

COMPANIES
HOUSE

AURA HOLDINGS (NEWCASTLE) LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2010



Registered in England and Wales No. 6034462

AURA HOLDINGS (NEWCASTLE) LIMITED

REPORT OF THE DIRECTORS

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

Secretary R P Walker

The directors present their report and the financial statements for the year ended 31 March 2010

1 RESULTS FOR THE YEAR

The group loss for the year on ordinary activities after taxation and minority interests amounted to £98,738 (2009 £128,622 profit) which has been added to the surplus brought forward of £138,158 to give a surplus of £39,420 to carry forward

The directors do not recommend payment of a final dividend (2009 £Nil)

2 PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company is a holding company which has investments in Aura Newcastle Limited, Aura (Newcastle) Holding Company Limited and Aura (Newcastle) Holding Company Phase 2 Limited

Aura Newcastle Limited was incorporated to be a Local Education Partnership working with Newcastle City Council to identify and carry out building projects that will fulfil educational needs within Newcastle upon Tyne. On 5 July 2007 Aura Newcastle Limited entered into a contract to design and build a new school at Benfield. Since then contracts to design and build six more schools and one respite care home have been entered into. Aura Newcastle Limited intends to continue working with Newcastle City Council for the foreseeable future on further projects in Newcastle.

Aura (Newcastle) Holding Company Limited is a holding company and its only asset is its investment in Aura (Newcastle) Project Company Limited. On 5 July 2007 Aura (Newcastle) Project Company Limited completed financial close on a Private Finance Initiative project to design, build, finance and operate seven schools in Newcastle. As at the balance sheet date, the project has substantially completed the construction phase. The first school became operational during May 2008, and the final school became operational during February 2009. Final completion of the construction occurred in July 2010.

Aura (Newcastle) Holding Company Phase 2 Limited is a holding company and its only asset is its investment in Aura (Newcastle) Project Company Phase 2 Limited. On 26 November 2009 Aura (Newcastle) Project Company Phase 2 Limited completed financial close on a Private Finance Initiative project to design, build, finance and operate four schools in Newcastle. As at the balance sheet date, the project has completed £19.9m of the £84.5m construction phase. The first school is expected to become operational by April 2011, with the final school expected to become operational by August 2011. Final completion of the construction is expected by August 2012.

3 REVIEW OF THE BUSINESS

The group continues to meet its contractual obligations to Newcastle City Council whilst also working to improve its efficiency in controlling costs.

Key performance indicators (KPIs) include the monitoring of cash flow and the management of working capital.

The group's operations are managed under the supervision of its directors in accordance with its funding arrangements. These operations are largely determined by the detailed terms of the PFI contract. For this reason, the group's directors consider that further KPIs for the group are not necessary or appropriate for an understanding of the performance or position of the business.

AURA HOLDINGS (NEWCASTLE) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

4 PRINCIPAL RISKS AND UNCERTAINTIES

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

Interest rate risk

The group hedged its interest rate risk at the inception of the PFI projects through the use of interest rate swaps on any variable rate debt

Inflation risk

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

Liquidity risk

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

Credit risk

The group receives its revenue from Newcastle City Council

5 DIRECTORS

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

6 DISCLOSURE OF INFORMATION TO AUDITORS

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

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

7 AUDITORS

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

By Order of the Board



R P Walker
Secretary

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

27th September 2010

AURA HOLDINGS (NEWCASTLE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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

In preparing those financial statements, the directors are required to

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

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

AURA HOLDINGS (NEWCASTLE) LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AURA HOLDINGS (NEWCASTLE) LIMITED

We have audited the group and parent company financial statements (the 'financial statements') on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.trc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

Jonathan Mann (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1st Floor
46 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

28th September 2010

AURA HOLDINGS (NEWCASTLE) LIMITED**GROUP PROFIT AND LOSS ACCOUNT**Year ended 31 March 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
Turnover	1,2	59,731,295	57,999,025
Cost of sales	1	(58,957,264)	(57,632,378)
Gross profit		774,031	366,647
Administrative expenses		(67,887)	(236,176)
Operating profit	3	706,144	130,471
Interest receivable and similar income	4	6,622,657	3,703,755
Interest payable and similar charges	5	(7,509,540)	(3,520,621)
(Loss)/profit on ordinary activities before taxation		(180,739)	313,605
Tax on (loss)/profit on ordinary activities	6	57,317	(152,828)
(Loss)/profit on ordinary activities after taxation		(123,422)	160,777
Minority interest	15	24,684	(32,155)
Retained (loss)/profit for the financial year	17	(98,738)	128,622
Profit and loss account brought forward		138,158	9,536
Profit and loss account carried forward		39,420	138,158

There are no recognised gains or losses other than the retained (loss)/profit for the financial year (2009 £Nil) and therefore no statement of total recognised gains and losses is given

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

The notes on pages 9 to 21 form part of these financial statements

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP BALANCE SHEET AS AT 31 MARCH 2010

Company Registration No 6034462

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
CURRENT ASSETS			
Work in progress		3,392,695	746,078
Debtors Amounts falling due within one year	9	7,369,563	4,179,203
Debtors Amounts falling due after more than one year	10	130,542,864	108,248,125
Cash at bank and in hand		7,569,497	6,776,913
		<hr/>	<hr/>
		148,874,619	119,950,319
CURRENT LIABILITIES			
Creditors Amounts falling due within one year	12	(11,172,636)	(19,783,012)
		<hr/>	<hr/>
NET CURRENT ASSETS		137,701,983	100,167,307
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(137,502,708)	(99,894,610)
MINORITY INTEREST	15	(39,855)	(54,539)
		<hr/>	<hr/>
NET ASSETS		159,420	218,158
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	16	120,000	80,000
Profit and loss account		39,420	138,158
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	159,420	218,158
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 21 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on *27 September* 2010

Signed on behalf of the Board of Directors

R J W Wotherspoon



Director

AURA HOLDINGS (NEWCASTLE) LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2010

Company Registration No 6034462

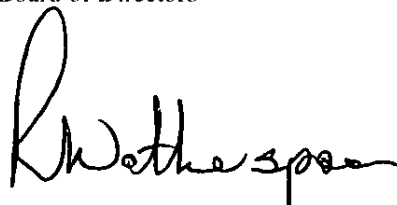
	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
FIXED ASSETS			
Investments	8	14,543,941	80,000
CURRENT ASSETS			
Debtors amounts falling due within one year	9	557,071	38,940
Investments	11	-	429,550
Cash at bank and in hand		124,322	-
		<hr/>	<hr/>
		681,393	468,490
CURRENT LIABILITIES			
Creditors Amounts falling due within one year	12	(566,509)	(468,490)
		<hr/>	<hr/>
NET CURRENT ASSETS		114,884	-
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(14,538,825)	-
		<hr/>	<hr/>
NET ASSETS		120,000	80,000
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	120,000	80,000
Profit and loss account		-	-
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	17	120,000	80,000
		<hr/>	<hr/>

The notes on pages 9 to 21 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on *27 September 2010* 2010

Signed on behalf of the Board of Directors

R J W Wotherspoon

 Director

AURA HOLDINGS (NEWCASTLE) LIMITED

GROUP CASH FLOW STATEMENT

Year ended 31 March 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
Net cash flow from operating activities		(128,290)	385,185
Returns on investments and servicing of finance			
Interest received		6,622,283	3,732,513
Interest paid		(6,632,796)	(5,940,179)
Commitment fees paid		(25,705)	(114,670)
		<hr/>	<hr/>
		(36,218)	(2,322,336)
Taxation			
UK Corporation tax paid		(152,828)	(7 828)
Capital expenditure and financial investment			
Investment in PFI financial assets		(25,111,660)	(40 345 961)
		<hr/>	<hr/>
Net cash outflow before financing		(25,428 996)	(42 290 940)
Financing			
Issue of ordinary shares		50 000	-
Draw downs of loans		38,575,106	40,263 663
less debt arrangement costs		(1 379,511)	-
Repayment of loans		(11 024,015)	-
		<hr/>	<hr/>
		26 221 580	40,263 663
		<hr/>	<hr/>
Increase/(decrease) in cash		792 584	(2 027 277)
		<hr/>	<hr/>
Reconciliation of group operating profit to group operating cash flow			
Operating profit		706,144	130,471
(Increase)/decrease in debtors		(2 889 060)	2 213 513
Increase/(decrease) in creditors		2,054 626	(1 958,799)
		<hr/>	<hr/>
Net cash flow from operating activities		(128 290)	385 185
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash		792,584	(2,027,277)
Cash flow from increase in debt		(27,551,091)	(40,263,663)
Arrangement costs of debt		1,379,511	-
Finance charges and capitalised interest		(186,113)	(88,221)
		<hr/>	<hr/>
		(25,565 109)	(42,379,161)
Net debt at the start of the year	18	(103,222,855)	(60,843,694)
		<hr/>	<hr/>
Net debt at the end of the year	18	(128,787,964)	(103,222,855)
		<hr/>	<hr/>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

1 ACCOUNTING POLICIES

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

Accounting convention

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

Basis of consolidation

The group's financial statements incorporate the assets and liabilities of all subsidiaries as at the balance sheet date and their results for the year ended on that date using the acquisition method of accounting. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Going concern

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

The directors believe that the group has satisfactory financial resources to allow it to operate its contracts. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors consider that, after reviewing the latest forecasts, the group has sufficient funds to cover its short term liabilities and will be in a position to pay its long term debts as they reach maturity.

The financial statements have therefore been prepared on a going concern basis.

Work in progress

Work in progress includes all construction related costs and bid costs incurred after becoming preferred bidder on a Private Finance Initiative project. It also includes all relevant finance costs incurred during the construction period of the Private Finance Initiative project. Work in progress does not include any interest receivable since such receipts are taken directly to the profit and loss account.

Turnover, cost of sales and finance debtor

The group is an operator of Private Finance Initiative contracts. The underlying Private Finance Initiative assets are not deemed to be assets of the group under Financial Reporting Standard No. 5 Reporting the Substance of Transactions, Application Note F because the risks and rewards of ownership as set out in that standard are deemed to lie principally with Newcastle City Council.

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

During the operational phase of the Private Finance Initiative project income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the unitary charge income is included within turnover in accordance with Financial Reporting Standard No. 5 Reporting the Substance of Transactions, Application Note G. The group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

1 ACCOUNTING POLICIES (CONTINUED)

Turnover, cost of sales and finance debtor (continued)

Turnover also includes fees receivable together with recharges of costs relating to the design and build construction projects. Cost of sales includes the costs relating to the design and build construction projects.

All turnover is generated within the United Kingdom.

Loans

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

Derivative financial instruments

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

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

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

Taxation

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

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

2 TURNOVER

	<u>2010</u> £	<u>2009</u> £
Deemed disposal of completed PFI schools	28,575,807	45,401,734
Other turnover, including non PFI design and build construction projects	31,155,488	12,597,291
	<u>59,731,295</u>	<u>57,999,025</u>

3 OPERATING PROFIT

Operating profit is derived after charging

	<u>2010</u> £	<u>2009</u> £
Auditors' remuneration - audit fee	18,800	18,375
- non-audit fee - tax	7,700	7,875
	<u>26,500</u>	<u>26,250</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2010</u> £	<u>2009</u> £
Finance debtor interest receivable	6,607,107	3,422,815
Bank interest receivable	15,550	280,940
	<u>6,622,657</u>	<u>3,703,755</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2010</u> £	<u>2009</u> £
Interest payable	7,367,085	3,472,633
Commitment fees	24,928	14,907
Amortisation of finance costs	117,527	33,081
	<u>7,509,540</u>	<u>3,520,621</u>

6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>2010</u> £	<u>2009</u> £
On the results for the year		
Corporation tax - current period	81,133	160,656
Corporation tax - prior period	(100,324)	(7,828)
Deferred tax - current period	(38,126)	-
	<u>(57,317)</u>	<u>152,828</u>

Factors affecting the tax charge for the current period

	<u>2010</u> £	<u>2009</u> £
(Loss)/profit on ordinary activities before taxation	(180,739)	313,605
United Kingdom Corporation Tax at 28% (2009 28%)	(50,607)	87,809
Expenses not deductible for tax purposes	964	59,973
Expenses not deductible for tax purposes - tax adjustments	100,324	7,306
Adjustments to tax charge in respect of prior periods	(100,324)	(7,828)
Utilisation of tax losses	(2,074)	(1,777)
Other timing differences	(5,600)	5,601
Unrelieved tax losses arising in the period	38,126	1,744
Current tax (credit)/charge for the period	<u>(19,191)</u>	<u>152,828</u>

There were no material unrecognised deferred tax assets at the year end (2009 £1,744). At 31 March 2009 a deferred tax asset of £1,744 in respect of losses was not recognised as there was insufficient evidence that the asset would be recovered. The asset was recovered during the year to 31 March 2010.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The group had no employees during the year (2009 None) and no emoluments were paid to the directors in respect of their services to the group (2009 £Nil) £24,640 (2009 £20,706) was payable to the controlling shareholders for directors' services

8 FIXED ASSET INVESTMENTS

Company

	<u>Shares</u> £	<u>Loans</u> £	<u>Total</u> £
Cost and net book value			
As at 1 April 2009	80,000	-	80,000
Additions	40,000	14,423,941	14,463,941
As at 31 March 2010	<u>120,000</u>	<u>14,423,941</u>	<u>14,543,941</u>

The company owns 80% of the total share capital of Aura Newcastle Limited which is incorporated in Great Britain and registered in England and Wales. The company owns 100% of the Ordinary class 'C' shares in Aura Newcastle Limited. This subsidiary was set up to be a Local Education Partnership working together with Newcastle City Council on building projects for schools in Newcastle.

The company also owns 80% of the total share capital of Aura (Newcastle) Holding Company Limited which is incorporated in Great Britain and registered in England and Wales. The company owns 100% of the Ordinary class 'A' shares and, through Aura Newcastle Limited, 80% of the Ordinary class 'C' shares in Aura (Newcastle) Holding Company Limited. This is a holding company with a 100% equity investment in Aura (Newcastle) Project Company Limited which was set up to design, build, finance and operate seven schools in Newcastle.

The company also owns 80% of the total share capital of Aura (Newcastle) Holding Company Phase 2 Limited which is incorporated in Great Britain and registered in England and Wales. The company owns 100% of the Ordinary class 'A' shares and, through Aura Newcastle Limited, 80% of the Ordinary class 'C' shares in Aura (Newcastle) Holding Company Phase 2 Limited. This is a holding company with a 100% equity investment in Aura (Newcastle) Project Company Phase 2 Limited which was set up to design, build, finance and operate four schools in Newcastle.

In the directors' opinion, the value of the investments in the subsidiary undertakings is not less than the amount at which they are stated in the company's balance sheet.

9 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u> <u>2010</u> £	<u>Group</u> <u>2009</u> £	<u>Company</u> <u>2010</u> £	<u>Company</u> <u>2009</u> £
Trade debtors	-	104,392	-	-
Finance debtor	2,028,271	1,819,841	-	-
Other debtors	-	757,609	-	-
Taxation - VAT	1,223,426	37,731	-	-
Corporation tax	100,324	7,828	-	-
Prepayments and accrued income	4,017,542	1,451,802	-	-
Amounts owed by subsidiary companies	-	-	557,071	38,940
	<u>7,369,563</u>	<u>4,179,203</u>	<u>557,071</u>	<u>38,940</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

10 DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group

	<u>2010</u> £	<u>2009</u> £
Finance debtor	130,504,738	108,248,125
Deferred tax asset	38,126	-
	<u>130,542,864</u>	<u>108,248,125</u>

11 CURRENT ASSET INVESTMENTS

Company

	£
Cost and net book value of loans to subsidiary company	
At 1 April 2009	429,550
Interest capitalised during the year	31,301
Disposal	(460,851)
At 31 March 2010	<u>-</u>

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u> <u>2010</u> £	<u>Group</u> <u>2009</u> £	<u>Company</u> <u>2010</u> £	<u>Company</u> <u>2009</u> £
Loans (see note 14)	1,746,323	11,145,159	9,438	429,550
Trade creditors	399,916	669,507	-	-
Other creditors	32,430	12,925	-	-
Taxation - VAT	72,103	-	-	-
Corporation tax	81,133	160,656	-	-
Accruals and deferred income	8,840,731	7,794,765	557,071	38,940
	<u>11,172,636</u>	<u>19,783,012</u>	<u>566,509</u>	<u>468,490</u>

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group

	<u>Group</u> <u>2010</u> £	<u>Group</u> <u>2009</u> £	<u>Company</u> <u>2010</u> £	<u>Company</u> <u>2009</u> £
Loans (see note 14)	134,611,138	98,854,609	14,414,503	-
Accruals and deferred income	2,891,570	1,040,001	124,322	-
	<u>137,502,708</u>	<u>99,894,610</u>	<u>14,538,825</u>	<u>-</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

14 LOANS

<u>Group</u>	<u>Loans</u>	<u>Capitalised interest</u>	<u>Arrangement cost</u>	<u>FRS4 amortisation</u>	<u>Total</u>
	£	£	£	£	£
At 1 April 2009					
(a) BNP term loan	50,205,000	-	(427,400)	25,963	49,803,563
(b) EIB term loan (1)	50,018,450	-	(265,832)	16,148	49,768,766
(c) BNP equity bridge loan	8,174,520	-	(30,276)	30,276	8,174,520
(d) BNP Change in Law Facility	-	-	(13,600)	13,600	-
(e) NIBC term loan	-	-	-	-	-
(f) EIB term loan (2)	-	-	-	-	-
(g) NIBC Change in Law Facility	-	-	-	-	-
(h) Subordinate loan	1,917,480	-	-	-	1,917,480
(i) Shareholder loan notes (1)	-	-	(201,840)	-	(201,840)
(j) Shareholder loans (1)	-	-	-	-	-
(k) Shareholder loan notes (2)	-	-	-	-	-
(l) Shareholder loans (2)	459,497	77,782	-	-	537,279
	<u>110,774,947</u>	<u>77,782</u>	<u>(938,948)</u>	<u>85,987</u>	<u>109,999,768</u>

Draw downs/Profit and Loss Account charge during year

(a) BNP term loan	3,180,419	-	-	25,138	3,205,557
(b) EIB term loan (1)	3,147,800	-	-	15,636	3,163,436
(c) BNP equity bridge loan	-	-	-	-	-
(d) BNP Change in Law Facility	-	-	-	-	-
(e) NIBC term loan	7,082,448	-	(787,800)	1,339	6,295,987
(f) EIB term loan (2)	7,027,439	-	(195,468)	332	6,832,303
(g) NIBC Change in Law Facility	-	-	(52,559)	52,559	-
(h) Subordinate loan	-	-	-	-	-
(i) Shareholder loan notes (1)	10,092,000	-	-	4,289	10,096,289
(j) Shareholder loans (1)	8,045,000	135,925	(160,900)	18,234	8,038,259
(k) Shareholder loan notes (2)	-	-	(184,338)	-	(184,338)
(l) Shareholder loans (2)	-	39,126	-	-	39,126
	<u>38,575,106</u>	<u>175,051</u>	<u>(1,381,065)</u>	<u>117,527</u>	<u>37,486,619</u>

Repayments/reclassifications

(a) BNP term loan	-	-	-	-	-
(b) EIB term loan (1)	(518,468)	-	-	-	(518,468)
(c) BNP equity bridge loan	(8,174,520)	-	30,276	(30,276)	(8,174,520)
(d) BNP Change in Law Facility	-	-	-	-	-
(e) NIBC term loan	-	-	-	-	-
(f) EIB term loan (2)	-	-	-	-	-
(g) NIBC Change in Law Facility	-	-	-	-	-
(h) Subordinate loan	(1,917,480)	-	-	-	(1,917,480)
(i) Shareholder loan notes (1)	-	-	-	-	-
(j) Shareholder loans (1)	-	-	-	-	-
(k) Shareholder loan notes (2)	-	-	-	-	-
(l) Shareholder loans (2)	(413,547)	(104,911)	-	-	(518,458)
	<u>(11,024,015)</u>	<u>(104,911)</u>	<u>30,276</u>	<u>(30,276)</u>	<u>(11,128,926)</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

14 LOANS (CONTINUED)

<u>Group</u>	<u>Loans</u>	<u>Capitalised</u>	<u>Arrangement</u>	<u>FRS4</u>	<u>Total</u>
	<u>£</u>	<u>interest</u>	<u>cost</u>	<u>amortisation</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 31 March 2010					
(a) BNP term loan	53,385,419	-	(427,400)	51,101	53,009,120
(b) EIB term loan (1)	52,647,782	-	(265,832)	31,784	52,413,734
(c) BNP equity bridge loan	-	-	-	-	-
(d) BNP Change in Law Facility	-	-	(13,600)	13,600	-
(e) NIBC term loan	7,082,448	-	(787,800)	1,339	6,295,987
(f) EIB term loan (2)	7,027,439	-	(195,468)	332	6,832,303
(g) NIBC Change in Law Facility	-	-	(52,559)	52,559	-
(h) Subordinate loan	-	-	-	-	-
(i) Shareholder loan notes (1)	10,092,000	-	(201,840)	4,289	9,894,449
(j) Shareholder loans (1)	8,045,000	135,925	(160,900)	18,234	8,038,259
(k) Shareholder loan notes (2)	-	-	(184,338)	-	(184,338)
(l) Shareholder loans (2)	45,950	11,997	-	-	57,947
	<u>138,326,038</u>	<u>147,922</u>	<u>(2,289,737)</u>	<u>173,238</u>	<u>136,357,461</u>

Made up as follows

	<u>£</u>
Included in Creditors Amounts falling due within one year	1,746,323
Included in Creditors Amounts falling due after more than one year	134,611,138
	<u>136,357,461</u>

(a) The BNP term loan bears interest at LIBOR plus an applicable margin plus the Reserve Asset Costs. The applicable margin was 0.7% until 30 September 2009 and 0.6% thereafter. An interest rate swap has been used to reduce the company's exposure to fluctuating interest rates. The loan has been fully drawn down and is repayable in semi-annual instalments from 31 March 2011 to 30 September 2033 plus a final payment on 31 December 2033.

(b) The EIB term loan bears interest at 5.589% plus an applicable margin. The applicable margin is 0.6% until 30 September 2011 and 0.15% thereafter. The loan has been fully drawn down and is repayable in semi-annual instalments from 31 March 2010 to 30 September 2032 plus a final payment on 31 December 2032.

The (a) and (b) term loans are part of the senior debt facility and are secured by a fixed and floating charge over the assets of Aura (Newcastle) Project Company Limited.

(c) Interest on the BNP equity bridge loan was charged at the aggregate of LIBOR, 0.2% and the Reserve Assets Costs. An interest rate swap was used to reduce the group's exposure to fluctuating interest rates. The loan was repaid in full on 30 September 2009. The equity bridge loan was subordinate to the term loans.

(d) A Change in Law facility of £1,700,000 is also available from BNP.

(e) The NIBC term loan bears interest at LIBOR plus an applicable margin plus the Mandatory Cost. The applicable margin is 2.75% during the loan availability period, and ranging between the 2.5% and 2.7% thereafter. An interest rate swap has been used to reduce the company's exposure to fluctuating interest rates. The loan is repayable in semi-annual instalments from 30 September 2012 to 31 March 2036.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

14 LOANS (CONTINUED)

(f) The EIB term loan (2) bears interest at 4.616% plus an applicable margin. The applicable margin is 0.7% until at least 2 years after construction on the PFI schools is completed, and 0.4% thereafter. The loan is repayable in semi-annual instalments from 30 September 2012 to 31 March 2036.

The total (e) and (f) term loan facility available is £78,456,071. The term loans are part of the senior debt facility and are secured by a fixed and floating charge over the assets of Aura (Newcastle) Project Company Phase 2 Limited.

(g) A Change in Law facility of £2,627,931 is also available from NIBC.

(h) Interest on the subordinate loan was charged at 5.91%. The loan was repaid in full on 30 September 2009. The loan was held by one of the company's shareholders. It was subordinate to the term loans (a) and (b) and the equity bridge loan (c).

(i) Loan notes of £10,092,000 were drawn down in full from the company's shareholders during September 2009. 10,092,000 £1 loan notes were issued at par. Interest on the loan notes is charged at 12.36%. The loan notes are repayable in semi-annual instalments from 31 March 2010 to 31 March 2035. The loan notes are subordinate to the term loans (a) and (b).

(j) Interest on the shareholder loan is charged at 6.205%. The loan has been fully drawn down and is repayable in full on 28 August 2012. The loan is held by the company's shareholders and is subordinate to the term loans (e) and (f).

(k) There is a commitment from the company's shareholders to invest £9,216,876 of subordinate loan notes on 28 August 2012.

(l) Interest on the shareholder loans is charged at 12% and is payable on the repayment date of the loans. The loans became repayable on 15 December 2009 on demand.

The loans are repayable as follows:

	<u>2010</u> £	<u>2009</u> £
In less than 1 year	1,755,612	11,147,747
In 1 - 2 years	2,495,035	1,685,868
In 2 - 5 years	23,250,187	8,111,917
Over 5 years	110,973,126	89,907,197
	<u>138,473,960</u>	<u>110,852,729</u>

Arrangement costs relate to those costs incurred in raising the term loans, equity bridge loans, Change in Law facilities and shareholder loans. All arrangement costs capitalised are amortised over the period of the debt to which they relate, with the exception of the arrangement cost of the change in law facility. As there is no set drawdown or repayment profile for this facility, the costs were expensed immediately.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

14 LOANS (CONTINUED)

Company

	<u>Loan</u>	<u>Capitalised</u>	<u>Total</u>
	£	interest	£
		£	£
At 1 April 2009			
(a) Shareholder loans (1)	367,598	61,952	429,550
(b) Shareholder loan notes	-	-	-
(c) Shareholder loans (2)	-	-	-
	<u>367,598</u>	<u>61,952</u>	<u>429,550</u>

Drawdowns/Profit and Loss Account charge during the year

(a) Shareholder loans (1)	-	31,301	31,301
(b) Shareholder loan notes	8,073,600	-	8,073,600
(c) Shareholder loans (2)	6,216,093	134,248	6,350,341
	<u>14,289,693</u>	<u>165,549</u>	<u>14,455,242</u>

Repayments/reclassifications

(a) Shareholder loans (1)	(367,598)	(93,253)	(460,851)
(b) Shareholder loan notes	-	-	-
(c) Shareholder loans (2)	-	-	-
	<u>(367,598)</u>	<u>(93,253)</u>	<u>(460,851)</u>

At 31 March 2010

(a) Shareholder loans (1)	-	-	-
(b) Shareholder loan notes	8,073,600	-	8,073,600
(c) Shareholder loans (2)	6,216,093	134,248	6,350,341
	<u>14,289,693</u>	<u>134,248</u>	<u>14,423,941</u>

Made up as follows

Included in Creditors	Amounts falling due within one year	9,438
Included in Creditors	Amounts falling due after more than one year	14,414,503
		<u>14,423,941</u>

- (a) Interest on the loans is charged at 12% and is payable on the repayment date of the loans. The loans became repayable on 15 December 2009, on demand.
- (b) Loan notes of £8,073,600 were drawn down in full from the company's shareholders during September 2009. 8,073,600 £1 loan notes were issued at par. 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.
- (c) Interest on the shareholder loans is charged at 6.205%. The loans have been fully drawn down and are repayable in full on 28 August 2012.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

14 LOANS (CONTINUED)

The loans are repayable as follows

	<u>2010</u> £	<u>2009</u> £
In less than 1 year	9,438	429,550
In 1 - 2 years	39,784	-
In 2 - 5 years	6,558,599	-
Over 5 years	7,816,120	-
	<u>14,423,941</u>	<u>429,550</u>

15 MINORITY INTEREST

Group

	£
At 1 April 2009	54,539
Issue of share capital	10,000
Charged to the profit and loss account	(24,684)
At 31 March 2010	<u>39,855</u>

16 CALLED UP SHARE CAPITAL

Group and Company

	<u>2010</u> £	<u>2009</u> £
Allotted called up and fully paid 120,000 Ordinary shares of £1 each	<u>120,000</u>	<u>80,000</u>

17 RECONCILIATION OF SHAREHOLDERS FUNDS

Group

	<u>2010</u> £	<u>2009</u> £
Opening shareholders funds	218,158	89,536
Issue of 40,000 Ordinary shares of £1 each on 25 November 2009 at par	40,000	-
Retained (loss)/profit for the financial year	(98,738)	128,622
Closing shareholders funds	<u>159,420</u>	<u>218,158</u>

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

17 RECONCILIATION OF SHAREHOLDERS' FUNDS (CONTINUED)

<u>Company</u>	<u>2010</u> £	<u>2009</u> £
Opening shareholders' funds	80,000	80,000
Issue of 40,000 Ordinary shares of £1 each on 25 November 2009 at par	40,000	-
Retained profit for the financial year	-	-
Closing shareholders' funds	<u>120,000</u>	<u>80,000</u>

As permitted by S 408 of the Companies Act 2006, no profit and loss account of the company is presented. The company made a profit of £nil (2009 £nil) in the year ended 31 March 2010.

18 ANALYSIS OF NET DEBT

	At 31 March <u>2009</u> £	Cash Flow £	Other non cash <u>movement</u> £	At 31 March <u>2010</u> £
Cash at bank and in hand	6,776,913	792,584	-	7,569,497
Loans due within one year	(11,145,159)	11,128,926	(1,730,090)	(1,746,323)
Loans due after one year	(98,854,609)	(37,300,506)	1,543,977	(134,611,138)
Net debt	<u>(103,222,855)</u>	<u>(25,378,996)</u>	<u>(186,113)</u>	<u>(128,787,964)</u>

19 DERIVATIVES NOT INCLUDED AT FAIR VALUE

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

Fair value of derivative	<u>2010</u> £	<u>2009</u> £
Loss on interest rate swaps		
BNP term loan (note 14 (a))	9,929,875	12,279,084
BNP equity bridge loan (note 14 (c))	-	189,187
NIBC term loan (note 14 (e))	1,277,772	-
	<u>11,207,647</u>	<u>12,468,271</u>

20 COMMITMENTS

The group is committed to paying Sir Robert McAlpine Limited a further £64,634,993 in respect of construction costs. Final completion of the construction is expected by August 2012.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

21 RELATED PARTY TRANSACTIONS

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

On 5 July 2007 the group entered into a contract with Sir Robert McAlpine Limited, a group member of one of the group's shareholders for the construction of seven schools in Newcastle. These schools are being constructed under a Private Finance Initiative project. An amount of £9,097,581 (2009 £38,499,791) was payable under this contract during the year and has been included within the finance debtor. £616,533 (2009 £2,952,454) was unpaid at the year end, of which £55,810 (2009 £425,810) was included within trade creditors, £560,723 (2009 £2,411,860) was included within accruals and deferred income due within one year and £Nil (2009 £114,784) was included within accruals and deferred income due in more than one year at the year end.

The group has also entered into a number of design and build contracts with Sir Robert McAlpine Limited for the construction of seven schools and one respite care home in Newcastle. An amount of £27,261,128 (2009 £11,028,316) was payable under these contracts during the year and £3,950,276 (2009 £1,212,649) was unpaid at the year end and included within accruals and deferred income due within one year.

On 26 November 2009 the group entered into a further contract with Sir Robert McAlpine Limited for the construction of four schools in Newcastle. These schools are being constructed under a Private Finance Initiative project. An amount of £19,898,764 (2009 £Nil) was payable under this contract during the year and has been included within the finance debtor. £3,299,079 (2009 £Nil) was unpaid at the year end, of which £2,702,405 was included within accruals and deferred income due within one year and £596,674 was included within accruals and deferred income due in more than one year.

Following financial close of the Private Finance Initiative project on 26 November 2009 bid costs of £210,926 were reimbursed to Sir Robert McAlpine Limited. Debt arrangement fees of £345,238 were payable to the group's shareholders. An amount of £1,554 was unpaid at the year end and included within accruals and deferred income due within one year. The group also paid £600,000 comprising management fees of £200,000 and reimbursement of set up costs of £400,000 to some of the shareholders as follows: £200,000 to PFI Investors Limited, £200,000 to Robertson Capital Projects Limited (who ceased to be a shareholder during the year) and £200,000 to Parsons Brinckerhoff Overseas Limited.

During the year an amount of £Nil (2009 £241,974) was payable in respect of mobilisation services to Robertson Facilities Management Limited, a group member of one of the group's shareholders.

A further amount of £1,689,722 (2009 £939,637) was payable to Robertson Facilities Management Limited under a contract for facilities management of the schools. Of this £411,973 (2009 £158,229) was unpaid at the year end and included within trade creditors and accruals and deferred income.

During the year an amount of £2,560 (2009 £28,875) was payable in respect of running costs to Parsons Brinckerhoff Limited, a group member of one of the group's shareholders. Of this £10,435 (2009 £15,750) was unpaid at the year end and included within accruals and deferred income due within one year.

Amounts totalling £447,049 (2009 £377,811) were payable to PFI Investors Limited, Sir Robert McAlpine Limited and Parsons Brinckerhoff Limited during the year for the provision of staff and other services. £77,134 (2009 £130,596) was unpaid at the year end and included within trade creditors and accruals and deferred income due within one year.

A fee of £24,640 (2009 £20,706) was payable to the shareholders and to Building Schools for the Future Investments LLP, one of the group's minority shareholders for directors' services during the year and £19,347 (2009 £35,706) was included within accruals and deferred income due within one year at the year end.

A loan of £1,917,480 was provided by Building Schools for the Future Investments LLP during the period to 31 March 2008, which was repaid during the year. Interest of £56,817 (2009 £113,323) was payable on this loan.

AURA HOLDINGS (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

21 RELATED PARTY TRANSACTIONS (CONTINUED)

Working capital loans totalling £459,497 were provided by the group's shareholders during the period to 31 March 2008. The shareholders comprised of PFI Investors Limited, Robertson Capital Projects Limited, Parsons Brinckerhoff Overseas Limited, Building Schools for the Future Investments LLP and the Council of the City of Newcastle upon Tyne. Interest of £39,126 (2009: £55,140) was payable on this loan, and was capitalised into the loan balance. Commitment fees of £5,753 (2009: £8,107) were payable on the loan facility. On 15 December 2009 the loan became repayable on demand, and £413,099 was repaid leaving £45,950 outstanding at the year end. Interest of £11,997 that was capitalised into the loan also remains outstanding, together with £373 (2009: £4,043) relating to commitment fees, which is included within accruals and deferred income due within one year.

During September 2009, loan notes of £10,092,000 were provided by the group's shareholders. Interest of £664,148 (2009: £Nil) was payable on these loan notes, and is included within accruals and deferred income due within one year at the year end.

A loan of £8,045,000 was provided by the group's shareholders during the year. Interest of £173,436 was payable on this loan. Interest of £135,925 has been capitalised into the loan.