Aurora LD II Limited
Annual Report and financial statements
for the year ended 30 April 2018

Registered number: 10141690

WEDNESDAY
A7Y7ZLXS
A23 30/01/2019 #147
COMPANIES HOUSE

Contents

Directors' report

The directors present their annual report on the affairs and the audited financial statements of Aurora LD II Limited (the Company), together with the audited financial statements and auditor's report for the year ended 30 April 2018.

Principal activities

The Company is an innovative provider of education and care for children and young people with special needs.

The Company has been operating Aurora Eccles School since March 2017. The school specialises in educating children with specific learning difficulties. The Company is investing in the school in order to further develop the facilities and service offering, so that we can best support those in our care. Major projects include the review and implementation of a comprehensive staff training structure and multiple building improvements across the site.

Small companies exemption

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption; accordingly no separate strategic report has been presented.

Going concern

The directors have considered the risks and uncertainties as noted below when assessing the going concern assumption. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Thus they adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Results and dividends

The loss for the year amounted to £404,813 *(period to 30 April 2017: £70,952)*. The Company has net liabilities of £475,764 *(2017: £70,951)*; this is in line with expectations, typical for a business in its infancy and is further explained in the going concern accounting policy. The directors have not recommended payment of a dividend.

Directors

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

T Mack (resigned 8 December 2017)
S Bradshaw (resigned 1 May 2018)
K Rudd (appointed 1 May 2018
H Brassington (appointed 1 May 2018)

Political Contributions

The Company has made no political contributions or incurred any political expenditure during the year.

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.

Key Performance Indicators

The directors use a number of non-financial performance indicators for the Company (for example occupancy), 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.

	Year to 30 April 2018	Period to 30 April 2017
Turnover	**£2,748,166**	£353,329
Gross margin	**21.7%**	17.7%
EBITDA	**£(279,961)**	£(32,960)

In addition, cash flow and net debt is reviewed by the business on a regular basis.

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.

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 market place.

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.

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

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 are 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 their 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.

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

Future developments

The directors expect the general level of activity to increase in the forthcoming year, as demand and popularity of the school remains stable and as capacity at the school increases. The directors do not forsee any events outside the Company's control which are expected to have significant impact on the business. The directors have assessed risks to business above.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 21 to the financial statements

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:

Kathy Rudd

K Rudd
Director

33 Holborn
London
United Kingdom
EC1N 2HT

27 July 2018

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 year.

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 LD II Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Aurora LD II Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 30 April 2018 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 21.

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 twelve 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.

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.

Independent auditor's report to the members of Aurora LD II Limited *(Continued)*

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.

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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
- The directors were not entitled to take advantage of the small companies' exemptions in preparing the directors report and from the requirement to prepare the strategic report.

We have nothing to report in respect of these matters.

J Hodges

Jessica Hodges (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 July 2017

Statement of comprehensive income
For the year ended 30 April 2018

	Note	Year to 30 April 2018 £	Period to 30 April 2017 £
Turnover	3	**2,748,166**	353,329
Cost of sales		**(2,152,927)**	(290,796)
Gross profit		**595,239**	62,533
Administrative expenses		**(1,111,647)**	(144,328)
Operating loss		**(516,408)**	(81,795)
Interest payable	4	**(584)**	(400)
Loss before taxation	5	**(516,992)**	(82,195)
Tax on loss	8	**112,179**	11,243
Loss for the financial year/period		**(404,813)**	(70,952)

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 10 to 20 form part of these financial statements.

Balance sheet
As at 30 April 2018

	Note	As at 30 April 2018 £	As at 30 April 2017 £
Non-current assets			
Intangible assets	9	**626,819**	781,864
Tangible assets	10	**1,197,465**	987,794
		1,824,284	1,769,658
Current assets			
Debtors due within one year	11	**378,555**	502,830
Cash at bank		**541,636**	452,978
Deferred tax asset	12	**44,248**	10,110
		964,439	965,918
Creditors: Amounts falling due within one year	13	**(2,983,487)**	(2,738,602)
Provisions for liabilities	14	**(281,000)**	-
Net current liabilities		**(2,300,048)**	(1,772,684)
Total assets less current liabilities		**(475,764)**	(3,026)
Creditors: Amounts falling due after one year	15	**-**	(6,158)
Provisions for liabilities	17	**-**	(61,767)
Net liabilities		**(475,764)**	(70,951)
Capital and reserves			
Called-up share capital	20	**1**	1
Profit and loss account		**(475,765)**	(70,952)
Shareholder's deficit		**(475,764)**	(70,951)

These financial statements were approved by the directors and authorised for issue on 27 July 2018, and are signed on their behalf by:

Kathy Rudd

K Rudd
Director
Aurora LD II Limited
Company Registration Number: 10141690

The notes on pages 10 to 20 form part of these financial statements.

Statement of changes in equity
For the year ended 30 April 2018

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 22 April 2016	1	-	1
Loss for the financial period	-	(70,952)	(70,952)
Total comprehensive loss	-	(70,952)	(70,952)
At 30 April 2017	**1**	**(70,952)**	**(70,951)**
Loss for the financial year	-	**(404,813)**	**(404,813)**
Total comprehensive loss	-	**(404,813)**	**(404,813)**
At 30 April 2018	**1**	**(475,765)**	**(475,764)**

The notes on pages 10 to 20 form part of these financial statements.

Notes to the financial statements
For the year ended 30 April 2018

1 Accounting policies

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

a. General information and basis of accounting

Aurora LD II Limited (The Company) 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 3. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention, modified to included 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 the Company 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.

The Company 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. The Company is consolidated in the financial statements of its parent, Aurora Care and Education Holdings Limited, which may be obtained at Companies House, Cardiff, CD14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related parties transactions.

b. Going concern

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

The majority of the Company's liabilities represents amounts due to Group undertakings. The Company is a 100% owned subsidiary of Aurora Care and Education Holdings Limited, the parent company of The Aurora Group. The majority 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 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 of salaries and direct operating costs in relation to operating the school.

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

1 Accounting policies *(continued)*

e. 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 of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for impairment no longer apply.

f. 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 – 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.

g. Tangible assets

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

Land – not depreciated
Buildings – 50 years
Fixtures, fittings and equipment - 5 years
Motor vehicles – 25% reducing balance
Computer hardware and software - 3 years

Assets under construction are recorded within fixed assets and are not depreciated as these assets are not available for use in the business. Upon completion the assets are recorded within 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 fixed 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 fixed asset. An impairment loss on a revalued fixed 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.

h. 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

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

1 Accounting policies *(continued)*

h. Taxation *(continued)*

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.

i. 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.

j. 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.

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 undiscounted amount receivable, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

1 Accounting policies *(continued)*

j. Financial instruments *(continued)*

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting year, to defer settlement of the creditor for at least 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.

k. 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.

l. 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 year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Critical accounting judgements and estimation uncertainty

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

Key accounting estimates and assumptions

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

i.) Fair values on acquisitions (note 9 & 10)

The fair value of tangible and intangible assets acquired on acquisitions involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimations were carried out by a third party and required the combination of assumptions including revenue growth, rental values, no environmental issues and business development.

ii.) Impairment of intangible assets and goodwill (note 9)

The Company 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.

iii) 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

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

3 Turnover

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

	Year to 30 April 2018	Period to 30 April 2017
	£	£
Rendering of services	**2,748,166**	353,329

4 Interest payable

	Year to 30 April 2018	Period to 30 April 2017
	£	£
Finance lease interest	**584**	400

5 Loss before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year to 30 April 2018	Period to 30 April 2017
	£	£
Depreciation of tangible fixed assets	**73,586**	22,274
Amortisation of intangible assets	**163,445**	26,961
Operating lease costs	**15,430**	3,315
	252,461	52,550

The analysis of auditor's remuneration is as follows:

	Year to 30 April 2018	Period to 30 April 2017
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**13,700**	12,000
Non-audit fees:		
Taxation compliance services	**2,004**	2,000
	15,704	14,000

6 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 2018	Period to 30 April 2017
	No	No
Administration	**22**	20
Operations	**41**	40
	63	60

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of the above were:

	Year to 30 April 2018	Period to 30 April 2017
	£	£
Wages and salaries	**1,361,539**	214,681
Social security costs	**123,364**	18,390
Other pension costs	**121,005**	19,424
	1,605,908	252,495

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 £121,005 *(period to 30 April 2017: £1,960)*. There were no outstanding or prepaid contributions at the end of the financial year.

7 Directors' remuneration and transactions

The Company did not pay any emoluments to the directors during the year. The directors are remunerated by another entity within the Aurora Group for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this Company.

8 Tax on loss

(a) Analysis of credit in the year

	Year to 30 April 2018	Period to 30 April 2017
	£	£
Current tax	**(16,274)**	-
Deferred tax:		
Origination and reversal of timing differences	**(49,454)**	(2,370)
Adjustment in respect to previous periods	**(51,657)**	-
Effect of changes in tax rates	**5,205**	(8,873)
Tax on loss on ordinary activities	**(112,180)**	(11,243)

(b) Factors affecting tax credit

The tax credit for the period is lower than the average standard rate of corporation tax in the UK of 19.00% (*2017: 19.92%*). The differences are explained below:

	Year to 30 April 2018	Period to 30 April 2017
The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:	£	£
Loss on ordinary activities before tax	**(516,992)**	(82,195)
Tax credit at 19.00% (*2017: 19.92%*)	**(98,228)**	(16,372)

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

8 Tax on loss *(continued)*

(b) Factors affecting tax credit

Effects of:		
Expenses not deductible for tax purposes	**36,969**	3,198
Tax rate changes	**5,205**	1,931
Effects of Group relief	**11,041**	-
Adjustment from previous periods	**(51,657)**	-
Recognition of deferred tax	**(15,510)**	-
Tax credit for the year	**(112,180)**	(11,243)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 30 April 2018 have been calculated based on these rates.

The Company's carried forward tax losses for the year is £289,729 (brought forward: £114,286). The Company has an unrecognised deferred tax asset at the year end of £9,550 (2017: £nil).

9 Intangible assets

	Goodwill £	Customer relationships £	Total £
COST			
At 1 May 2017	**438,825**	**370,000**	**808,825**
Additions	**8,400**	-	**8,400**
At 30 April 2018	**447,225**	**370,000**	**817,225**
AMORTISATION			
At 1 May 2017	**14,628**	**12,333**	**26,961**
Charge for the year	**89,445**	**74,000**	**163,445**
At 30 April 2018	**104,073**	**86,333**	**190,406**
NET BOOK VALUE			
At 30 April 2018	**343,152**	**283,667**	**626,819**
At 30 April 2017	424,197	357,667	781,864

Goodwill arose on the purchase of the trade and assets of New Eccles Hall school which occurred on 3 March 2017. The goodwill will be amortised over a period of 5 years.

The customer relationships intangible fixed asset arose from the purchase of New Eccles Hall school, as described above. Customer relationships are amortised over a period of 5 years, based on occupants' average length of stay.

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

10 Tangible assets

	Construction in progress £	Land & buildings £	Fixtures, fittings and equipment £	Computer hardware & software	Motor Vehicles £	Total £
COST						
At 1 May 2017	14,845	750,000	188,080	41,110	16,033	**1,010,068**
Additions	196,963	-	57,864	28,429	-	**283,257**
Transfers	(211,808)	211,808	-	-	-	**-**
At 30 April 2018	**-**	**961,808**	**245,944**	**69,539**	**16,033**	**1,293,324**
DEPRECIATION						
At 1 May 2017	-	1,433	16,739	3,440	661	**22,274**
Charge for the year	-	11,788	40,087	18,268	3,443	**71,115**
At 30 April 2018	**-**	**13,221**	**56,826**	**21,708**	**4,104**	**95,859**
NET BOOK VALUE						
At 30 April 2018	**-**	**948,587**	**189,118**	**47,831**	**11,929**	**1,197,465**
At 30 April 2017	14,845	748,567	171,341	37,669	15,372	987,794

All land and buildings are freehold and included within is land at cost of £320,000 and is not depreciated. The net carrying amount of assets held under finance leases included in computer hardware and software is £5,952 *(2017: £9,183)*.

11 Debtors due within one year

	As at 30 April 2018 £	As at 30 April 2017 £
Amounts falling due within one year:		
Trade debtors	**67,684**	79,465
Other debtors	**17,663**	511
Prepayments and accrued income	**36,164**	422,853
Amounts owed by Group undertakings	**257,044**	-
	378,555	502,829

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

12 Deferred tax asset

	As at 30 April 2018 £	As at 30 April 2017 £
Deferred tax asset	**44,248**	10,110

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

13 Creditors - amounts falling due within one year

	As at 30 April 2018	As at 30 April 2017
	£	£
Trade creditors	**11,472**	55,008
Amounts owed to Group undertakings	**1,653,534**	1,400,946
Social security and other taxes	**31,840**	25,368
Finance leases	**738**	16,603
Other creditors	**62,962**	445,074
Accruals and deferred income	**1,222,941**	795,603
	2,983,487	2,738,602

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

14 Provision for liabilities

	As at 30 April 2018	As at 30 April 2017
	£	£
Health and safety provision	**281,000**	-

Provision relates to essential health and safety works identified.

15 Creditors - amounts falling due after one year

	As at 30 April 2018	As at 30 April 2017
	£	£
Finance leases	**-**	6,158

16 Finance leases

The future minimum finance lease payments are as follows:

	As at 30 April 2018	As at 30 April 2017
	£	£
Payments due:		
Not later than one year	**751**	17,847
Later than one year and not later than five years	**-**	6,392
Total gross payments	**751**	24,239
Less: finance charges	**(13)**	(1,478)
	738	22,761

The finance lease relates to the leasing of computer equipment. The remaining lease term is within one year and the Company will retain ownership at the end of the lease term.

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

17 Provision for liabilities

	As at 30 April 2018 £	As at 30 April 2017 £
Deferred tax liability	-	61,767

18 Deferred tax

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

	As at 30 April 2018 £	As at 30 April 2017 £
Included in current assets	44,248	10,110
Included in provision for liabilities (note 16)	-	(61,767)
	44,248	(51,657)

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

	As at 30 April 2018 £	As at 30 April 2017 £
Balance brought forward	(51,657)	-
Adjustment in respect to prior period	51,657	-
Statement of comprehensive income movement arising during the year	44,248	11,243
Movement arising from acquisitions	-	(62,900)
Balance carried forward	44,248	(51,657)

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

	As at 30 April 2018 £	As at 30 April 2017 £
Short term timing differences – trading	3,536	3,272
Losses	39,670	6,838
Fixed asset timing differences	1,042	(61,767)
	44,248	(51,657)

19 Financial instruments

Financial assets	As at 30 April 2018 £	As at 30 April 2017 £
Measured at undiscounted amount receivable:		
Trade and other debtors	362,280	502,829
Cash and cash equivalents	541,637	452,978
	903,917	955,807

Notes to the financial statements *(continued)*
For the year ended 30 April 2018

19 Financial instruments *(continued)*

Financial liabilities	As at 30 April 2018 £	As at 30 April 2017 £
Measured at undiscounted amount payable:		
Trade and other creditors	**3,264,487**	2,738,602

The directors identify, assess and manage the risks associated with the business objectives and strategy as detailed in the Directors' Report.

20 Called-up share capital

Allotted, called-up and fully paid:

	30 April 2018 No	£	30 April 2017 £	£
1 Ordinary share of £1 each	**1**	**1**	1	1

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

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

21 Operating lease commitments

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

	As at 30 April 2018 £	As at 30 April 2017 £
Payments due:		
Not later than one year	**29,588**	17,293
Later than one year and not later than five years	**17,031**	23,899
	46,619	41,192

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

23 Events after the reporting date

There are no subsequent events that have occurred between the year end and the date of these financial statements that require disclosure in these statements.