

**AURA (NEWCASTLE) PROJECT COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 2011**

THURSDAY



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COMPANIES HOUSE

**Registered in England and Wales No. 6064430**

# **AURA (NEWCASTLE) PROJECT COMPANY LIMITED**

## **REPORT OF THE DIRECTORS**

Directors	D R V Luscombe	
	R J W Wotherspoon	
	A P Fordyce	
	K J Thirlwell	
	B M Cashin	(resigned 11 August 2011)
	A Waddington	(appointed 16 August 2011)
Secretary	R P Walker	

The directors present their report and the financial statements for the year ended 31 March 2011

### **1 RESULTS FOR THE YEAR**

The loss for the year on ordinary activities after taxation amounted to £187,393 (2010 £257,975) which has been added to the deficit brought forward of £56,698 to give a deficit of £244,091 to carry forward

The directors cannot recommend payment of a final dividend (2010 £Nil)

### **2 PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

On 5 July 2007 the company completed financial close on a Private Finance Initiative project to design, build, finance and operate seven schools in Newcastle upon Tyne

On the same date the company entered into two term debt facilities with BNP Paribas (BNP) and European Investment Bank (EIB) totalling £106,551,250. Further funding has been provided by subordinated loans from the shareholders

As at the balance sheet date, the project has completed the construction phase. The first school became operational during May 2008, and the final school became operational during February 2009. Final completion of the construction occurred in July 2010.

### **3 REVIEW OF THE BUSINESS**

The company 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 cash flow and the management of working capital.

The company'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 company's directors consider that further KPIs for the company are not necessary or appropriate for an understanding of the performance or position of the business.

### **4 PRINCIPAL RISKS AND UNCERTAINTIES**

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

#### *Interest rate risk*

The company hedged its interest rate risk at the inception of the project through the use of interest rate swaps on the majority of its debt.

## AURA (NEWCASTLE) PROJECT COMPANY LIMITED

### REPORT OF THE DIRECTORS (CONTINUED)

#### 4 PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

##### *Inflation risk*

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

##### *Liquidity risk*

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

##### *Credit risk*

The company receives its revenue from Newcastle City Council

#### 5 DIRECTORS

On 11 August 2011 B M Cashin resigned as a director. On 16 August 2011 A Waddington was appointed as a director

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

#### 6 DISCLOSURE OF INFORMATION TO AUDITORS

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

#### 7 AUDITOR

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

By Order of the Board



R P Walker  
Secretary

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

23rd September 2011

## **AURA (NEWCASTLE) PROJECT COMPANY LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 company and of the profit or loss of the company 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 company will continue in business.

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

## AURA (NEWCASTLE) PROJECT COMPANY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AURA (NEWCASTLE) PROJECT COMPANY LIMITED

We have audited the financial statements on pages 5 to 15. 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in 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, 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.

*Baker Tilly UK Audit LLP*

Jonathan Mann (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1<sup>st</sup> Floor

46 Clarendon Road

Watford

Hertfordshire

WD17 1JJ

28<sup>th</sup> Sept 2011

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£	£
Turnover	2	2,392,789	11,109,816
Cost of sales		(2,493,326)	(10,710,837)
		<hr/>	<hr/>
Operating (loss)/profit	3	(100,537)	398,979
Interest receivable and similar income	4	7,766,421	6,622,544
Interest payable and similar charges	5	(7,919,118)	(7,379,822)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(253,234)	(358,299)
Tax on loss on ordinary activities	6	65,841	100,324
		<hr/>	<hr/>
Retained loss for the financial year	14	(187,393)	(257,975)
Profit and loss account brought forward		(56,698)	201,277
		<hr/>	<hr/>
Profit and loss account carried forward		(244,091)	(56,698)
		<hr/>	<hr/>

There are no recognised gains or losses other than the retained loss for the financial year (2010 £Nil) and therefore no statement of total recognised gains and losses is given

The operating (loss)/profit for the year arises from the company's continuing operations

The notes on pages 8 to 15 form part of these financial statements

**AURA (NEWCASTLE) PROJECT COMPANY LIMITED**

BALANCE SHEET AS AT 31 MARCH 2011

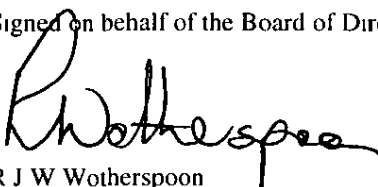
Company Registration No 6064430

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£	£
<b>CURRENT ASSETS</b>			
Debtors Amounts falling due within one year	8	1,927,319	2,174,628
Debtors Amounts falling due after more than one year	9	109,171,196	110,605,974
Investments - short term deposits		5,193,000	-
Cash at bank and in hand		2,376,659	6,675,523
		<hr/>	<hr/>
		118,668,174	119,456,125
<b>CURRENT LIABILITIES</b>			
Creditors Amounts falling due within one year	10	(4,652,882)	(3,663,322)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		114,015,292	115,792,803
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11	(114,209,383)	(115,799,501)
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		(194,091)	(6,698)
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	50,000	50,000
Profit and loss account		(244,091)	(56,698)
		<hr/>	<hr/>
<b>SHAREHOLDERS' DEFICIT</b>	14	(194,091)	(6,698)
		<hr/>	<hr/>

The notes on pages 8 to 15 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 23rd September 2011

Signed on behalf of the Board of Directors



R J W Wotherspoon

Director

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## CASH FLOW STATEMENT

Year ended 31 March 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		£	£
<b>Net cash flow from operating activities</b>		2,633,313	(1 153,651)
<b>Returns on investments and servicing of finance</b>			
Interest received		7,765,895	6,622,170
Interest paid		(7,905,927)	(6,663,811)
Commitment fees paid		(6,800)	(6,800)
		(146,832)	(48,441)
<b>Taxation</b>			
UK Corporation tax recovered/(paid)		100,324	(160,656)
<b>Capital expenditure and financial investment</b>			
Investment in PFI financial assets		-	(3,711,309)
<b>Net cash flow before management of liquid resources and financing</b>		2,586,805	(5,074,057)
<b>Management of liquid resources</b>			
Increase in short term deposits		(5,193,000)	-
<b>Financing</b>			
Draw down of loans		-	16,420,219
Repayment of loans		(1,692,669)	(10,610,468)
		(1,692,669)	5,809,751
<b>(Decrease)/increase in cash</b>		(4,298 864)	735,694
<b>Reconciliation of operating (loss)/profit to operating cash flow</b>			
Operating (loss)/profit		(100,537)	398,979
Decrease in debtors		1,648,130	1,947,243
Increase/(decrease) in creditors		1,085,720	(3,499,873)
<b>Net cash flow from operating activities</b>		2,633,313	(1,153,651)
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/increase in cash		(4,298,864)	735,694
Cash flow from increase in liquid resources		5,193,000	-
Cash flow from decrease/(increase) in debt		1,692,669	(5,809,751)
Finance charges and capitalised interest		(49,682)	(45,063)
		2,537,123	(5,119,120)
Net debt at the start of the year	15	(108,641,780)	(103,522,660)
Net debt at the end of the year	15	(106,104,657)	(108,641,780)



## AURA (NEWCASTLE) PROJECT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

#### 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.

##### Going concern

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

The directors believe that the company has satisfactory financial resources to allow it to operate its Private Finance Initiative contract. As a consequence, the directors believe that the company 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 company 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, work in progress and finance debtor

The company is an operator of a Private Finance Initiative contract. The underlying asset is not deemed to be an asset of the company 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.

Work in progress includes all construction related costs and development costs incurred by the company. It also includes all relevant finance costs incurred during the construction period. Work in progress does not include any interest receivable since such receipts are taken directly to the profit and loss account.

During the construction period turnover is recognised periodically in the profit and loss account and a finance debtor is recorded in the balance sheet based upon the value of the construction work done. At the same time costs are transferred from work in progress to cost of sales in the profit and loss account such that no overall profit is recognised during the construction phase.

During the operational phase of the 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 company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

All turnover is generated within the United Kingdom.

##### 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.

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 1 ACCOUNTING POLICIES (CONTINUED)

#### Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company 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 substantially 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.

#### Liquid resources

Included as liquid resources are term deposits of less than one year.

### 2 TURNOVER

	<u>2011</u> £	<u>2010</u> £
Deemed disposal of completed PFI schools	-	8,677,043
Unitary income	2,392,789	2,432,773
	<u>2,392,789</u>	<u>11,109,816</u>

### 3 OPERATING (LOSS)/PROFIT

Operating profit is derived after charging

	<u>2011</u> £	<u>2010</u> £
Auditors' remuneration - audit fee	9,775	9,400
- non-audit fee - tax	3,850	3,850
	<u>13,625</u>	<u>13,250</u>

### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2011</u> £	<u>2010</u> £
Finance debtor interest receivable	7,744,403	6,607,107
Bank interest receivable	22,018	15,437
	<u>7,766,421</u>	<u>6,622,544</u>

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2011</u> £	<u>2010</u> £
Interest payable	7,862,636	7,327,959
Commitment fees	6,800	6,800
Amortisation of finance costs	49,682	45,063
	<u>7,919,118</u>	<u>7,379,822</u>

For further details of interest paid to group companies see note 17

### 6 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>2011</u> £	<u>2010</u> £
On the results for the year		
Corporation tax - prior period	-	(100,324)
Deferred tax - current period	(65,841)	-
	<u>(65,841)</u>	<u>(100,324)</u>

Factors affecting the tax credit for the current period

	<u>2011</u> £	<u>2010</u> £
Loss on ordinary activities before taxation	(253,234)	(358 299)
United Kingdom Corporation Tax at 28% (2010 28%)	(70 906)	(100,324)
Unrelieved tax losses arising in the period	70 906	-
Expenses not deductible for tax purposes - tax adjustments	-	100 324
Adjustments to tax charge in respect of prior periods	-	(100,324)
Current tax credit for the period	<u>-</u>	<u>(100 324)</u>

There were no unrecognised deferred tax assets at the year end (2010 £Nil)

### 7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the year (2010 None) and no emoluments were paid to the directors in respect of their services to the company (2010 £Nil) £22,178 (2010 £21,170) was payable to the controlling shareholders for directors' services

### 8 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2011</u> £	<u>2010</u> £
Finance debtor	1,891,907	2,028,271
Corporation tax	-	100,324
Prepayments and accrued income	35,412	46,033
	<u>1,927 319</u>	<u>2,174,628</u>

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 9 DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2011</u> £	<u>2010</u> £
Finance debtor	109,105,355	110,605,974
Deferred tax asset	65,841	-
	<u>109,171,196</u>	<u>110,605,974</u>

The finance debtor shown within debtors due within one year and after more than one year includes £4,476,961 of capitalised interest (2010 £4,542,975)

The deferred tax asset relates wholly to accumulated tax losses within the company, and has been recognised as follows

	<u>2011</u> £	<u>2010</u> £
At the start of the financial year	-	-
Credited to the profit and loss account	65,841	-
At the end of the financial year	<u>65,841</u>	<u>-</u>

### 10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2011</u> £	<u>2010</u> £
Loans (see note 12)	2 971,342	1 688 376
Trade creditors	28 893	55 915
Other creditors	56 605	32,430
Taxation - VAT	531 807	72,103
Accruals and deferred income	1,064,235	1 814,498
	<u>4,652,882</u>	<u>3,663,322</u>

### 11 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2011</u> £	<u>2010</u> £
Loans (see note 12)	110,702,974	113,628,927
Accruals and deferred income	3,506,409	2,170,574
	<u>114,209,383</u>	<u>115,799,501</u>

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 12 LOANS

	Loan	Arrangement Cost	FRS4 Amortisation	Total
	£	£	£	£
At 1 April 2010				
(a) BNP term loan	53,385,419	(427,400)	51,101	53,009,120
(b) EIB term loan	52,647,782	(265,832)	31,784	52,413,734
(c) Shareholder loan notes	10,092,000	(201,840)	4,289	9,894,449
(d) Change in Law Facility	-	(13,600)	13,600	-
	<u>116,125,201</u>	<u>(908,672)</u>	<u>100,774</u>	<u>115,317,303</u>

### Draw downs/Profit and Loss Account charge during the year

(a) BNP term loan	-	-	25,340	25,340
(b) EIB term loan	-	-	15,761	15,761
(c) Shareholder loan notes	-	-	8,581	8,581
(d) Change in Law Facility	-	-	-	-
	<u>-</u>	<u>-</u>	<u>49,682</u>	<u>49,682</u>

### Repayments/reclassifications

(a) BNP term loan	(600,586)	-	-	(600,586)
(b) EIB term loan	(1,085,286)	-	-	(1,085,286)
(c) Shareholder loan notes	(6,797)	-	-	(6,797)
(d) Change in Law Facility	-	-	-	-
	<u>(1,692,669)</u>	<u>-</u>	<u>-</u>	<u>(1,692,669)</u>

### At 31 March 2011

(a) BNP term loan	52,784,833	(427,400)	76,441	52,433,874
(b) EIB term loan	51,562,496	(265,832)	47,545	51,344,209
(c) Shareholder loan notes	10,085,203	(201,840)	12,870	9,896,233
(d) Change in Law Facility	-	(13,600)	13,600	-
	<u>114,432,532</u>	<u>(908,672)</u>	<u>150,456</u>	<u>113,674,316</u>

### Made up as follows

Included in Creditors	Amounts falling due within one year	2,971,342
Included in Creditors	Amounts falling due after more than one year	110,702,974
		<u>113,674,316</u>

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 12 LOANS (CONTINUED)

(a) The BNP term loan bears interest at LIBOR plus an applicable margin plus the Reserve Asset Costs. The applicable margin was 0.7% until 30 September 2009 and 0.6% thereafter. 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 bears interest at 5.589% plus an applicable margin. The applicable margin is 0.6% until 30 September 2011 and 0.15% thereafter. 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 term loans are part of the senior debt facility and are secured by a fixed and floating charge over the assets of the company.

(c) Shareholder loan notes of £10,092,000 were drawn down in full by Aura (Newcastle) Project Company Limited 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. The loan notes are held by the company's parent company, and are subordinate to the other loans.

(d) In addition to the other loans, a Change in Law facility of £1,700,000 is also available.

The loans are repayable as follows:

	<u>2011</u> £	<u>2010</u> £
In less than 1 year	2,995,035	1,697,665
In 1 - 2 years	2,960,489	2,495,035
In 2 - 5 years	9,030,648	9,012,440
Over 5 years	99,446,360	102,920,061
	<u>114,432,532</u>	<u>116,125,201</u>

Arrangement costs relate to those costs incurred in raising the term loans, equity bridge loan, Change in Law facility 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 cost of the change in law facility. As there is no set drawdown or repayment profile for this facility, the costs were expensed immediately.

### 13 CALLED UP SHARE CAPITAL

	<u>2011</u> £	<u>2010</u> £
Allotted, called up and fully paid 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

### 14 RECONCILIATION OF SHAREHOLDERS' DEFICIT

	<u>2011</u> £	<u>2010</u> £
Opening shareholders' (deficit)/funds	(6,698)	251,277
Retained loss for the financial year	(187,393)	(257,975)
Closing shareholders' deficit	<u>(194,091)</u>	<u>(6,698)</u>

# AURA (NEWCASTLE) PROJECT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2011

### 15 ANALYSIS OF NET DEBT

	At 31 March <u>2010</u> £	Cash Flow <u>£</u>	Other non cash <u>movement</u> £	At 31 March <u>2011</u> £
Cash at bank and in hand	6,675,523	(4,298,864)	-	2,376,659
Investments - short term deposits	-	5,193,000	-	5,193,000
Loans due within one year	(1,688,376)	1,692,669	(2,975,635)	(2,971,342)
Loans due after one year	(113,628,927)	-	2,925,953	(110,702,974)
	<u>(108,641,780)</u>	<u>2,586,805</u>	<u>(49,682)</u>	<u>(106,104,657)</u>

Other non cash movement relates to FRS4 amortisation (see note 12)

### 16 DERIVATIVES NOT INCLUDED AT FAIR VALUE

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

	<u>2011</u> £	<u>2010</u> £
Fair value of derivative		
Loss on interest rate swaps		
BNP term loan (note 12 (a))	9,405,581	9,929,875

The interest rate swap applying to the BNP term loan matures on 30 December 2033

### 17 RELATED PARTY TRANSACTIONS

The company has entered into the following material transactions with related parties

On 5 July 2007 the company entered into a contract with Sir Robert McAlpine Limited a group member of one of the company's ultimate shareholders for the construction of seven schools in Newcastle. An amount of £Nil (2010 £9,097,581) was payable under this contract during the year and has been included within the finance debtor £141,722 (2010 £616,533) was unpaid at the year end of which £Nil (2010 £55,810) was included within trade creditors and £141,722 (2010 £560,723) was included within accruals and deferred income due within one year

An amount of £1,566,398 (2010 £1,689,722) was payable to Robertson Facilities Management Limited, a group member of one of the company's ultimate shareholders under a contract for facilities management of the schools. Of this £167,163 (2010 £411,973) was unpaid at the year end and included within trade creditors and accruals and deferred income due within one year

During the year an amount of £Nil (2010 £Nil) was payable in respect of running costs to Parsons Brinckerhoff Limited, a group member of one of the company's ultimate shareholders. Of this, £Nil (2010 £7,875) was unpaid at the year end and included within accruals and deferred income due within one year

On 5 July 2007 the company entered into a contract with Aura Newcastle Limited, a shareholder of its immediate parent company for administrative company secretarial and contract management services £135,064 (2010 £125,701) was payable under this contract during the year, and £9,967 (2010 £20,531) was included within accruals and deferred income due within one year at the year end

A fee of £22,178 (2010 £21,170) was payable to Aura Holdings (Newcastle) Limited, the company's ultimate parent company for directors' services during the year, and £16,634 (2010 £15,877) was included within accruals and deferred income due within one year at the year end

## **AURA (NEWCASTLE) PROJECT COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2011**

#### **17. RELATED PARTY TRANSACTIONS (CONTINUED)**

A loan of £1,917,480 was repaid in full by Aura (Newcastle) Holding Company Limited, the company's immediate parent company, during the year to 31 March 2010. Interest of £Nil (2010: £56,817) was payable on this loan during the year.

On 30 September 2009, a subordinate loan of £10,092,000 was provided by Aura (Newcastle) Holding Company Limited. Repayments of £6,797 (2010: £Nil) have been made during the year. Interest of £1,260,498 (2010: £664,148) was payable on this loan, and £620,857 (2010: £664,148) was included within accruals and deferred income due within one year at the year end.

#### **18. ULTIMATE PARENT COMPANY**

The immediate parent company is Aura (Newcastle) Holding Company Limited and the ultimate parent company is Aura Holdings (Newcastle) Limited which is incorporated in Great Britain and registered in England and Wales. Aura Holdings (Newcastle) Limited is the only company to prepare consolidated accounts which include the results of this entity. Copies of the group accounts can be obtained from Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR. There is no ultimate controlling party.