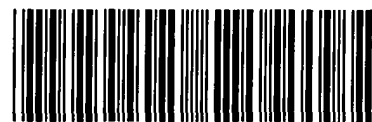


Aurora Care and Education Opco Limited
Annual report and financial statements
for the year ended 30 April 2019
Registered number: 09768784

TUESDAY



A8I3GESY

A08

12/11/2019

#87

COMPANIES HOUSE

Contents

	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Strategic report (continued)

The directors present their strategic report on Aurora Care and Education OpCo Limited ("The Company") for the year ended 30 April 2019. Throughout this document, references to the "Company" refer to its parent, Aurora Care and Education Holdings Limited. References to the "Group" and "Aurora Group" refer to Aurora Care and Education Holdings Limited and its subsidiaries.

Principal activities

The Company has two functions:

- to act as the central cost centre for the wider Aurora Group; and
- to operate Aurora Meldreth Manor and Aurora Orchard Manor. Meldreth Manor is a school that supports children and young people age 6-19 years who have highly complex learning difficulties and is one of the few schools in the country that also supports young people with complex health needs and associated difficulties. Orchard Manor offers a supportive living and learning environment for young adults who have severe and profound learning difficulties and is one of the few services in the country that is also able to support those with complex health needs and associated difficulties.

The Company continues investing in existing services to further develop the facilities and service offerings, so that it can best support those in its care. The Company has invested in an extensive redevelopment, refurbishment and improvement programme at Aurora Meldreth Manor, in order to optimise spaces used for learning, housing and care of students of the school.

Results

The loss for the year amounted to £4,908,947 (2018: loss of £4,877,657). The Company has net liabilities of £14,856,948 (2018: net liabilities of £9,948,001); this is in line with expectations, is typical for a business in its infancy and is further explained in the going concern section of Note 1 to the financial statements.

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, the most recent of which can be found at the following websites; www.cqc.org.uk and www.gov.uk/government/organisations/ofsted.

The directors consider the financial key performance indicators for the Company to be turnover and earnings before interest, tax, depreciation and amortisation (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, as the Group continues to grow through acquisitions, cash flow and net debt are reviewed by the business on a regular basis.

	Year to 30 April 2019	Year to 30 April 2018
Turnover	£7,215,250	£5,370,119
EBITDA	£(4,539,045)	£(5,485,528)

The Group's trading in the current year includes a full year's contribution from the Foxes Group, which was acquired during the prior year, and three schools that were newly set up in the prior year (Aurora Hanley School, Aurora Redehall School and Aurora Boveridge College); however, each of these contributed less than a full year's trading in the prior year. In addition, there has been a successful drive to maximise occupancy in all of the Group's services and this is reflected in the increases in both turnover and EBITDA.

Post Balance Sheet Event

St Christopher's children's home had its registration suspended by Ofsted on 29th July 2019, and the Directors took the decision to voluntarily cancel the registration. Alternative arrangements were made for residents and a staff consultation was launched. At the date of signing the financial statements we are unable to ascertain or quantify any financial impact which may arise from this event. Other services within the company (St Christopher's School and Hyde Lodge) remain unaffected.

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. Below are the principal risks and uncertainties that may affect the Company and mitigating factors.

Strategic report (continued)

Principal risks and uncertainties (continued)

Economic and policy risk

The majority of the Company's revenue from the next financial year is generated from Local Authorities, Clinical Commissioning Groups (CCG's) 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 abreast of future and proposed legislative changes, assesses public body demand through regular dialogue, and reviews fees and value for money within the marketplace.

Economic and policy risk (continued)

The directors have considered the potential consequences of the UK's leaving the European Union (EU). The Group neither exports nor makes significant imports but does employ staff from other EU countries. The directors do not anticipate any immediate impact on the availability of its current staff and continues to monitor the situation.

Regulatory risk

All Aurora Group services are regulated by the Office for Standards in Education, Children's Services and Skills (Ofsted) 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 de-regulation of a service, the loss of child, young person and adult placements, and reputational risk. To mitigate regulatory risk, robust policies and procedures have been implemented throughout the Company, a Governance framework established, regular internal audits completed, and quality inspections are carried out by an 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 identify services for which there is demand and to build or acquire suitable sites at an appropriate price in order to align services to this demand. The Company then relies on efficient and well controlled processes. The potential impact and likelihood of processes failing and operational risk materialising is assessed on a regular basis. Where these likelihoods are felt to be outside of 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 also has a disaster recovery plan in place for all services covering current business requirements.

There is a system of internal controls which seek to ensure that events which would damage the reputation of the business are prevented. 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 amount presented in the balance sheet is net of allowance 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 our debtors ability to pay. The public bodies concerned have not been downgraded as a result of the UK's decision to leave the EU.

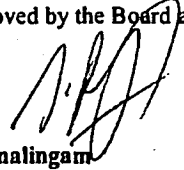
Liquidity risk

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

Future developments

The directors expect the general level of activity to improve from 2019 results, as demand and capacity of the school remains and development costs subside. The directors do not foresee any events outside the Company's control, which are expected to have significant impact on the business. The directors have assessed risks to the business as described above. The directors have not recommended payment of a dividend.

Approved by the Board and signed on its behalf by:



S Ramalingam
Director

Date: 10 September 2019

Directors' report

The directors present their annual report on the affairs and the audited financial statements of Aurora Care and Education Opco Limited together with the audited financial statements and auditor's report for the year ended 30 April 2019.

Going concern

The directors have considered the Principal risks and uncertainties that are described in the Strategic report when assessing the going concern assumption.

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

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 represents amounts due to Group undertakings. The sole shareholder of the Aurora Group, Octopus Capital Limited has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to provide financial support to enable the Company to meet all its current and future obligations.

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 period and up to the date of the report were as follows:

S Bradshaw (resigned 1 May 2018)
H Brassington (appointed 1 May 2018, resigned 26 September 2018)
S Ramalingam (appointed 14 November 2018)
K Rudd (appointed 1 May 2018, resigned 4 February 2019)
D Slater (appointed 14 November 2018)
J Young (appointed 2 May 2019)

Dividend

No dividend was declared or paid in the current year or the prior year. The directors continue not to recommend payment of a dividend.

Political contributions

The Company has made no political contributions or incurred any political expenditure during the year (2018: £nil).

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which 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.

Directors' report (*continued*)

Creditor payment policy

The Company's policy, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not follow any code or standard on payment practice.

Auditor

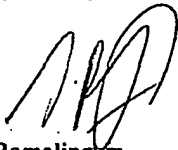
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:



S Ramalingam
Director

Date: 10 September 2019

33 Holborn
London
United Kingdom
EC1N 2HT

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 Accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), 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; 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.

Independent auditor's report to the members of Aurora Care and Education Opco Limited

Report on the audit of the financial statements.

Opinion

In our opinion the financial statements of Aurora Care and Education Opco Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 respect of these matters.

Independent auditor's report to the members of Aurora Care and Education Opco Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

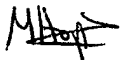
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or

We have nothing to report in respect of these matters.

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.



Michelle Hopton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

19 September 2019

Statement of comprehensive income
For the year ended 30 April 2019

		Year to 30 April 2019	Year to 30 April 2018
	Note	£	£
Turnover	3	7,215,250	5,370,119
Cost of sales		(5,477,431)	(4,250,880)
Gross profit		1,737,819	1,119,239
Administrative expenses		(6,691,213)	(6,872,528)
Operating loss		(4,953,394)	(5,753,289)
Interest receivable and similar income	4	187	101
Interest payable and similar charges	5	(75)	(1,432)
Loss before taxation	6	(4,953,282)	(5,754,620)
Tax on loss	9	44,335	876,963
Loss for the financial year		(4,908,947)	(4,877,657)

All of 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 11 to 22 form part of these financial statements.

Balance sheet
As at 30 April 2019

	Note	As at 30 April 2019 £	As at 30 April 2018 £
Non-current assets			
Negative goodwill	10	(665,386)	(760,441)
Customer relationships	10	1,064,000	1,216,000
Software	10	235,554	255,223
Intangible assets		634,168	710,782
Tangible assets	11	8,362,797	7,403,545
Investments	12	7,624,028	7,624,028
		16,620,993	15,738,355
Current assets			
Debtors due within one year	13	33,548,055	34,625,671
Cash at bank		400,122	1,556,366
Deferred tax asset	14	1,645,888	623,659
		35,594,065	36,805,696
Creditors: Amounts falling due within one year	15	(66,048,382)	(62,490,657)
Net current liabilities		(30,454,317)	(25,684,961)
Total assets less current liabilities		(13,833,324)	(9,946,606)
Provisions for liabilities	17	(1,023,624)	(1,395)
Net liabilities		(14,856,948)	(9,948,001)
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account	19	(14,856,949)	(9,948,002)
Shareholder's deficit		(14,856,948)	(9,948,001)

These financial statements were approved by the directors and authorised for issue on 10 September 2019 and are signed on their behalf by:



S Ramalingam
Director
Aurora Care and Education Opco Limited
Company Registration Number: 09768784

The notes on pages 11 to 22 form part of these financial statements.

Statement of changes in equity
For the year ended 30 April 2019

	Called-up share capital £	Profit and loss account £	Total £
At 1 May 2017	1	(5,070,345)	(5,070,344)
Loss for the financial year	-	(4,877,657)	(4,877,657)
Total comprehensive loss	-	(4,877,657)	(4,877,657)
At 30 April 2018	1	(9,948,002)	(9,948,001)
Loss for the financial year	-	(4,908,947)	(4,908,947)
Total comprehensive loss	-	(4,908,947)	(4,908,947)
At 30 April 2019	<u>1</u>	<u>(14,856,949)</u>	<u>(14,856,948)</u>

The notes on pages 11 to 22 form part of these financial statements.

Notes to the financial statements

For the period ended 30 April 2019

1 Accounting policies

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

a. General information and basis of accounting

Aurora Care and Education Opco Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. 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 on pages 1 to 2.

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 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Aurora Care and Education Opco 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 Care and Education Opco 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 Care and Education Opco 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. Exemptions have been taken in these separate Company financial statements in relation to preparing consolidated financial statements, financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related parties transactions. The financial statements represent the results of the Company only and does not reflect the results of any subsidiaries within the group.

b. Going concern

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

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 represents amounts due to Group undertakings. The sole shareholder of the Aurora Group, Octopus Capital Limited has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to provide financial support to enable the Company to meet all its current and future obligations.

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. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 from customers in advance of services provided, the amounts are recorded as deferred income, which is recognised as income over the respective terms of the agreements. Turnover on contracts exceeding one year is recognised on a straight-line basis over the term of the contract.

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.

Notes to the financial statements (*continued*)

For the year ended 30 April 2019

1 Accounting policies (*continued*)

e. Interest receivable and interest payable

Interest payable and similar charges relate to finance leases recognised in the statement of comprehensive income using the effective interest method.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

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. Goodwill is assessed for impairment when there are indicators that impairment has occurred. If the recoverable amount of the goodwill is found to be less than its carrying amount in the accounts, then the carrying amount is reduced to the recoverable amount and the difference is charged to the income statement. Reversals of impairment are recognised when the reasons for impairment no longer apply.

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 periods 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 – 10 years

Software – 5 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 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 years

Computer hardware – 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.

Notes to the financial statements (*continued*)

For the year ended 30 April 2019

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 periods 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.

Notes to the financial statements (*continued*) For the year ended 30 April 2019

1 Accounting policies (*continued*)

1. Financial instruments (*continued*)

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.

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 receivable amount, 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 receivables.

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 period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve 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

Operating lease

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.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the primary lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Should the lease be continued into its secondary term, "peppercorn" rentals are charged on a straight line basis over the period to which they relate.

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

As the Company principally incurred set-up costs for the wider Aurora Group during the period, the Group estimates and assumptions are noted below since they are relevant to the Company in the next financial year:

The Group 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.

Notes to the financial statements (continued)

For the year ended 30 April 2019

2 Critical accounting judgements and estimation uncertainty (continued)

Key accounting estimates and assumptions (continued)

i) Impairment of intangible assets and goodwill (note 10)

The Group considers whether intangible assets and/or goodwill 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.

ii) Tax provisions

The Company's deferred and current tax provisions of relates 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 its revenue in the UK.

An analysis of the Company's turnover is as follows:

	Year to 30 April 2019	Year to 30 April 2018
	£	£
Rendering of services	<u>7,215,250</u>	<u>5,370,119</u>

4 Interest receivable and similar income

	Year to 30 April 2019	Year to 30 April 2018
	£	£
Bank interest receivable	<u>187</u>	<u>101</u>

5 Interest payable and similar charges

	Year to 30 April 2019	Year to 30 April 2018
	£	£
Finance lease interest	<u>75</u>	<u>1,432</u>

6 Loss before taxation

Loss before taxation is stated after charging:

	Year to 30 April 2019	Year to 30 April 2018
	£	£
Depreciation of tangible fixed assets	296,214	197,781
Amortisation of intangible assets	118,135	69,980
Operating lease costs	74,735	60,891
	<u>489,084</u>	<u>328,652</u>

Notes to the financial statements (continued)
For the year ended 30 April 2019

6 Loss before taxation (continued)

The analysis of auditor's remuneration is as follows:

	Year to 30 April 2019 £	Year to 30 April 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	23,300	84,354
Non-audit fees:		
Taxation compliance services	-	4,000
Tax advisory services	-	16,839
	<u>23,300</u>	<u>105,193</u>

7 Staff numbers and costs

The average number of staff employed by the Company (including executive directors) during the financial year amounted to:

	Year to 30 April 2019 No	Year to 30 April 2018 No
Administration	51	60
Operations	168	139
	<u>219</u>	<u>199</u>

The aggregate payroll costs of the above were:

	Year to 30 April 2019 £	Year to 30 April 2018 £
Wages and salaries	6,330,519	5,360,732
Social security costs	516,963	523,525
Other pension costs	126,377	69,980
	<u>6,973,859</u>	<u>5,954,237</u>

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 £125,323 (2018: £90,020). There were no outstanding or prepaid contributions at the end of the financial year (2018: £nil).

8 Directors' remuneration and transactions

Directors' remuneration

	Year to 30 April 2019 £	Year to 30 April 2018 £
Emoluments	703,777	615,894
Company contributions to money purchase pension schemes	-	261
	<u>703,777</u>	<u>616,155</u>

Retirement benefits are accruing to one director (2018: one) under the money purchase pension scheme.

The two directors received remuneration from the Company in respect of their services in the period to 30 April 2019.

Notes to the financial statements (continued)
For the year ended 30 April 2019

9 Tax on loss

(a) Analysis of credit in the year

	Year to 30 April 2019 £	Year to 30 April 2018 £
Current tax:		
Adjustment in respect of previous periods	(44,335)	(254,699)
Total current tax	(44,355)	(254,699)
Deferred tax:		
Origination and reversal of timing differences	-	(695,473)
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	-	73,209
Total deferred tax	-	(622,264)
Total tax per income statement	(44,355)	(876,963)

(b) Factors affecting tax credit

The credit for the period can be reconciled to the loss per the statement of comprehensive income as follows:

	Year to 30 April 2019 £	Year to 30 April 2018 £
Loss before tax	(4,953,282)	(5,754,620)
Tax credit at 19.0% (2018: 19.0%)	(941,124)	(1,093,378)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	17,766	198,086
Income not taxable	(18,012)	(13,261)
Effects of group relief	-	63,152
Adjustment from previous periods	(44,335)	-
Tax rate changes	-	73,209
Deferred tax not recognised	941,370	(104,771)
Tax credit for the year	(44,335)	(876,963)

The Finance Act 2016 was substantively enacted on 6 September 2016 and provided for a reduction in tax rate to 17% from 1 April 2020. Deferred tax as at 30 April 2019 has been calculated at this rate.

The Company's carried forward tax losses for the year are £9,234,961 (brought forward: £7,363,818). The company has an unrecognised deferred tax asset as at the year-end of £559,182 (2018: £630,970).

Notes to the financial statements (continued)
For the year ended 30 April 2019

10 Intangible assets

	Negative goodwill £	Customer relationships £	Software £	Total £
COST				
At 1 May 2018	(950,551)	1,520,000	268,258	837,707
Additions	-	-	41,521	41,521
At 30 April 2019	(950,551)	1,520,000	309,779	879,228
AMORTISATION				
At 1 May 2018	(190,110)	304,000	13,035	126,925
Charge for the year	(95,055)	152,000	61,190	118,135
At 30 April 2019	(285,165)	456,000	74,225	245,060
NET BOOK VALUE				
At 30 April 2019	(665,386)	1,064,000	235,554	634,168
At 30 April 2018	(760,441)	1,216,000	255,223	710,782

The negative goodwill and customer relationships asset both arose on the purchase of the trade and assets of Meldreth Manor and Orchard Manor and both are being amortised over a period of 10 years. Software costs relate to Aurora Group's core operational and finance systems and are being amortised over a period of 5 years.

11 Tangible assets

	Construction in progress £	Land and buildings £	Fixtures, fittings and equipment £	Computer hardware £	Total £
COST					
At 1 May 2018	1,108,260	5,932,169	526,757	147,770	7,714,956
Additions	736,104	-	335,300	184,062	1,255,466
Transfers	(1,809,876)	1,783,553	26,323	-	-
At 30 April 2019	34,488	7,715,722	888,380	331,832	8,970,422
DEPRECIATION					
At 1 May 2018	-	102,859	138,123	70,429	311,411
Charge for the period	-	100,398	127,746	68,070	296,214
At 30 April 2019	-	203,257	265,869	138,499	607,625
NET BOOK VALUE					
At 30 April 2019	34,488	7,512,465	622,511	193,333	8,362,797
At 30 April 2018	1,108,260	5,829,310	388,634	77,341	7,403,545

All land and buildings are freehold. The cost of land is £2,160,000 and it is not depreciated.

The net carrying amount of assets held under finance leases included in fixtures, fittings and equipment is £nil (2018: £3,849).

Notes to the financial statements (continued)
For the year ended 30 April 2019

12 Investments

Subsidiary undertakings

	£
Cost and carrying value At 1 May 2018	7,624,028
At 30 April 2019	<u>7,624,028</u>

The Company has investments in the following subsidiary undertakings. The registered office of the subsidiaries below is 33 Holborn, London, United Kingdom EC1N 2HT.

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held	Ownership
Aurora ASD Limited	England & Wales	Provision of educational and child services	Ordinary	100%	Direct
Aurora Carroll Limited	England & Wales	Dormant	Ordinary	100%	Direct
Aurora FE Limited	England & Wales	Provision of educational services	Ordinary	100%	Direct
Aurora LD Limited	England & Wales	Provision of educational, child and adult services	Ordinary	100%	Direct
Aurora LD II Limited	England & Wales	Provision of educational services	Ordinary	100%	Direct
Beechkeys Limited	England & Wales	Provision of educational services	Ordinary	100%	Indirect
Beechkeys Properties Limited	England & Wales	Property holdings	Ordinary	100%	Direct
Foxes Academy Limited	England & Wales	Provision of educational services	Ordinary	100%	Indirect
The Reynard Care and Support Agency Limited	England & Wales	Provision of educational services	Ordinary	100%	Indirect
Trybond Limited	England & Wales	Property holdings	Ordinary	100%	Indirect

Notes to the financial statements (continued)
For the year ended 30 April 2019

13 Debtors due within one year

	As at 30 April 2019	As at 30 April 2018
	£	£
Trade debtors	653,674	576,289
Amounts owed by Group undertakings	32,110,871	33,438,934
Other debtors	545,163	413,114
Prepayments and accrued income	238,347	197,334
	<u>33,548,055</u>	<u>34,625,671</u>

Amounts owed by Group undertakings are unsecured, carry no rate of interest and are payable on demand.

14 Deferred tax asset

	As at 30 April 2019	As at 30 April 2018
	£	£
Deferred tax asset	<u>1,645,888</u>	<u>623,659</u>

15 Creditors: Amounts falling due within one year

	As at 30 April 2019	As at 30 April 2018
	£	£
Trade creditors	231,987	58,187
Amounts owed to Group undertakings	64,352,341	60,155,491
Social security and other taxes	157,478	222,630
Finance leases	-	4,282
Other creditors	55,748	55,817
Accruals and deferred income	1,250,828	1,994,250
	<u>66,048,382</u>	<u>62,490,657</u>

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

16 Finance leases

The future minimum finance lease payments are as follows:

	As at 30 April 2019	As at 30 April 2018
	£	£
Payments due:		
Not later than one year	<u>756</u>	<u>4,358</u>
Total gross payments	<u>756</u>	<u>4,358</u>
Less: finance charges	-	(76)
	<u>756</u>	<u>4,282</u>

The finance lease is for laundry equipment. The primary lease term, which covered the major part of the economic life of the leased assets, has ended and ownership reverted back to the lessor. The Company chose to extend the lease into its secondary term in order to retain the use of the assets. The lease can be further extended, on an annual basis, at the discretion of the Company.

Notes to the financial statements (continued)
For the year ended 30 April 2019

17 Provisions for liabilities

	As at 30 April 2019	As at 30 April 2018
	£	£
Deferred tax	<u>1,023,624</u>	<u>1,395</u>

18 Deferred tax

The deferred tax included in the balance sheet is as follows:

	As at 30 April 2019	As at 30 April 2018
	£	£
Included in current assets (note 14)	1,645,888	623,659
Included in provision for liabilities (note 17)	<u>(1,023,624)</u>	<u>(1,395)</u>
	<u>622,264</u>	<u>622,264</u>

The movement in the deferred taxation account during the period was:

	Year to 30 April 2019	Year to 30 April 2018
	£	£
Balance brought forward	622,264	-
Adjustment in respect of prior years	273,959	-
Deferred tax charge to income statement for the period	<u>(273,959)</u>	<u>622,264</u>
Balance carried forward	<u>622,264</u>	<u>622,264</u>

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

	As at 30 April 2019	As at 30 April 2018
	£	£
Fixed asset timing differences	(1,023,624)	(1,395)
Short term timing differences – non-trading	2,137	2,781
Losses	<u>1,643,751</u>	<u>620,878</u>
	<u>622,264</u>	<u>622,264</u>

19 Called up share capital

Allotted, authorised, called up and fully paid:

	30 April 2019		30 April 2018	
	No	£	No	£
1 Ordinary share of £1	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares and they 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 2019

20 Operating lease commitments

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

Payments due:	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
As at 30 April 2019				
Not later than one year	53,100	20,719	37,285	111,104
Later than one year and not later than five years	155,070	33,170	39,565	227,805
	<u>208,170</u>	<u>53,889</u>	<u>76,850</u>	<u>338,909</u>
As at 30 April 2018				
Not later than one year	28,400	7,360	32,844	68,604
Later than one year and not later than five years	19,274	19,012	25,693	63,979
	<u>47,674</u>	<u>26,372</u>	<u>58,537</u>	<u>132,583</u>

21 Ultimate parent undertaking

The Company's ultimate parent is Octopus Capital Limited, a company registered in England & 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. The consolidated financial statements of the Aurora Group are available to the public from Companies House. The largest group in which the Company is consolidated is that headed by Octopus Capital Limited.

In the opinion of the directors, there is no ultimate controlling party.

22 Post Balance Sheet Event

St Christopher's children's home had its registration suspended by Ofsted on 29th July 2019, and the Directors took the decision to voluntarily cancel the registration. Alternative arrangements were made for residents and a staff consultation was launched. At the date of signing the financial statements we are unable to ascertain or quantify any financial impact which may arise from this event. Other services within the company (St Christopher's School and Hyde Lodge) remain unaffected.