Aurora ASD Limited

Annual report and financial statements for the year ended 30 April 2023

Registered number: 10198361

Contents

Strategic report

The directors present their strategic report on Aurora ASD Limited ("the Company") for the year ended 30 April 2023. "The Aurora Group" is defined as Aurora Care & Education Holdings Limited and all its subsidiaries of which the Company is one of them.

Principal activities

The Company is an innovative provider of education and care for children and young people with special educational needs and disabilities. On 28 February 2023 the Company undertook a legal entity restructure to simplify the business. This resulted in:

- transfer of the business and assets of Aurora Severnside School as a going concern to Beechkeys Limited for a sum equal to their net book value. This is presented as a gift of assets from fellow subsidiary.
- transfer of business and assets of Aurora Eccles School and Aurora Whitehouse School as a going concern from Aurora LD II Limited for a sum equal to their net book value.
- intercompany loan waivers between group companies resulting loan write offs. All gifts from fellow subsidiaries and loan write offs offset each other in the consolidated financial statements of Aurora Care and Education Holdings Limited resulting in no distributions outside the group.

The Company owns and operates the following schools:

- Aurora Hedgeway School, a day school for children and young people with communication and associated difficulties.
- Aurora Hanley School, a day school for students with complex communication and social difficulties typically associated with Asperger's syndrome and Autism.
- Aurora Redehall School, a day school for children aged 6-16 years with communication difficulties typically associated with Asperger's Syndrome and Autism.
- Aurora Caterham Education Centre (linked to Aurora Redehall School) is a day school supporting young people aged 11-19 with communication difficulties typically associated with Asperger's Syndrome and Autism. This school was opened in March 2020.
- Aurora Eccles School and Aurora Whitehouse School provide flexible day placements for students aged 7 to 16 years with communication and associated difficulties or specific learning difficulties such as dyslexia. As part of legal Entity Restructure this was transferred into the Company on 28 February 2023.
- Aurora Severnside School, a day school in Gloucestershire that opened in September 2021 providing academic and therapeutic provision for students aged 11-16 with social, emotional and mental health. As part of legal entity restructure this was transferred out of the Company on 28 February 2023.

Results

The loss for the year after the legal entity restructure amounted to £7,781,293. The profit for the year before the legal entity restructure amounted to £3,155,992 *(2022: £14,188,047)*. The Company has net assets of £18,417,350 *(2022: of £18,236,882)* which have increased slightly due to the legal entity restructure. Profit before legal entity restructure has decreased due to the 2023 results showing a full year of sale and lease bank rent. The Company entered into a sale and lease back arrangement of 3 properties in 2022 resulting in an exceptional profit on disposal of £11,727,741. In addition 2023 results include a larger corporate tax charge and a full year's worth of sale and lease back rent.

Key performance indicators

The directors use a number of non-financial performance indicators for the Company. However, those deemed to be key are regulatory gradings because these are widely recognised by service users. The most recent can be found at the following website: www.gov.uk/government/organisations/ofsted. The directors also use the occupancy rates of each of the schools to monitor and evaluate the performance of the Company.

The directors consider the financial key performance indicators for the Company to be turnover and earnings before interest, tax, depreciation, amortisation and legal entity restructure (EBITDA). These metrics best reflect the financial performance of the Company and are consistent with how the finances of the business are assessed and managed on an operational basis. In addition, cash flow and net debt are reviewed by the business on a regular basis.

Strategic report (continued)

Key performance indicators *(continued)*

	Year to 30 April 2023	Year to 30 April 2022
Turnover	**£15,493,222**	£11,559,918
EBITDA	**£4,040,554**	£3,750,752

Current year turnover has increased driven by maximising occupancy at sites and the transfer of Aurora Eccles School and Aurora Whitehouse school into the Company. EBITDA continues to grow through turnover, cost control and efficiencies gained from utilising the benefits of group wide contracts.

Principal risks and uncertainties

The directors recognise that the degree of exposure to risks and the Company's ability to manage those risks effectively will influence how successful the business is. The directors identify, assess and manage the risks associated with the business objectives and strategy via its Group Risk Committee. Below are the principal risks and uncertainties that may affect the Company and mitigating factors.

Economic and policy risk
The majority of the Company's revenue for the next financial year is generated from Local Authorities and other publicly funded bodies. As such, the success of the Company is linked to the willingness of such public bodies to fund the Company services. Uncertainty surrounds public body budgets and policy and a change in either, relating to education, health and social care, may pose a risk to the Company. To mitigate this risk, the Company endeavours to keep well informed of future and proposed legislative changes, assesses public body demand through regular dialogue, and reviews fees and value for money within the marketplace.

The directors have considered world factors such as Covid 19 and climate change and judge the impact to be minimal due to the nature of the operations. The directors continue to monitor the rise in inflation and the impact on the cost base of the business by taking measures to mitigate cost increases and use the increasing size of the business to negotiate improved terms.

The directors have considered the consequences of the UK leaving the European Union (EU). The Group neither exports nor makes significant imports but does employ staff from other EU countries. The directors continue to monitor the situation on the availability of staff and implement mitigation strategies as required to help reduce the impact of increased agency costs.

Regulatory risk
All Aurora Group services are regulated by the Office for Standards in Education, Children's Services and Skills (Ofsted), the Independent Schools Inspectorate (ISI) or the Care Quality Commission (CQC). The key risks posed by operating within a heavily regulated environment are the introduction of new regulations and failure to meet existing regulations. Failure to comply with regulatory requirements may result in restrictions to a service, the loss of child, young person and adult placements, and reputational risk. To mitigate regulatory risk, robust policies and procedures are in place throughout the Company, a Governance framework established, regular internal audits completed, and quality inspections are carried out by an experienced independent team. Further to this, rigorous recruitment and training procedures are in place to ensure that our employees are appropriately equipped to work within our services.

Business and operational risk
The success of the business depends on the ability of management to develop services for which there is a demand and then to operate those services to meet stakeholder requirements. The Company relies on the management of efficient and established processes and controls to identify, develop and operate its services. The potential impact and likelihood of processes failing and operational risk materialising is assessed on a regular basis. Where likelihoods are felt to be outside the directors' appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels. The Company has a disaster recovery plan in place for all services covering all current business requirements.

Management is active in seeking knowledge on changes to the business environment which may have an impact on the way that the Company does business.

Credit risk
The credit risk is primarily attributable to the Company's trade debtors, which are predominantly public bodies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk is limited because the debtors are public bodies and there is no indication that there has been a change in their ability to pay. The public bodies concerned have not been downgraded as a result of the UK's decision to leave the EU.

Strategic report (continued)

Principal risks and uncertainties *(continued)*

Liquidity risk
By managing liquidity, the Company aims to ensure it can meet its financial obligations as and when they fall due.

As detailed in Note 1, the financial statements have been prepared on a going concern basis, in support of which the Board has reviewed the Company's trading forecasts for the next 12 months taking into account the current macroeconomic environment. As a result, the directors are confident that the assumptions underlying these forecasts are reasonable and that the Group will be able to operate on this basis.

Future developments

The directors expect the general level of activity to improve from 2023 results as day placement occupancy increases across existing sites. The directors have assessed risks to the business, above, and do not foresee any events outside the Company's control that are expected to have significant impact on the business.

Approved by the Board and signed on its behalf by:

R L Northall
Director

Date: 30 November 2023

Director's report

The directors present their annual report on the affairs and the audited financial statements of Aurora ASD Limited, together with the audited financial statements and auditor's report for the year ended 30 April 2023.

Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

The Company is a 100% owned subsidiary of Aurora Care and Education Holdings Limited, the parent company of The Aurora Group. The majority of the Company's liabilities represent amounts due to fellow Group companies. The Company has received a letter of support from the directors of the Octopus Group Holdings Limited; the indirect parent company; which states it will continue to provide financial support to enable the Company to meet all its current and future obligations for a period of at least 12 months from date of signing of these financial statements.

As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who served the Company during the year and up to the date of the report, unless otherwise stated, were as follows:

M R Costello
D G Phipps (resigned 2 September 2022)
S Ramalingam (resigned 28 April 2023)
D Slater
R L Northall (appointed 2 May 2023)
S Pearson (appointed 2 May 2023)

Dividends

The Company has declared gifts of assets from a fellow subsidiary of £8,893,680 *(2022: £nil)* and paid dividends £931,919 *(2022: £nil)*, as part of the legal entity restructure explained in the Principles Activity section of the Strategic Report.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors that were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and via Company communications to employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Business relationships with suppliers

The business relationships with suppliers are paramount to the Group's performance. The Group has longstanding relationships with its suppliers and proximity of the different hubs to their suppliers is a key factor. The Group treats its suppliers with due care as timely delivery of quality goods is essential for normal operations. Furthermore, the Group always applies payment terms at market standards and does not pressure suppliers to accept prices that are not at arm's length.

The Group operates in a business environment where business ethics can be violated or breached. Whilst the Group is able to operate with a large degree of freedom, it is bound by its own ethics. The risk associated with bribery and corruption is assessed by the business regularly, to ensure legal and ethical compliance.

Directors' report (continued)

Future developments

The future developments of the Company are detailed within the strategic report on page 2. Post balance sheet events are detailed in note 19.

Financial risk management objective and policies

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk. The use of financial derivatives is governed by the Group's policies which are outlined within the strategic report.

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Hazlewoods LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

R L Northall
Director

Date: 30 November 2023

Unit 13, Twigworth Court Business Centre
Tewkesbury Road, Gloucester
United Kingdom
GL2 9PG

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these 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; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation if the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Aurora ASD Limited

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Aurora ASD Limited (the 'company') for the year ended 30 April 2023, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and related notes, 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 Financial Reporting Standard 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 30 April 2023 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 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 original financial statements were 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.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.
In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Aurora ASD Limited *(continued)*

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the .
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.

Responsibilities of directors
As explained more fully in the set out on page , 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included obtaining an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations, which we determined to be UK GAAP, UK Companies Act 2006 and taxation laws; we understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures; we assessed the susceptibility of the company's financial statements to material mis-statement, including how fraud might occur.

Audit procedures performed by the engagement team included identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud; understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process, with detailed journal reviews undertaken of the accounting system for the year to 30 April 2023; understanding the controls in place to detect and prevent fraud and challenging assumptions and judgements made by management in its significant accounting estimates.
Reliance was not placed on controls for the entirety of the audit, instead a substantive testing approach was undertaken, however controls were in place to prevent fraud, and they appeared to be working effectively

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any journal entries with unusual characteristics.

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

Independent auditor's report to the members of Aurora ASD Limited *(continued)*

Use of our report
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.

Martin Howard
....
Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT
Date: 30/11/2023

Statement of comprehensive income

For the year ended 30 April 2023

	Note	**Year to 30 April 2023 £**	Year to 30 April 2022 £
Turnover	3	**15,493,222**	11,559,918
Cost of sales		**(8,247,673)**	(6,195,689)
Gross profit		**7,245,549**	5,364,229
Administrative expenses		**(3,594,511)**	(2,130,397)
Other operating income	4	**-**	84,818
Exceptional items		**-**	11,727,741
Intercompany loan waiver		**(10,937,285)**	-
(Loss)/profit before taxation	5	**(7,286,247)**	15,046,391
Tax on (loss)/profit	8	**(495,046)**	(858,344)
(Loss)/profit for the financial year		**(7,781,293)**	14,188,047
Total comprehensive (expense)/income for the year		**(7,781,293)**	14,188,047

All the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results as set out above.

The notes on pages 13 to 24 form part of these financial statements.

Balance sheet
As at 30 April 2023

	Note	**As at 30 April 2023 £**	As at 30 April 2022 £
Fixed assets			
Negative goodwill	9	**(1,227)**	(3,329)
Total negative goodwill		**(1,227)**	(3,329)
Customer relationships	9	**17,500**	47,500
Intangible assets		**16,273**	44,171
Tangible assets	10	**2,958,443**	2,465,880
Investments	11	**22,595,741**	16,459,376
		25,570,457	18,969,427
Current assets			
Debtors	12	**3,988,533**	5,139,791
Cash at bank and in hand		**2,136,584**	2,160,805
		6,125,117	7,300,596
Creditors: Amounts falling due within one year	13	**(12,365,956)**	(7,029,883)
Net current (liabilities)/assets		**(6,240,839)**	270,713
Total assets less current liabilities		**19,329,618**	19,240,140
Provisions for liabilities	14	**(912,268)**	(1,003,258)
Net assets		**18,417,350**	18,236,882
Capital and reserves			
Called-up share capital	16	**1**	1
Profit and loss account		**18,417,349**	18,236,881
Shareholder's funds		**18,417,350**	18,236,882

These financial statements were approved by the directors and authorised for issue on 30 November 2023 and are signed on their behalf by:

R L Northall
Director
Aurora ASD Limited
Company Registration Number: 10198361

The notes on pages 13 to 24 form part of these financial statements.

Statement of changes in equity

For the year ended 30 April 2023

	Called-up share capital £	Profit and loss account £	Total £
At 1 May 2021	1	4,048,834	4,048,835
Profit for the financial year	-	14,188,047	14,188,047
Total comprehensive income	-	14,118,047	14,118,047
At 30 April 2022	1	18,236,881	18,236,882
Loss for the financial year	-	(7,781,293)	(7,781,293)
Total comprehensive expense	-	(7,781,293)	(7,781,293)
Gift of assets from fellow subsidiary company	-	8,893,680	8,893,680
Dividend paid	-	(931,919)	(931,919)
At 30 April 2023	**1**	**18,417,349**	**18,417,350**

The notes on pages 13 to 24 form part of these financial statements.

Notes to the financial statements *(continued)*

For the year ended 30 April 2023

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding period.

a. General information and basis of accounting

Aurora ASD Limited is a private company limited by shares registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the strategic report and directors' report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 issued by the Financial Reporting Council.

The functional currency of Aurora ASD Limited is considered to be Pounds Sterling because that is the currency of the economic environment in which the Company operates. The financial statements are also presented in Pounds Sterling.

Aurora ASD Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Aurora ASD Limited is consolidated in the financial statements of its parent, Aurora Care and Education Holdings Limited, which may be obtained at Companies House, Cardiff, CF14 3UZ. Under S400, exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related parties transactions.

b. Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

The Company is a 100% owned subsidiary of Aurora Care and Education Holdings Limited, the parent company of The Aurora Group. The majority of the Company's liabilities represent amounts due to fellow Group companies. The Company has received a letter of support from the directors of the Octopus Group Holdings Limited; the indirect parent company; which states it will continue to provide financial support to enable the Company to meet all its current and future obligations for a period of at least 12 months from date of signing of these financial statements.

As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

c. Turnover

Turnover represents sales of education and care services net of Value Added Tax and discounts. Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Turnover is recognised in the accounting year in which the services are rendered.

Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received in advance of services provided, the amounts are recorded as deferred income, which is recognised as income over the respective terms of the agreements.

d. Cost of sales

Cost of sales are fees and costs directly associated with generating turnover and are recognised on an accruals basis. Cost of sales comprise salaries and direct operating costs in relation to operating the school.

e. Other income

Other income represents non-contractual income for education and care services that is recognised in the period it is receivable.

Notes to the financial statements *(continued)*

For the year ended 30 April 2023

1 Accounting policies *(continued)*

f. Intangible assets - Goodwill

Goodwill arising on the acquisition of subsidiary and associated undertakings and businesses, representing any excess of the fair value of the consideration given over the provisional fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight-line basis over its estimated useful economic life, as follows:

Goodwill	7 years

Negative goodwill arising on an acquisition is recognised on the acquisition date and subsequently the excess, up to the fair value of non-monetary assets acquired, is recognised in profit or loss in the years in which the non-monetary assets are recovered.

g. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Customer relationships	7 years

Amortisation is charged to administrative expenses in the statement of comprehensive income. Where there is indication that the residual value or useful life has changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

h. Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Land	not depreciated
Buildings	50 years
Fixtures, fittings and equipment	5-20 years
Computer hardware and software	3 years

Assets under construction are recorded within tangible assets and are not depreciated as these assets are not available for use in the business. Upon completion, the assets are transferred to the appropriate fixed asset category and are depreciated as described above. The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the tangible asset may not be recoverable. If any such indications exist, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless they arise on a previously revalued tangible asset. An impairment loss on a revalued tangible asset is recognised in the statement of comprehensive income if it is caused by a clear consumption of economic benefits. Otherwise, impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

i. Investments

Investments are held at cost, less any provision for impairment. Indicators of impairment at each balance sheet date are assessed. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Notes to the financial statements *(continued)*

For the year ended 30 April 2023

1 Accounting policies *(continued)*

j. Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income as the transaction or other event that resulted in the tax expense or income.

k. Post-retirement benefits

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the statement of comprehensive income represents the contributions payable to the schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

l. Financial instruments

Financial assets and liabilities
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as part of cash and cash equivalents for the purposes of the cash flow statement.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income as described below. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Derecognition
Financial assets are derecognised when: the contractual rights to the cash flows from those assets expire or are settled; or where substantially all the risk and rewards of those assets are transferred to another entity; or where another entity becomes able to unilaterally sell those assets in their entirety to an unrelated third party. Financial liabilities are derecognised only when the relevant financial obligations are extinguished.

Notes to the financial statements *(continued)*
For the year ended 30 April 2023

1 Accounting policies *(continued)*

l. Financial instruments *(continued)*

Trade debtors
Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at the undiscounted amount receivable, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting year, to defer settlement of the creditor for at least 12 months after the reporting date. If there is an unconditional right to defer settlement for at least 12 months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

m. Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

n. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. The Company does not currently have assets under finance lease.

o. Sale and leaseback

Where a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, the seller-lessee shall recognise any profit or loss immediately. If the sale price is below fair value, the seller-lessee shall recognise any profit or loss immediately unless the loss is compensated for by future lease payments at below market price. In that case the seller-lessee shall defer and amortise such loss in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the seller-lessee shall defer the excess over fair value and amortise it over the period for which the asset is expected to be used.

p. Exceptional items

Exceptional income or expense is recognised when a significant gain or loss is made as part of the Company's business activities which is not expected to reoccur in future years.

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant judgements in accounting policies in these financial statements.

Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Impairment of intangible assets (note 9)
The Company considers whether intangible assets are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the associated cash-generating units. This requires estimation of the future cash flows from the cash-generating units and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Notes to the financial statements *(continued)*
For the year ended 30 April 2023

2 Critical accounting judgements and estimation uncertainty *(continued)*

Key accounting estimates and assumptions

ii) Tax provisions
The Company's deferred and current tax provisions relate to management's assessment of tax payable on open tax positions or tax benefits available to the Company in the future and has yet be agreed with HMRC. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation regarding arrangements entered into in the ordinary course of business. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

3 Turnover

The Company has a single class of business, providing educational and care services. The Company earns all of its revenue in the UK. An analysis of the Company's turnover is as follows:

	Year to 30 April 2023	Year to 30 April 2022
	£	£
Rendering of services	**15,493,222**	11,559,918

4 Other income

	Year to 30 April 2023	Year to 30 April 2022
	£	£
Non-contractual income	**-**	84,818

5 Profit before taxation

Profit before taxation is stated after charging:	**Year to 30 April 2023**	Year to 30 April 2022
	£	£
Depreciation of tangible fixed assets	**361,618**	404,204
Amortisation of intangible assets	**27,898**	27,898
Operating lease costs	**95,744**	70,267
Loss on disposal of fixed assets	**472,112**	8,082

Amortisation of intangible assets is included in administrative expenses.

The audit fee for the Company's financial statements for the year ended of £15,900 *(2022: £23,324)* is borne by the parent company Aurora Care and Education Opco Limited and not recharged to Aurora ASD Limited. Fees payable to Hazlewoods LLP and its associates for non-audit services to the company are £nil (2022: £nil).

Notes to the financial statements *(continued)*

For the year ended 30 April 2023

6 Staff numbers and costs

The monthly average number of staff employed by the Company during the financial year amounted to:

	Year to 30 April 2023	Year to 30 April 2022
	No	No
Administration	**43**	18
Operations	**342**	179
	385	197

The aggregate payroll costs of the above were:	**Year to 30 April 2023**	Year to 30 April 2022
	£	£
Wages and salaries	**6,044,960**	4,570,576
Social security costs	**509,708**	394,901
Other pension costs	**533,491**	413,873
	7,088,159	5,379,350

Pension schemes
The Company operates defined contribution pension schemes. The pension costs charge for the year represents contributions payable by the Company to the schemes and amounted to £533,491 *(2022: £413,873)*. Contributions of £107,668 were payable at the end of the financial year *(2022: £54,122)*.

7 Directors' remuneration and transactions

The Company did not pay any emoluments to the directors during either year. The directors are remunerated by Aurora Care and Education Opco Limited, another entity within the Aurora Group, for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a directors of this Company. The financial statements of Aurora Care and Education Opco Limited are available to the public from Companies House.

8 Tax on (loss)/profit

(a) Analysis of charge in the year	**Year to 30 April 2023**	Year to 30 April 2022
	£	£
Current tax:		
UK corporation tax on profits for the year	**-**	-
Adjustment in respect of previous periods	**542,490**	-
Total current tax	**542,490**	-
Deferred tax:		
Origination and reversal of timing differences	**(49,970)**	467,441
Adjustment in respect of previous periods	**2,526**	6,776
Effect of changes in tax rates	**-**	384,127
Total deferred tax	**(47,444)**	858,344
Total tax per statement of comprehensive income	**495,046**	858,344

Notes to the financial statements *(continued)*

For the year ended 30 April 2023

8 Tax on (loss)/profit *(continued)*

(b) Factors affecting tax charge

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:	**Year to 30 April 2023**	Year to 30 April 2022
	£	£
(Loss)/profit before tax	**(7,286,247)**	15,046,391
	£	£
Tax on profit at standard UK tax rate of 19.49% *(2021: 19%)*	**(1,420,090)**	2,858,814
Effects of:		
Expenses not deductible for tax purposes	**42,116**	447,815
Income not taxable	**-**	(3,150,944)
Effects of group relief/other reliefs	**(779,996)**	(2,102,927)
Gains/ rollover relief	**-**	2,561,676
Difference in corporation and deferred tax rates	**(11,007)**	(146,993)
Adjustment from previous periods	**545,016**	6,776
Tax rate changes	**-**	384,127
Intercompany write off	**2,131,446**	-
Super deduction relief	**(12,439)**	-
Tax charge for the year	**495,046**	858,344

An increase to the main UK corporation tax rate from 19% to 25% from 1 April 2023 was announced in the March 2021 budget and was substantively enacted on 24 May 2021. Deferred tax is therefore provided at 25% in the 2023 accounts.

The Company has no carried forward tax losses for the year *(brought forward: £Nil)*. The Company has no unrecognised deferred tax asset at the year-end *(2022: £Nil)*.

Notes to the financial statements *(continued)*

For the year ended 30 April 2023

9 Intangible assets

	Negative goodwill £	Customer relationships £	Total £
COST			
At 1 May 2022	(14,715)	210,000	195,285
Legal entity restructure	447,225	370,000	817,225
At 30 April 2023	**432,510**	**580,000**	**1,012,510**
AMORTISATION			
At 1 May 2022	(11,386)	162,500	151,114
Charge for the year	(2,102)	30,000	27,898
Legal Entity Restructure	447,225	370,000	817,225
At 30 April 2023	**433,737**	**562,500**	**996,237**
NET BOOK VALUE			
At 30 April 2023	**(1,227)**	**17,500**	**16,273**
At 30 April 2022	(3,329)	47,500	44,171

Negative goodwill arose on the purchase of the trade and assets of Anderson school which occurred on 1 December 2016. The goodwill will be amortised over a period of seven years.

The customer relationships intangible arose from the purchase of Anderson school as described above. Customer relationships are amortised over a period of 7 years, based on occupants' average length of stay.

The transfer of assets due to the legal entity restructure is further explained in the Principal Activities section of the Strategic Report.

Notes to the financial statements *(continued)*
For the year ended 30 April 2023

10 Tangible fixed assets

	Assets under construction	Land and buildings	Fixtures, fittings and equipment	Computer hardware and software	Motor vehicles	Total
	£	£	£	£	£	£
COST						
At 1 May 2022	134,705	1,906,701	612,419	340,471	-	2,994,296
Additions	89,739	314,734	358,206	160,376	-	923,055
Disposals	(110,914)	(369,695)	(64,826)	-	-	(545,435)
Transfers from assets under construction	(128,071)	107,009	20,663	399	-	-
Legal entity restructure	127,197	(105,387)	395,346	234,722	30,726	682,604
At 30 April 2023	**112,656**	**1,853,362**	**1,321,808**	**735,968**	**30,726**	**4,054,520**
DEPRECIATION						
At 30 April 2022	-	61,495	273,884	193,037	-	528,416
Charge for the year	-	82,986	129,496	148,336	800	361,618
Disposals	-	(4,955)	(63,590)	-	-	(68,545)
Legal Entity Restructure	-	(83,378)	199,653	129,587	28,726	274,588
At 30 April 2023	-	**56,148**	**539,443**	**470,960**	**29,526**	**1,096,077**
NET BOOK VALUE						
At 30 April 2023	**112,656**	**1,797,214**	**782,365**	**265,008**	**1,200**	**2,958,443**
At 30 April 2022	134,705	1,845,206	338,535	147,434	-	2,465,880

Land and buildings include short leasehold property at cost of £1,741,566 (2022: £446,186) and land at cost of £55,648 *(2022: £nil)* which is not depreciated.

The transfer of assets due to the legal entity restructure is further explained in the Principal Activities section of the Strategic Report.

11 Investments

Cost and carrying value	**£**
At 1 May 2022	**16,459,376**
Debt issue	**6,136,365**
At 30 April 2023	**22,595,741**

Amounts owed by Group undertakings are unsecured and carry no rate of interest.

Notes to the financial statements *(continued)*
For the year ended 30 April 2023

12 Debtors

	As at 30 April 2023	As at 30 April 2022
	£	£
Amounts falling due within one year:		
Trade debtors	**3,114,888**	1,036,608
Amounts owed by Group undertakings – fellow group companies	**173,063**	2,507,542
Prepayments and accrued income	**662,391**	482,646
Other debtors	**11,137**	9,988
Deferred tax asset	**27,054**	15,204
	3,988,533	4,051,988
Amounts falling due after one year:		
Amounts owed by Group undertakings – fellow group companies	-	1,087,803
	3,988,533	5,139,791

All amounts are unsecured. Amounts owed by Group undertakings carry no rate of interest and are repayable on demand.

13 Creditors: Amounts falling due within one year

	As at 30 April 2023	As at 30 April 2022
	£	£
Trade creditors	**167,446**	202,071
Amounts owed to Group undertakings – fellow group companies	-	652,334
Social security and other taxes	**228,977**	106,289
Other creditors	**2,152,332**	1,976,441
Deferred income	**7,978,813**	3,838,909
Accruals	**253,334**	253,839
Corporation tax	**1,585,054**	-
	12,365,956	7,029,883

All amounts are unsecured. Amounts owed to Group undertakings carry no rate of interest and are repayable on demand.

14 Provisions for liabilities

	As at 30 April 2023	As at 30 April 2022
	£	£
Deferred tax liability	**912,268**	1,003,258

Notes to the financial statements *(continued)*
For the year ended 30 April 2023

15 Deferred tax

The deferred tax included in the balance sheet is as follows:	**As at 30 April 2023**	As at 30 April 2022
	£	£
Included in current assets (note 12)	**27,054**	15,204
Included in provisions for liabilities (note 14)	**(912,268)**	(1,003,258)
	(885,214)	(988,054)

The movement in the deferred taxation account during the year was:	**As at 30 April 2023**	As at 30 April 2022
	£	£
Balance brought forward	**(988,054)**	(129,710)
Adjustment in respect of prior years	**(2,526)**	(6,776)
Deferred tax charge to statement of comprehensive income for the year	**49,970**	(851,568)
Movement arising from acquisitions	**55,396**	-
Balance carried forward	**(885,214)**	(988,054)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:	**As at 30 April 2023**	As at 30 April 2022
	£	£
Fixed asset timing differences	**(912,268)**	(1,003,258)
Short-term timing differences - trading	**27,054**	15,204
	(885,214)	(988,054)

16 Called-up share capital

	30 April 2023		30 April 2022	
	£	**No**	£	No
Allotted, authorised, called-up and fully paid:				
1 Ordinary share of £1	**1**	**1**	1	1

The Company has one class of ordinary shares, which carry no right to fixed income.

The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Notes to the financial statements *(continued)*
For the year ended 30 April 2023

17 Operating lease commitments

The Company has the following future minimum lease payments under non-cancellable operating leases for each of the following years:

Payments due:	Building	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
As at 30 April 2023				
Not later than one year	**1,989,000**	**25,714**	**39,724**	**2,054,438**
Later than one year and not later than five years	**7,956,000**	**17,143**	**48,511**	**8,021,654**
Greater than 5 years	**55,876,500**	**-**	**-**	**55,876,500**
	65,821,500	**42,857**	**88,235**	**65,952,592**
As at 30 April 2022				
Not later than one year	1,368,500	18,006	48,727	1,435,233
Later than one year and not later than five years	5,162,000	30,009	71,337	5,263,346
Greater than 5 years	36,728,750	-	-	36,728,750
	43,259,250	48,015	120,064	43,427,329

18 Ultimate parent undertaking

The immediate parent company is Aurora Care & Education Opco Limited. The Company's ultimate parent is Octopus Group Holdings Limited, a company registered in England and Wales with registered office address: 6th Floor, 33 Holborn, London EC1N 2HT. The consolidated financial statements of the Group are available to the public from Companies House. The smallest group in which the Company is consolidated is that headed by Aurora Care and Education Holdings Limited, incorporated in the United Kingdom with registered office Unit 13, Twigworth Court Business Centre, Tewkesbury Road, Gloucester, GL2 9PG. The largest group in which the Company is consolidated is that headed by is Octopus Group Holdings Limited. The consolidated financial statements of the Aurora Group are available to the public from Companies House. In the opinion of the directors, there is no ultimate controlling party.

19 Post balance sheet events

No adjusting or significant non-adjusting events have occurred between 30 April 2023 and the date of authorisation.