

COMPANY REGISTRATION NUMBER: 06064430

**Aura (Newcastle) Project Company Limited**  
**Financial Statements**  
**31 March 2022**



# **Aura (Newcastle) Project Company Limited**

## **Financial Statements**

**Year Ended 31 March 2022**

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# **Aura (Newcastle) Project Company Limited**

## **Officers and Professional Advisers**

### **The Board of Directors**

J S Gordon  
K J Thirlwell  
P K Johnstone

### **Company Secretary**

Infrastructure Managers Limited

### **Registered Office**

Cannon Place  
78 Cannon Street  
London  
UK  
EC4N 6AF

### **Independent Auditors**

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

### **Bankers**

BNP Paribas  
10 Harewood Avenue  
London  
NW1 6AA

# **Aura (Newcastle) Project Company Limited**

## **Strategic Report**

### **Year Ended 31 March 2022**

The Directors present their strategic report on Aura (Newcastle) Project Company Limited ("the Company") for the year ended 31 March 2022.

#### **Principal Activity**

The principal activity of the entity 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 12 of its term expiring August 2033.

#### **Review of the Business**

The Company has performed in line with directors' expectations and model forecasts with the results for the year detailed in the Directors' Report.

The directors acknowledge that the Company is in a net liabilities position, 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 Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### **Going Concern**

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £3,861,118 (2021: £8,692,814) which the Directors believe to be appropriate for the following reasons.

The Company prepares cash flow forecasts covering 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 that will prevail over the forecast period. Based on these forecasts 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.

#### **Future Developments**

The Directors intend for the business to continue to make available and operate the seven schools in Newcastle upon Tyne, in line with the PFI contractual agreement.

#### **Key Performance Indicators**

The performance of the Company from a cash perspective 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 Company has been performing well and has been compliant with the covenants laid out in the Group loan agreement.

# **Aura (Newcastle) Project Company Limited**

## **Strategic Report** *(continued)*

### **Year Ended 31 March 2022**

#### **Principal Risks and Uncertainties**

Due to the nature of the Company's business, the financial risks the directors consider relevant to this Company 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 Company are to ensure that financial risks are mitigated by the use of financial instruments. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

##### ***Cash flow and liquidity risk***

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

This report was approved by the board of directors on 29 September 2022 and signed on behalf of the board by

*Peter Johnstone*

Peter Johnstone (Sep 29, 2022 08:46 GMT+1)

P K Johnstone  
Director

# **Aura (Newcastle) Project Company Limited**

## **Directors' Report**

### **Year Ended 31 March 2022**

The directors present their report and the audited financial statements of Aura (Newcastle) Project Company Limited ("the Company") for the year ended 31 March 2022.

#### **Directors**

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

J S Gordon  
K J Thirlwell  
P K Johnstone

#### **Performance Review**

The profit for the financial year, after taxation, amounted to £498,122 (2021: £549,608).

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 Indemnity Provision**

During the year, and at the date of this report, the Company has in place qualifying third party indemnity provisions for the benefit of its directors.

#### **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 independent 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 29 September 2022 and signed by order of the board by:

*Peter Johnstone*  
Peter Johnstone (Sep 29, 2022 08:46 GMT+1)

P K Johnstone  
Director

# **Aura (Newcastle) Project Company Limited**

## **Directors' Responsibilities Statement**

### **Year Ended 31 March 2022**

*The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.*

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"), 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 the profit or loss of the company for that period.*

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Member of Aura (Newcastle) Project Company Limited**

**Year Ended 31 March 2022**

### **Opinion**

We have audited the financial statements of Aura (Newcastle) Project Company Limited (the 'company') for the year ended 31 March 2022 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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 company's affairs as at 31 March 2022 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 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 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 (Newcastle) Project Company Limited**

## **Independent Auditor's Report to the Member of Aura (Newcastle) Project Company Limited** *(continued)*

**Year Ended 31 March 2022**

### **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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 the 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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors reports and take advantage of the small companies exemption from the requirement to prepare a strategic report.

## **Aura (Newcastle) Project Company Limited**

### **Independent Auditor's Report to the Member of Aura (Newcastle) Project Company Limited** *(continued)*

**Year Ended 31 March 2022**

#### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

# **Aura (Newcastle) Project Company Limited**

## **Independent Auditor's Report to the Member of Aura (Newcastle) Project Company Limited *(continued)***

**Year Ended 31 March 2022**

### **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 audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is 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 audit engagement team identified the risk of management override of controls as the 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.

## **Aura (Newcastle) Project Company Limited**

### **Independent Auditor's Report to the Member of Aura (Newcastle) Project Company Limited** *(continued)*

#### **Year Ended 31 March 2022**

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 auditors' report.

#### **Use of Our Report**

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

*Linda Gray*

Linda Gray (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

29 September 2022

# Aura (Newcastle) Project Company Limited

## Statement of Comprehensive Income

Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Turnover</b>	<b>4</b>	<b>3,706,385</b>	<b>3,612,801</b>
Cost of sales		<u>(2,882,757)</u>	<u>(2,694,728)</u>
<b>Gross profit</b>		<b>823,628</b>	<b>918,073</b>
Administrative expenses		<u>(476,293)</u>	<u>(556,707)</u>
<b>Operating profit</b>		<b>347,335</b>	<b>361,366</b>
Interest receivable and similar income	7	<b>5,524,013</b>	5,793,546
Interest payable and similar expenses	8	<u>(5,256,383)</u>	<u>(5,476,384)</u>
<b>Profit before taxation</b>		<b>614,965</b>	<b>678,528</b>
Tax on profit	9	<u>(116,843)</u>	<u>(128,920)</u>
<b>Profit for the financial year</b>		<b><u>498,122</u></b>	<b><u>549,608</u></b>
Fair value movements on cash flow hedging instruments, net of tax		<u>4,333,574</u>	<u>2,534,691</u>
<b>Total comprehensive income for the year</b>		<b><u>4,831,696</u></b>	<b><u>3,084,299</u></b>

All the activities of the company are from continuing operations.

The notes on pages 15 to 25 form part of these Financial Statements.

# Aura (Newcastle) Project Company Limited

## Statement of Financial Position

As at 31 March 2022

	Note	2022 £	2021 £
<b>Current assets</b>			
Debtors: due within one year	11	4,450,637	3,821,976
Debtors: due after more than one year	11	63,397,559	69,283,133
Cash at bank and in hand		16,461,492	13,574,931
		<u>84,309,688</u>	<u>86,680,040</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(6,509,463)</u>	<u>(5,601,333)</u>
<b>Net current assets</b>		<u>77,800,225</u>	<u>81,078,707</u>
<b>Total assets less current liabilities</b>		<u>77,800,225</u>	<u>81,078,707</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(81,661,343)</u>	<u>(89,771,521)</u>
<b>Net liabilities</b>		<u>(3,861,118)</u>	<u>(8,692,814)</u>
<b>Capital and reserves</b>			
Called up share capital	16	50,000	50,000
Fair value reserve	17	(6,854,941)	(11,188,515)
Retained earnings	17	2,943,823	2,445,701
<b>Shareholder deficit</b>		<u>(3,861,118)</u>	<u>(8,692,814)</u>

The Financial Statements were approved by the board of directors and authorised for issue on 29 September 2022, and are signed on behalf of the board by:

*Peter Johnstone*  
Peter Johnstone (Sep 29, 2022 08:46 GMT+1)

P K Johnstone  
Director

Company registration number: 06064430

The notes on pages 15 to 25 form part of these Financial Statements.

# Aura (Newcastle) Project Company Limited

## Statement of Changes in Equity

Year Ended 31 March 2022

	Called up share capital £	Fair value reserve £	Retained earnings £	Total £
<b>At 1 April 2020</b>	50,000	(13,723,206)	2,172,976	(11,500,230)
Profit for the financial year			549,608	549,608
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	—	2,534,691	—	2,534,691
<b>Total comprehensive income for the year</b>	—	2,534,691	549,608	3,084,299
Dividends paid and payable	10	—	(276,883)	(276,883)
<b>Total investments by and distributions to owners</b>	—	—	(276,883)	(276,883)
<b>At 31 March 2021</b>	50,000	(11,188,515)	2,445,701	(8,692,814)
Profit for the financial year			498,122	498,122
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments, net of tax	—	4,333,574	—	4,333,574
<b>Total comprehensive income for the year</b>	—	4,333,574	498,122	4,831,696
<b>At 31 March 2022</b>	50,000	(6,854,941)	2,943,823	(3,861,118)

Included in the fair value movement on cash flow hedging instruments is £2,017,064 (2021: £1,998,763) that was recycled through Interest Payable in the Statement of Comprehensive Income.

The notes on pages 15 to 25 form part of these Financial Statements.

# Aura (Newcastle) Project Company Limited

## Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash generated from operations	18	6,245,433	5,161,375
Interest received		5,524,013	5,793,546
Tax paid		(117,021)	(124,773)
Net cash from operating activities		<u>11,652,425</u>	<u>10,830,148</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(3,439,415)	(3,675,583)
Interest paid		(5,326,449)	(5,485,159)
Dividends paid		—	(276,883)
Net cash used in financing activities		<u>(8,765,864)</u>	<u>(9,437,625)</u>
<b>Net increase in cash and cash equivalents</b>		<b>2,886,561</b>	<b>1,392,523</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>13,574,931</b>	<b>12,182,408</b>
<b>Cash and cash equivalents at end of year</b>		<b><u>16,461,492</u></b>	<b><u>13,574,931</u></b>

The notes on pages 15 to 25 form part of these financial statements.



# **Aura (Newcastle) Project Company Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 March 2022**

#### **1. General Information**

Aura (Newcastle) Project Company Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England. 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 the operation of seven schools in Newcastle upon Tyne.

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

#### **2. Statement of Compliance**

The individual financial statements of Aura (Newcastle) Project Company 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 Company's 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.

##### **(b) Going concern**

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £3,861,118 (2021: £8,692,814) which the directors believe to be appropriate for the following reasons.

The Company prepares cash flow forecasts covering 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 that will prevail over the forecast period. Based on these forecasts 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.

# **Aura (Newcastle) Project Company Limited**

## **Notes to the Financial Statements *(continued)***

### **Year Ended 31 March 2022**

#### **3. Accounting Policies *(continued)***

##### **(c) 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 less any impairment losses, 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) Fair values for derivative contracts**

Fair values for derivative contracts are based on market-to-market valuations provided by the contract counterparty. Whilst these can be tested for reasonableness, the exact valuation methodology and forecast assumptions for future interest rates or inflation rates are specific to the counterparty.

##### **(d) Revenue recognition**

Turnover represents the services' share of the management services income received by the Company 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.

# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 3. Accounting Policies *(continued)*

##### (e) 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.

##### (f) 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 (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 3. Accounting Policies *(continued)*

##### (g) 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.

The Company is obligated to keep cash reserves as at the balance sheet date in respect of requirements in the company's funding agreements. This restricted cash balance, which is shown within the "cash at bank and in hand" balance amounts to £13,022,581 (2021: £11,321,676).

##### (h) 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.

##### (i) 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 (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 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.

##### (j) Hedge accounting

The Company has 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 UK Financial regulator (the FCA) legislated that sterling LIBOR would cease to be published after 31 December 2021, however, has confirmed it will allow the temporary use of 'synthetic' sterling LIBOR rates in all legacy LIBOR contracts that had not been changed at or ahead of 31 December 2021. As described at Note 13, the Company's borrowings and hedge agreements are linked to LIBOR.

The Company completed negotiations with the lender, effective from 18 February 2022, to agree an amendment to both the loan and swap agreement to provide for the replacement of LIBOR, with an interest rate based on the Compounded Reference Rate. The Compounded Reference rate will be SONIA (sterling overnight index average) plus a 5 day credit adjustment spread. The use of the same LIBOR replacement rate for both the loan and swap agreement means that the LIBOR Transition Amendments are materially net cash neutral for the company and that the current hedge effectiveness continues.

# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 4. Turnover

Turnover arises from:

	2022	2021
	£	£
Revenue from PFI contract	<u>3,706,385</u>	<u>3,612,801</u>

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

#### 5. Auditor's Remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>14,500</u>	<u>13,935</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	<u>4,900</u>	<u>2,086</u>

#### 6. Particulars of Employees and Directors

The average number of persons employed by the Company during the financial year amounted to nil (2021: nil). The directors are not employed by the Company and did not receive any remuneration from the Company during the year (2021: £nil). £37,516 (2021: £29,568) was paid to controlling shareholders for directorial services.

#### 7. Interest Receivable and Similar Income

	2022	2021
	£	£
Interest on cash and cash equivalents	8,476	40,737
Finance debtor interest receivable	<u>5,515,537</u>	<u>5,752,809</u>
	<u>5,524,013</u>	<u>5,793,546</u>

#### 8. Interest Payable and Similar Expenses

	2022	2021
	£	£
Interest on bank loans and overdrafts	4,302,217	4,519,351
Interest due to Group undertakings	918,201	919,617
Other interest payable and similar expenses	<u>35,965</u>	<u>37,416</u>
	<u>5,256,383</u>	<u>5,476,384</u>

# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 9. Tax on Profit

##### Major components of tax expense

	2022 £	2021 £
<b>Current tax:</b>		
UK current tax expense	116,843	128,920
<b>Tax on profit</b>	<u>116,843</u>	<u>128,920</u>

##### Reconciliation of tax expense

The tax assessed on the profit for the year is the same as (2021: the same as) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit before taxation	614,965	678,528
Profit before taxation by rate of tax	<u>116,843</u>	<u>128,920</u>

#### 10. Dividends

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

	2022 £	2021 £
Final dividend of £Nil per share (2021: £5.54) was paid during the year.	—	276,883

#### 11. Debtors

Debtors amounts falling due within one year are as follows:

	2022 £	2021 £
Trade debtors	349,468	4,704
Prepayments and accrued income	36,338	25,452
Finance debtor	4,064,831	3,791,820
	<u>4,450,637</u>	<u>3,821,976</u>

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

	2022 £	2021 £
Deferred tax asset	2,284,981	2,624,466
Finance debtor	61,112,578	66,658,667
	<u>63,397,559</u>	<u>69,283,133</u>

# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 11. Debtors *(continued)*

The movement in the finance debtor is analysed as follows:

	2022	2021
	£	£
At beginning of year	70,450,487	75,252,380
Amortisation	(5,273,078)	(4,801,893)
At end of year	<u>65,177,409</u>	<u>70,450,487</u>

The closing position is stated net of the UCCA. At the year end the closing balance is £15,638,997 (2021: £14,158,219).

#### 12. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	3,402,986	3,469,406
Trade creditors	1,171,728	534,112
Amounts owed to group undertakings	518,967	524,909
Accruals and deferred income	600,872	500,207
Corporation tax	4,142	4,320
Taxation and social security	539,189	320,711
Other creditors	271,579	247,668
	<u>6,509,463</u>	<u>5,601,333</u>

#### 13. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans and overdrafts	65,257,137	68,660,132
Amounts owed to group undertakings	7,264,284	7,298,408
Derivative financial liability	9,139,922	13,812,981
	<u>81,661,343</u>	<u>89,771,521</u>

Included within creditors: amounts falling due after more than one year is an amount of £51,997,696 (2021: £57,232,336) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.



# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

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

a) The bank loan consists of debt from two institutions, BNP Paribas 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 fully drawn down and is repayable in semi-annual instalments from 31 March 2011 to 30 September 2033. At the year end the closing balance due to BNP Paribas is £35,316,590 (2021: £36,672,580), of which issue costs of £116,854 (2021: £134,224) have been offset against the total loans drawn down.

- The EIB loan bears interest at 5.589% plus an applicable margin of 0.15%. The loan has been fully drawn down and is repayable in semi-annual instalments from 31 March 2010 to 30 September 2033. At the year end the closing balance due to EIB is £33,533,068 (2021: £35,674,385), of which issue costs of £77,971 (2021: £83,202) 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.

The company is currently in discussions with the lenders to replace the LIBOR reference in the loan agreement with SONIA, adjusted for a historic credit adjustment spread.

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 2022 2,671,089 loan notes have been repaid at par. Issue costs of £92,503 (2021: 100,577) 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.

#### 14. Deferred Tax

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

	2022	2021
	£	£
Included in debtors (note 11)	<u>2,284,981</u>	<u>2,624,466</u>

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

	2022	2021
	£	£
Fair value adjustment of financial assets	<u>(2,284,981)</u>	<u>(2,624,466)</u>

	2022
	£
Opening balance	(2,624,466)
Movement through other comprehensive income	339,485
<b>Closing balance</b>	<b><u>(2,284,981)</u></b>

# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 15. Financial Instruments

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

	2022 £	2021 £
<b>Financial liabilities measured at fair value through profit or loss</b>		
Financial liabilities measured at fair value through profit or loss	<u>9,139,922</u>	<u>13,812,981</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.

#### 16. Called Up Share Capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

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

#### 17. Reserves

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

Retained earnings records retained earnings and accumulated losses.

#### 18. Cash Generated from Operations

	2022 £	2021 £
Profit for the financial year	<b>498,122</b>	549,608
<i>Adjustments for:</i>		
Interest receivable and similar income	(5,524,013)	(5,793,546)
Interest payable and similar expenses	<b>5,256,383</b>	5,476,384
Tax on profit	<b>116,843</b>	128,920
Accrued expenses/(income)	<b>100,664</b>	(14,688)
<i>Changes in:</i>		
Trade and other debtors	<b>4,917,428</b>	4,802,187
Trade and other creditors	<b>880,006</b>	12,510
	<u><b>6,245,433</b></u>	<u>5,161,375</u>

# Aura (Newcastle) Project Company Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2022

#### 19. Analysis of Changes in Net Debt

	At 1 Apr 2021	Cash flows	Other changes	At 31 Mar 2022
	£	£	£	£
Cash at bank and in hand	13,574,931	2,886,561	—	16,461,492
Debt due within one year	(3,994,315)	36,397	35,965	(3,921,953)
Debt due after one year	(75,958,540)	3,403,018	34,101	(72,521,421)
	<u>(66,377,924)</u>	<u>6,325,976</u>	<u>70,066</u>	<u>(59,981,882)</u>

#### 20. Related Party Transactions

The following disclosures are with entities in the Group that are not wholly owned:

The Company incurred costs of £162,595 (2021: £284,298) to Aura Newcastle Limited, a shareholder of its immediate parent company, for administrative and management services. There is no outstanding balance due within accruals and deferred income (2021: £nil).

The Company incurred fees of £37,516 (2021: £29,568) to Aura Holdings (Newcastle) Limited, the ultimate parent company, for directors' services. At the year end £10,000 remained outstanding, recorded in accruals and deferred income (2021: £22,186).

The Company is wholly owned by Aura (Newcastle) Holding Company Ltd and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group.

#### 21. Controlling Party

The immediate parent company is Aura (Newcastle) Holding Company Limited. 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 financial statements which include the results of this entity. Copies of the group financial statements can be obtained from Cannon Place, 78 Cannon Street, London, EC4N 6AF. There is no ultimate controlling party.