holding company and its only asset is its investment in Aura (Newcastle) Project Company Limited. The principal activity of Aura (Newcastle) Project Company Limited for the year under review was that of providing and operating seven schools in Newcastle upon Tyne as part of a Private Finance Initiative project. The contract is in year 11 of its term expiring August 2033. The companies intend to continue providing and operating the schools in line with the PFI agreement.

Aura (Newcastle) Holdings Company Phase 2 Limited is a holding company and its only asset is its investment in Aura (Newcastle) Project Company Phase 2 Limited. The principal activity of Aura (Newcastle) Project Company Phase 2 Limited for the year under review was to provide and operate four schools in Newcastle upon Tyne under a Private Finance Initiative project. The contract is in year 12 of its term expiring March 2037. The companies intend to continue providing and operating the schools in line with the PFI agreement.

Aura Holdings (Newcastle) Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

Review of the Business

The Group and its subsidiaries have performed in line with directors' expectations and model forecasts with the results for the year detailed in the Directors' Report.

Covid-19 was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. The directors have considered the current and future financial impact to the Company of Covid-19, taking into account the sources of income and expenditure. Throughout the pandemic the underlying investment has continued to perform in line with modelled expectations. It is the directors' view that this performance is expected to continue.

Going Concern

The directors acknowledge that the Group is in net liabilities, however this is a result of the interest rate swap, which is significantly out of the money, being included in the Statement of Financial Position. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Cash flow forecasts are prepared for the underlying investment looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Key Performance Indicators

The group utilises many operational and financial key performance indicators (KPIs) including turnover and pre-tax profits to monitor its business performance against agreed targets. As per the groups profit and loss accounts, the group recognised turnover for the year of £16,070,249 (2020: £9,462,347) and made a pre-tax profit of £1,326,445 (2020: £1,376,538).

Further performance indicators of the Group include the monitoring of cash, which is assessed six monthly by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The group performance has been modelled across the full term of the group's PFI concessions, with no adverse findings to financial covenants and ratios. Annual budgets are prepared against which actual performance is regularly monitored by the directors. At 31 March 2021 the group's performance against budget was considered satisfactory and compliant with the covenants laid out in the Group loan agreement.

Aura Holdings (Newcastle) Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

Principal risks and uncertainties

Due to the nature of the Group's business, the financial risks the directors consider relevant to this Group are credit, interest rate, cash flow and liquidity risk. The credit risk is not considered significant as the client is a quasi-governmental organisation.

Interest rate risk

The financial risk management objectives of the Group are to ensure that financial risks are mitigated by the use of financial instruments. The Group uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

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.

Cash flow and liquidity risk

Many of the cash flow risks are addressed by means of contractual provisions. The Group's liquidity risk is principally managed through financing the Group by means of long-term borrowings.

Aura Holdings (Newcastle) Limited

Strategic Report *(continued)*

Year Ended 31 March 2021

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 the 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.

The group uses financial instruments, interest rate swaps, in order to hedge the future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows.

This report was approved by the board of directors on 24th September 2021, and signed on behalf of the board by

Peter Johnstone

Peter Johnstone [Sep 24, 2021 10:18 GMT+1]

P K Johnstone
Director

Aura Holdings (Newcastle) Limited

Directors' Report

Year Ended 31 March 2021

The directors present their report and the audited Annual Report and Consolidated Financial Statements of Aura Holdings (Newcastle) Limited ("the Company") for the year ended 31 March 2021.

Directors

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

J S Gordon
P K Johnstone
R J W Wotherspoon

Performance Review

The profit for the financial year, after taxation, amounted to £916,961 (2020: £901,088).

The profit for the financial year will be transferred to reserves.

Dividends

Particulars of dividends paid are detailed in note 10 to the financial statements.

Qualifying Third Party Indemnity Provisions

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

Disclosure of Information to Auditors

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

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

This report was approved by the board of directors on 24th September 2021, and signed by order of the board by:

Peter Johnstone

Peter Johnstone (Sep 24, 2021 10:18 GMT+1)

P K Johnstone
Director

Aura Holdings (Newcastle) Limited

Directors' Responsibilities Statement

Year Ended 31 March 2021

The directors are responsible for preparing the Strategic Report, Directors' Report and the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the Annual Report and Consolidated Financial Statements for each financial year. Under that law the directors have elected to prepare the Annual Report and Consolidated 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 Annual Report and Consolidated 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 the profit or loss of the group for that period.

In preparing the Annual Report and Consolidated Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, subject to any material departures disclosed and explained in the Annual Report and Consolidated Financial Statements; and
- prepare the Annual Report and Consolidated 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

Year Ended 31 March 2021

Opinion

We have audited the consolidated financial statements of Aura Holdings (Newcastle) Limited (the parent 'Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the parent Company's affairs as at 31 March 2021, and of its 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Aura Holdings (Newcastle) Limited

Independent Auditor's Report to the Members of Aura Holdings (Newcastle) Limited *(continued)*

Year Ended 31 March 2021

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 Annual Report and Consolidated Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Aura Holdings (Newcastle) Limited

Independent Auditor's Report to the Members of Aura Holdings (Newcastle) Limited *(continued)*

Year Ended 31 March 2021

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;

- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The group audit engagement team identified the risk of management override of controls as an area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Group and parent 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.

RSM UK Audit LLP

Linda Gray CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Sep 28, 2021

Aura Holdings (Newcastle) Limited
Consolidated Statement of Comprehensive Income
Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	16,070,249	9,462,347
Cost of sales		(14,648,966)	(7,643,334)
Gross profit		1,421,283	1,819,013
Administrative expenses		(488,811)	(853,920)
Operating profit		932,472	965,093
Interest receivable and similar income	7	10,318,721	10,766,671
Interest payable and similar expenses	8	(9,924,748)	(10,355,226)
Profit before taxation		1,326,445	1,376,538
Tax on profit	9	(252,024)	(259,361)
Profit for the financial year		1,074,421	1,117,177
Fair value movements on cash flow hedging instruments, net of tax		4,475,779	(583,495)
Total comprehensive income for the year		5,550,200	533,682
Profit for the financial year attributable to:			
The owners of the parent company		916,961	901,088
Non-controlling interests		157,460	216,089
		1,074,421	1,117,177
Total comprehensive income for the year attributable to:			
The owners of the parent company		5,392,740	317,593
Non-controlling interests		157,460	216,089
		5,550,200	533,682

All the activities of the group are from continuing operations.

The notes on pages 18 to 36 form part of these Annual Report and Consolidated Financial Statements.

Aura Holdings (Newcastle) Limited

Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	12	6,900,074	7,259,886
Debtors: amounts falling due after more than one year	12	125,339,474	135,103,345
Cash at bank and in hand		24,469,615	21,553,806
		<u>156,709,163</u>	<u>163,917,037</u>
Creditors: amounts falling due within one year	13	<u>(11,122,781)</u>	<u>(11,211,380)</u>
Net current assets		<u>145,586,382</u>	<u>152,705,657</u>
Total assets less current liabilities		<u>145,586,382</u>	<u>152,705,657</u>
Creditors: amounts falling due after more than one year	14	<u>(159,180,598)</u>	<u>(171,573,190)</u>
Net liabilities		<u>(13,594,216)</u>	<u>(18,867,533)</u>
Capital and reserves			
Called up share capital	17	120,000	120,000
Other reserves, including the fair value reserve	18	(17,981,682)	(22,457,461)
Profit and loss account	18	3,454,920	2,759,465
Equity attributable to the owners of the parent company		<u>(14,406,762)</u>	<u>(19,577,996)</u>
Non-controlling interests		<u>812,546</u>	<u>710,463</u>
		<u>(13,594,216)</u>	<u>(18,867,533)</u>

The Financial Statements were approved by the board of directors and authorised for issue on 24th September 2021, and are signed on behalf of the board by:

Peter Johnstone

Peter Johnstone (Sep 24, 2021 10:16 GMT+1)

P K Johnstone
Director

Company registration number: 06034462

The notes on pages 18 to 36 form part of these Annual Report and Consolidated Financial Statements.

Aura Holdings (Newcastle) Limited

Company Statement of Financial Position

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	11	11,217,528	11,359,418
Current assets			
Debtors: amounts falling due within one year	12	768,936	817,546
Cash at bank and in hand		6,261	902
		<u>775,197</u>	<u>818,448</u>
Creditors: amounts falling due within one year	13	<u>(1,078,759)</u>	<u>(817,545)</u>
Net current assets		<u>(303,553)</u>	<u>903</u>
Total assets less current liabilities		<u>10,913,975</u>	<u>11,360,321</u>
Creditors: amounts falling due after more than one year	14	<u>(10,793,106)</u>	<u>(11,239,418)</u>
Net assets		<u>120,869</u>	<u>120,903</u>
Capital and reserves			
Called up share capital	17	120,000	120,000
Profit and loss account	18	869	903
Total shareholders' funds		<u>120,869</u>	<u>120,903</u>

The profit for the financial year of the parent company was £221,472 (2020: £29,386).

The Financial Statements were approved by the board of directors and authorised for issue on 24th September 2021, and are signed on behalf of the board by:

Peter Johnstone

Peter Johnstone (Sep 24, 2021 10:18 GMT+1)

P K Johnstone
Director

Company registration number: 06034462

The notes on pages 18 to 36 form part of these Annual Report and Consolidated Financial Statements.

Aura Holdings (Newcastle) Limited
Consolidated Statement of Changes in Equity
Year Ended 31 March 2021

	Called up share capital £	Other reserves, including the fair value reserve £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non-controlli ng interests £	Total £
At 1 April 2019	120,000	(21,873,966)	1,887,750	(19,866,216)	501,717	(19,364,499)
Profit for the financial year	–	–	901,088	901,088	216,089	1,117,177
Other comprehensive income/(expense) for the year:						
Fair value movements on cash flow hedging instruments, net of tax	–	(583,495)	–	(583,495)	–	(583,495)
Total comprehensive income for the year	–	(583,495)	901,088	317,593	216,089	533,682
Dividends paid and payable 10	–	–	(29,373)	(29,373)	(7,343)	(36,716)
Total investments by and distributions to owners	–	–	(29,373)	(29,373)	(7,343)	(36,716)
At 31 March 2020	120,000	(22,457,461)	2,759,465	(19,577,996)	710,463	(18,867,533)
Profit for the financial year	–	–	916,961	916,961	157,460	1,074,421
Other comprehensive income/(expense) for the year:						
Fair value movements on cash flow hedging instruments, net of tax	–	4,475,779	–	4,475,779	–	4,475,779
Total comprehensive income for the year	–	4,475,779	916,961	5,392,740	157,460	5,550,200

The consolidated statement of changes in equity
continues on the following page.

The notes on pages 18 to 36 form part of these Financial Statements.

Aura Holdings (Newcastle) Limited

Consolidated Statement of Changes in Equity *(continued)*

Year Ended 31 March 2021

		Called up share capital £	Other reserves, including the fair value reserve £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non-controlli ng interests £	Total £
Dividends paid and payable	10	—	—	(221,506)	(221,506)	(55,377)	(276,883)
Total investments by and distributions to owners		—	—	(221,506)	(221,506)	(55,377)	(276,883)
At 31 March 2021		<u>120,000</u>	<u>(17,981,682)</u>	<u>3,454,920</u>	<u>(14,406,762)</u>	<u>812,546</u>	<u>(13,594,216)</u>

Included in the fair value movement on cash flow hedging instruments is £3,193,705 (2020: £3,007,647) that was recycled through Interest Payable in the Statement of Comprehensive Income.

The notes on pages 18 to 36 form part of these Financial Statements.

Aura Holdings (Newcastle) Limited
Company Statement of Changes in Equity
Year Ended 31 March 2021

		Called up share capital £	Profit and loss account £	Total £
At 1 April 2019		120,000	889	120,889
Profit for the financial year		—	29,386	29,386
Total comprehensive income for the year		—	29,386	29,386
Dividends paid and payable	10	—	(29,372)	(29,372)
Total investments by and distributions to owners		—	(29,372)	(29,372)
At 31 March 2020		120,000	903	120,903
Profit for the financial year		—	221,472	221,472
Total comprehensive income for the year		—	221,472	221,472
Dividends paid and payable	10	—	(221,506)	(221,506)
Total investments by and distributions to owners		—	(221,506)	(221,506)
At 31 March 2021		<u>120,000</u>	<u>869</u>	<u>120,869</u>

The notes on pages 18 to 36 form part of these Financial Statements.

Aura Holdings (Newcastle) Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash generated from operations	20	8,582,674	6,592,961
Tax paid		(238,673)	(354,476)
Net cash from operating activities		<u>8,344,001</u>	<u>6,238,485</u>
Cash flows from investing activities			
Interest received		10,318,721	10,766,671
Net cash from investing activities		<u>10,318,721</u>	<u>10,766,671</u>
Cash flows from financing activities			
Repayments of borrowings		(5,866,588)	(5,017,978)
Interest paid		(9,603,442)	(10,355,226)
Dividends paid		(276,883)	(36,716)
Net cash used in financing activities		<u>(15,746,913)</u>	<u>(15,409,920)</u>
Net increase in cash and cash equivalents		2,915,809	1,595,236
Cash and cash equivalents at beginning of year		21,553,806	19,958,570
Cash and cash equivalents at end of year		<u>24,469,615</u>	<u>21,553,806</u>

The notes on pages 18 to 36 form part of these Annual Report and Consolidated Financial Statements.

Aura Holdings (Newcastle) Limited

Notes to the Annual Report and Consolidated Financial Statements

Year Ended 31 March 2021

1. General Information

Aura Holdings (Newcastle) Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The principal activity of the company during the year was that of being a holding company.

The Company and Group's functional and presentation currency is the pound sterling.

2. Statement of Compliance

The individual financial statements of Aura Holdings (Newcastle) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Accounting Policies

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Groups accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

(b) Going concern

The directors acknowledge that the Group is in net liabilities, however this is a result of interest rate swaps, which are significantly out of the money, being included in the Statement of Financial Position. It is not the intention to close out these instruments before their maturity date, therefore there is no impact on the Group's ability to meet its liabilities as they fall due. After reviewing the forecasts and projections for the subsidiary companies, covering a period of at least 12 months from the date of approval of these financial statements through to 30 September 2022, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for this period.

Cash flow forecasts are prepared for the underlying investment looking over the expected life of the asset and so including the 12 month period from the date the financial statements are signed. In drawing up these forecasts, the directors have made assumptions based upon their view of the current and future economic conditions, including the impact of Covid-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investment. After reviewing the performance of the investment, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

The going concern basis is therefore considered appropriate, and has been applied in the preparation of the financial statements.

(c) Disclosure exemptions

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

(a) No cash flow statement has been presented for the Company.

(d) Consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Where subsidiary undertakings are acquired during the period their results are included in the consolidated financial statements from the date of acquisition up to the date of the financial period end.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual Statement of Comprehensive Income.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

(e) Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

(f) Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's Statement of Financial Position, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and/or value in use of the potentially impaired asset or assets and compare that with the carrying value of the asset or assets in the Statement of Financial Position. Any reduction in value arising from such a review would be recorded in the Statement of Comprehensive Income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

ii) 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.

iii) 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.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

(g) Revenue recognition

Turnover represents the services' share of the management services income received by the Group for the provision of a PFI (Private Finance Initiative) asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance debtor interest and reimbursement of finance debtor so as to generate a constant rate of return in respect of the finance debtor over the life of the contract.

Turnover represents fees receivable together with recharges of costs relating to educational 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.

(h) Finance debtor

The Company has taken the transition exemption in FRS 102 Section 35.10(i) that allows the Company to continue the service concession arrangement accounting policies from previous UK GAAP.

The Company is accounting for the concession asset based on the ability to substantially transfer all the risks and rewards of ownership to the customer, with this arrangement the costs incurred by the Company on the design and construction of the assets have been treated as a finance debtor within these financial statements.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

(i) Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is also recognised on the revaluations of derivative financial instruments, with the movements going through the Statement of Comprehensive Income.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the deferred tax asset or liability.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Borrowings

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

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

(l) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

(m) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

(n) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and subsequently at amortised cost, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the Statement of Comprehensive Income, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

3. Accounting Policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in the Statement of Comprehensive Income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

(o) Hedge accounting

As discussed in the Strategic report, the Company has identified exposure to interest rates as a risk and has therefore entered into an arrangement with third parties that is designed to hedge future cash flows arising on variable rate interest loan arrangements, with the net effect of exchanging the cash flows arising under those arrangements for a stream of fixed interest cash flows ("interest rate swaps").

To qualify for hedge accounting, documentation is prepared specifying the hedging strategy, the component transactions and methodology used for effectiveness measurement. Changes in the carrying value of financial instruments that are designated and effective as hedges of future cash flows ("cash flow hedges") are recognised directly in a hedging reserve in equity and any ineffective portion is recognised immediately in the Statement of Comprehensive Income. Amounts deferred in equity in respect of cash flow hedges are subsequently recognised in the Statement of Comprehensive Income in the same period in which the hedged item affects net profit or loss or the hedging relationship is terminated and the underlying position being hedged has been extinguished.

The Company has elected to early adopt the FRS 102 Interest Rate Benchmark Reform Amendment. This has no impact on the financial position presented.

4. Turnover

Turnover arises from:

	2021 £	2020 £
Revenue from PFI Contracts	6,148,546	6,233,878
Revenue from Professional services	9,921,703	3,228,469
	<u>16,070,249</u>	<u>9,462,347</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

4. Turnover *(continued)*

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

5. Auditor's Remuneration

	2021 £	2020 £
Fees payable for the audit of the annual report and consolidated financial statements	<u>27,870</u>	<u>26,898</u>

6. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2020: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2020: £nil). £61,571 (2020: £65,049) was payable to the controlling shareholders for directorial services.

7. Interest Receivable and Similar Income

	2021 £	2020 £
Interest on cash and cash equivalents	56,981	139,470
Finance debtor interest receivable	<u>10,261,740</u>	<u>10,627,201</u>
	<u>10,318,721</u>	<u>10,766,671</u>

8. Interest Payable and Similar Expenses

	2021 £	2020 £
Interest on bank loans and overdrafts	9,497,386	10,232,316
Other interest payable and similar expenses	<u>427,362</u>	<u>122,910</u>
	<u>9,924,748</u>	<u>10,355,226</u>

9. Tax on Profit

Major components of tax (income)/expense

	2021 £	2020 £
Current tax:		
UK current tax (income)/expense	<u>252,024</u>	<u>259,361</u>
Tax on profit	<u>252,024</u>	<u>259,361</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

9. Tax on Profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit for the year is the same as (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit before taxation	1,326,445	1,376,538
Profit before taxation by rate of tax	252,024	261,542
Effect of expenses not deductible for tax purposes	–	(2,181)
Total tax charge	252,024	259,361

Factors that may affect future tax expense

A change to the future UK corporation tax rate was announced in the March 2021 Budget. The rate will increase from 19% to 25% with effect from 1 April 2023. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 March 2021, would be to increase the deferred tax asset by £1,476,914.

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Total dividend paid in the year of £2.31 per share (2020: £0.31).	276,883	36,716	221,472	29,372

11. Investments

The group has no investments.

Company	Shares in Group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 April 2020 and 31 March 2021	120,000	11,097,528	11,217,528
Impairment			
At 1 April 2020 and 31 March 2021	–	–	–
Carrying amount			
At 1 April 2020 and 31 March 2021	120,000	11,097,528	11,217,528
At 31 March 2020	120,000	11,097,528	11,217,528

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

11. Investments *(continued)*

Subsidiaries, associates and other investments

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
Aura Newcastle Limited	St James Boulevard Newcastle Upon Tyne NE1 4JE	Ordinary £1	80
Aura (Newcastle) Holding Company Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary £1	80
Aura (Newcastle) Holding Company Phase 2 Limited	Cannon Place 78 Cannon Street London EC4 6AF	Ordinary £1	80
Aura (Newcastle) Project Company Limited	Cannon Place 78 Cannon Street London EC4 6AF	Ordinary £1	80
Aura (Newcastle) Project Company Phase 2 Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary £1	80

The results and capital and reserves for the year are as follows:

Subsidiary undertakings	Capital and reserves		Profit/(loss) for the year	
	2021 £	2020 £	2021 £	2020 £
Aura Newcastle Limited	960,815	800,969	187,534	106,994
Aura (Newcastle) Holding Company Limited	50,000	50,000	–	–
Aura (Newcastle) Holding Company Phase 2 Limited	50,000	50,000	–	–
Aura (Newcastle) Project Company Limited	(8,692,814)	(11,500,230)	549,608	635,947
Aura (Newcastle) Project Company Phase 2 Limited	<u>5,850,680</u>	<u>(8,159,176)</u>	<u>367,408</u>	<u>374,221</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

12. Debtors

Debtors amounts falling due within one year are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	388,609	1,201,547	12,691	–
Amounts owed by Group undertakings	–	–	735,237	783,043
Prepayments and accrued income	272,015	214,007	21,000	34,500
Corporation tax repayable	1,435	14,786	5	–
Finance debtor	6,238,015	5,829,546	–	–
Other debtors	–	–	3	3
	<u>6,900,074</u>	<u>7,259,886</u>	<u>768,936</u>	<u>817,546</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Deferred tax asset	4,217,925	5,267,800	–	–
Finance debtor	121,121,549	129,835,545	–	–
	<u>125,339,474</u>	<u>135,103,345</u>	<u>–</u>	<u>–</u>

The movement in the finance debtor is analysed as follows:

	2021	2020
	£	£
At beginning of year	135,665,091	142,982,321
Repayments	(8,305,527)	(7,317,230)
At end of year	<u>127,359,564</u>	<u>135,665,091</u>

13. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	6,370,554	5,976,736	–	–
Trade creditors	1,053,414	955,328	27,342	–
Amounts owed to Group undertakings	1,018,996	697,690	983,792	697,690
Accruals and deferred income	1,452,647	2,206,390	67,616	119,853
Corporation tax	–	–	–	2
Taxation and social security	979,381	1,149,159	–	–
Other creditors	247,789	226,077	–	–
	<u>11,122,781</u>	<u>11,211,380</u>	<u>1,078,750</u>	<u>817,545</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

14. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	123,726,145	129,986,551	–	–
Amounts owed to Group undertakings	13,254,846	13,861,379	10,793,106	11,239,418
Derivative financial liability	22,199,607	27,725,260	–	–
	<u>159,180,598</u>	<u>171,573,190</u>	<u>10,793,106</u>	<u>11,239,418</u>

Group

a) The bank loan consists of debt from three institutions, BNP Paribas, NIBC and EIB.

- The BNP Paribas 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 full drawn down and is repayable in semi-annual instalments from 31 March 2011 to 30 September 2033. At the year end the total outstanding balance due to BNP Paribas is £36,672,580 (2020: £38,301,369), of which issue costs of £134,224 (2020: £152,307) have been offset against the total loans drawn down. Additionally, a change in law facility of £1,219,665 (2020: 1,285,000) was made available by BNP Paribas.

- The first EIB loan bears interest at 5.589% plus an applicable margin of 0.15%. The loan has been full drawn down and is repayable in semi-annual instalments from 31 March 2010 to 30 September 2033. At the year end the total sum outstanding due to EIB is £35,674,385 (2020: £37,698,595), of which issue costs of £83,202 (2020: £94,411) have been offset against the total loans drawn down.

- The NIBC loan bears interest at LIBOR plus an applicable margin plus the Mandatory Cost. The applicable margin ranges between 2.5%- 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. At the year end the total outstanding balance due to NIBC is £28,859,191 (2020: £29,967,632), of which issue costs of £325,000 (2020: £362,977) have been offset against the total loans drawn down. Additionally, a change in law facility of £2,000,723 (2020: 2,105,000) was made available by NIBC.

- The second EIB loan bears interest at 4.616% plus an applicable margin of 0.4%. The loan is repayable in semi-annual instalments from 30 September 2012 to 31 March 2036. At the year end the total outstanding balance due to EIB is £29,403,449 (2020: £30,695,448), of which issue costs of £80,639 (2020: £90,060) have been offset against the total loans drawn down.

The loans are part of the senior debt facility and are secured by a fixed and floating charge over the assets of the company.

b) Amounts owed to Group undertakings

During September 2009 the Company issued 10,092,000 £1 unsecured loan notes 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. By 31 March 2021 2,625,729 loan notes have been repaid at par. Issue costs of £100,577 (2020: £108,701) have been offset against the total liability. The loan notes are held by the company's immediate parent and are subordinate to the other loans. At the year end the subordinate debt held by the group's shareholders was as followings; Aura DC Limited £2,239,881 (2020: £2,257,881); Elgin BSF Limited £2,239,881

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

14. Creditors: amounts falling due after more than one year *(continued)*

(2020: £2,257,881); PPD I Assetco Limited £1,493,254 (2020: £1,505,255); Dalmore Capital (Para 1) Limited £1,418,591 (2020: £1,429,991) and The Council of the City of Newcastle upon Tyne £74,663 (2020: £75,263).

On 28 August 2012 the Company issued 9,217,000 £1 loan notes 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. By 31 March 2021 2,811,360 loan notes have been repaid at par. Issue costs of £66,701 (2020: £79,139) have been offset against the total liability. The loan notes are held by the company's immediate parent and are subordinate to the other loans. At the year end the subordinate debt held by the group's shareholders was as follows; Aura DC Limited £1,921,692 (2020: £1,956,900); Elgin BSF Limited £1,921,692 (2020: £1,956,900); PPD I Assetco Limited £1,281,128 (2020: £1,304,600); Dalmore Capital (Para 1) Limited £1,217,072 (2020: £1,239,370) and The Council of the City of Newcastle upon Tyne £64,056 (2020: £65,230).

Company

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. By 31 March 2021 2,100,984 notes had been repaid at par. The loan notes are held by the company's shareholders as follows; Aura DC Limited £2,239,881 (2020: £2,257,881); Elgin BSF Limited £2,239,881 (2020: £2,257,881); PPD I Assetco Limited £1,493,254 (2020: £1,505,255).

During August 2012 7,347,000 £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. By 31 March 2021 2,222,488 loan notes had been repaid at par. The loan notes are held by the company's shareholders as follows; Aura DC Limited £1,921,692 (2020: £1,956,900); Elgin BSF Limited £1,921,692 (2020: £1,956,900); PPD I Assetco Limited £1,281,128 (2020: £1,304,600).

A working capital facility of £400,000 is also made available by the company's shareholders.

Included within creditors: amounts falling due after more than one year is an amount of £110,516,279 (2020: £112,928,632) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

15. Deferred Tax

The deferred tax included in the Statement of Financial Position is as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in debtors (note 12)	<u>4,217,925</u>	<u>5,267,800</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Fair value adjustment of financial assets	<u>(4,217,925)</u>	<u>(5,267,800)</u>	<u>–</u>	<u>–</u>

	2021
	£
Opening balance	(5,267,800)
Movement through other comprehensive income	<u>1,049,875</u>
Closing balance	<u>(4,217,925)</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

16. Financial Instruments

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

Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	<u>22,199,607</u>	<u>27,725,260</u>	<u>—</u>	<u>—</u>

The fair values of the interest rate swap have been calculated by discounting the fixed cash flows at forecasted forward interest rates over the term of the financial instrument. The bank borrowing and finance debtor are both held at amortised cost.

17. Called Up Share Capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

There is a single class of ordinary share. There are no restrictions on the distribution of the dividends and the repayment of capital.

18. Reserves

The cash flow hedge reserve records fair value movements on cash flow and net investment hedging instruments.

Retained earnings records retained earnings and accumulated losses.

19. Hedging Reserve

The following movements on the hedging reserve are included within other reserves, including the fair value reserve in the statement of changes in equity:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
At start of year	(22,457,461)	(21,873,966)	—	—
Fair value movements on cash flow hedging instruments	<u>4,475,779</u>	<u>(583,495)</u>	<u>—</u>	<u>—</u>
At end of year	<u>(17,981,682)</u>	<u>(22,457,461)</u>	<u>—</u>	<u>—</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

20. Cash Generated from Operations

	2021 £	2020 £
Profit for the financial year	1,074,421	1,105,308
<i>Adjustments for:</i>		
Interest receivable and similar income	(10,318,721)	(10,766,671)
Interest payable and similar expenses	9,924,748	10,355,226
Tax on profit	252,024	270,102
<i>Changes in:</i>		
Trade and other debtors	9,060,457	6,535,927
Trade and other creditors	(1,410,255)	(906,931)
	<u>8,582,674</u>	<u>6,592,961</u>

21. Analysis of Changes in Net Debt

	At 1 Apr 2020 £	Cash flows £	Other changes £	At 31 Mar 2021 £
Cash at bank and in hand	21,553,806	2,915,809	–	24,469,615
Debt due within one year	(7,099,727)	(322,051)	19,127	(7,402,651)
Debt due after one year	(143,597,042)	6,552,842	(95,533)	(137,137,733)
	<u>(129,142,963)</u>	<u>9,146,600</u>	<u>(74,406)</u>	<u>(120,070,769)</u>

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

22. Related Party Transactions

Group

The following disclosures are with entities in the Group that are not wholly owned. The transactions have been entered into at arms length, normal commercial terms:

The Group has entered into a number of contracts with Sir Robert McAlpine Limited, a fellow subsidiary of one of the company's ultimate shareholders, for the construction of schools and other community buildings in Newcastle. An amount of £725 (2020: £143,872) was payable under these contracts during the year and £725 (2020: £16,718) was unpaid at the year end and included within accruals and deferred income due within one year.

Amounts totalling £62,135 (2020: £35,250) were receivable during the year from Merit Holdings Limited, a company controlled by a close family member of the Chief Executive Officer, in return for consultancy and marketing services provided. £49,740 (2020: £23,064) was outstanding at the year end and included within trade debtors.

Amounts totalling £311,656 (2020: £312,264) were payable during the year to Sir Robert McAlpine Capital Ventures Limited, one of the company's ultimate shareholders, and Sir Robert McAlpine Limited for the provision of staff and other services. £65,138 (2020: £50,977) was unpaid at the year end and included within accruals and deferred income due within one year.

Robertson Group Limited, Robertson CE Limited, Robertson Strategic Asset Management Limited and Robertson Facilities Management Limited are group members of one of the company's ultimate shareholders. Amounts totalling £9,434,526 (2020: £794,833) were payable during the year for the provision of staff, offices, construction and facilities management services. £278,760 (2020: £230,657) was unpaid at the year end and included within accruals and deferred income due within one year. Fees of £57,071 (2020: £65,046) were payable to the company's shareholders for directors' and management services during the year, and £43,608 (2020: £85,709) was unpaid at the year end and included in accruals and deferred income. £13,036 (2020: £18,682) is payable to each of Aura DC Limited, Elgin BSF Limited and PPD Assetco Ltd (Shareholders of the Group). A further £4,500 (2020: £4,500) was payable to Dalmore Capital (Para 1) Ltd and £nil (2020: £4,500) to The Council of the City of Newcastle upon Tyne.

A working capital loan facility of £400,000 was provided by the Group's shareholders during the current and prior years. Arrangement fees of £10,250 (2020: £12,000) were payable in respect of the facility in the year, and £18,000 (2020: £34,500) was outstanding at the year end, recorded in accruals and deferred income. Commitment fees of £8,750 (2020: £7,000) were also payable in respect of the facility during the year. At the year end £10,507 was unpaid and recorded in accruals and deferred income (2020: £13,144).

In September 2009, loan notes of £10,092,000 were provided by the Group's shareholders. Repayments of £60,000 (2020: £260,000) have been made during the year. Interest of £550,142 (2020: £934,654) was payable on the loan notes during the year, with £457,755 (2020: £466,398) included in accruals and deferred income at the year end.

In August 2012 loan notes of £9,217,000 were provided by the Group's shareholders. Repayments of £117,362 (2020: £334,289) were made in the year. Interest of £469,863 (2020: £813,807) was payable on this loan during the year, with £391,746 (2020: £405,715) included in accruals and deferred income at the year end.

The cost of the audit has been borne by Aura (Newcastle) Project Company Limited and Aura (Newcastle) Project Company Phase 2 Limited.

Aura Holdings (Newcastle) Limited

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

Year Ended 31 March 2021

23. Controlling Party

There is no ultimate controlling party.