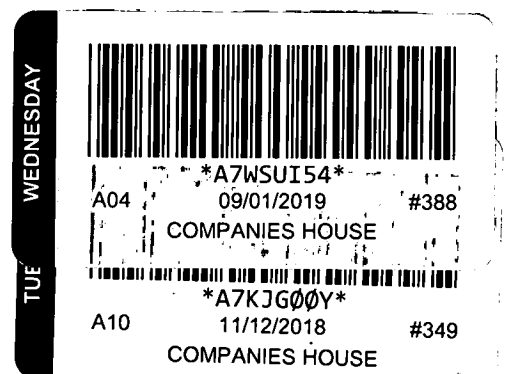


AURORA PROPERTIES (SALE) LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 31 MARCH 2018**



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AURORA PROPERTIES (SALE) LIMITED

COMPANY INFORMATION

Directors	Raymond Glindon Charles Bruce Pickard Jacqueline Laughton (appointed 5 March 2018) Philip Elliott Scott (appointed 13 September 2018) Paul Frank Hanson (resigned 31 July 2018) Lisa Jane Clark (resigned 5 March 2018)
Company Secretary	Stephen Ballantyne
Principal Registered Office	Quadrant Cobalt Business Park North Tyneside Tyne and Wear NE27 0BY
Company Registration Number	10690739
Independent Auditor	Mazars LLP 5th Floor Wellington Place Leeds LS1 4AP
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

**DIRECTORS' REPORT
FOR THE PERIOD ENDING 31 MARCH 2018**

The directors present their report and the financial statements of the Company for the period ended 31 March 2018. These financial statements have been prepared on a going concern basis. There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime (Companies Act 2006) and in accordance with the provisions of *FRS 102 Section 1A – small entities*.

Aurora Properties (Sale) Limited was incorporated 25 March 2017. These are the first financial statements for the Company and cover the period from incorporation to 31 March 2018.

Principal Activities

The principal activity of the Company is to carry out commercial construction and renovation of residential properties in the North Tyneside area.

Directors

The directors of the company during 2017/18 and into 2018/19 were/are as follows:

- Raymond Glindon was appointed as a Director of the Company on 25 March 2017 and continues to serve as a director.
- Charles Bruce Pickard was appointed as a Director of the Company on 25 March 2017 and continues to serve as a director.
- Jacqueline Laughton was appointed as a Director of the Company on 5 March 2018 and continues to serve as a director.
- Lisa Jane Clark was appointed as a Director of the Company on 25 March 2017, with her appointment terminated on 5 March 2018.
- Paul Frank Hanson was appointed as a Director of the Company on 25 March 2017; his appointment was terminated on 31 July 2018.
- Philip Elliott Scott was appointed as a Director of the Company on 13 September 2018 and continues to serve as a director.

The directors received no remuneration or expenses for carrying out their duties and the Company has no employees.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in

AURORA PROPERTIES (SALE) LIMITED

accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 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 estimates that are reasonable and prudent; and
- prepare the financial statements on a 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.

Directors' liabilities

The Company has granted indemnities to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Directors' Review of the Financial Period

2017/18 was the first year of trading for the Company, which saw the successful commencement of two major construction projects. The Company used funding of almost £1.5m from its parent organisations to purchase land which is being used for the construction of new homes for market sale.

The following projects were active in 2017/18:

- **Wallington Close:** this project involved the acquisition of land in Marden Estate for the construction of 12 bungalows, including two affordable homes. The project commenced in March 2018, and will be completed in December 2018. During 2017/18, costs of £0.4m were incurred, with sales income anticipated from December 2018 to March 2019. The project is anticipated to return a profit of around £0.7m to the Company in 2018/19.
- **Empress Point:** this project involved the acquisition of land overlooking Spanish City and the construction of 12 properties. The project commenced in July 2018, and will be completed in July 2019. During 2017/18, costs of £0.9m were incurred, with sales income anticipated from July 2019 to March 2020. The project is anticipated to return a profit of around £0.5m to the Company in 2019/20.

It is anticipated that the projects will return a profit of over £1m across 2018/19 and 2019/20.

AURORA PROPERTIES (SALE) LIMITED

The Company is being funded by:

- market rate loans from its ultimate parent, North Tyneside Council (£969,000); and
- equity funding from its immediate parent, North Tyneside Trading Company Limited (£506,001).

As 2017/18 was the first year of operation and no homes had been completed, no sales income was received; the Company did, however, incur administrative costs of £27,330 (professional fees, external auditor fees, bank charges and miscellaneous costs) and interest costs of £9,200. It should be noted that these costs will be fully offset in future financial periods upon sale of the assets.

As at 31 March 2018, the Company held £1.282m as work-in-progress relating to the purchase of land and subsequent development of residential properties.

All amounts relate to continuing operations.

Future developments

The above schemes will continue into future financial periods, and will generate significant profits in future years. In addition, the Company has further planned activity to ensure that the Company remains a going concern.

Dividends

No dividends were paid in the current period by the Company.

Charitable and political donations

The Company made no charitable or political donations during the financial period.

Significant shareholdings

The sole shareholder is the parent company, North Tyneside Trading Company Limited. This company holds 506,001 ordinary shares in Aurora Properties (Sale) Limited, as at 31 March 2018. The sole shareholder of North Tyneside Trading Company Limited is North Tyneside Council. Any references to the "group" within this document cover these organisations.

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

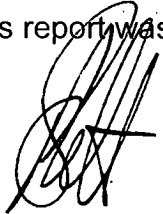
The auditor, Mazars LLP, was appointed as the Company's auditor during the period. In 2018/19, the auditor will be Ernst & Young LLP.

AURORA PROPERTIES (SALE) LIMITED

Small companies note

In preparing this report, the directors have taken advantage of the provisions of FRS 102 Section 1A "small entities" and the small companies regime of the Companies Act 2006. There were no material departures from that standard.

This report was approved by the board and signed on its behalf.



P. SCOTT

Director

Date 28.11.18

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AURORA PROPERTIES (SALE) LIMITED
FOR THE PERIOD ENDING 31 MARCH 2018**

Opinion

We have audited the financial statements of Aurora Properties (Sale) Limited (the 'Company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial

AURORA PROPERTIES (SALE) LIMITED

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 4 to 5 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AURORA PROPERTIES (SALE) LIMITED

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.

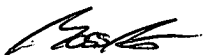
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Ross Preston, Senior Statutory Auditor
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
5th Floor Wellington Place
Leeds
LS1 4AP

Date: 30 November 2018

AURORA PROPERTIES (SALE) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018**

	Period ended 31 March 2018 £
Administrative expenses	(27,330)
OPERATING PROFIT / (LOSS)	(27,330)
Other interest payable and similar expenses	(9,200)
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	(36,530)
Tax on profit/(loss) on ordinary activities	0
PROFIT/ (LOSS) FOR THE FINANCIAL PERIOD	(36,530)

All amounts relate to continuing operations.

There were no recognised gains or losses for the period or other comprehensive income other than those included above.

The notes on pages 14 to 17 form part of these financial statements.

AURORA PROPERTIES (SALE) LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Notes	31 March 2018 £
CURRENT ASSETS		
Stocks	5	1,282,215
Cash at bank and in hand	6	161,619
Debtors	7	10,080
		1,453,914
CURRENT LIABILITIES		
Creditors: amounts falling due within one year	8	(6,243)
Short-term borrowing	9	(978,200)
		469,471
NET CURRENT ASSETS / (LIABILITIES)		469,471
TOTAL ASSETS LESS CURRENT LIABILITIES		469,471
NET ASSETS		469,471
CAPITAL AND RESERVES		
Called-up share capital	11	506,001
Profit & Loss Account		(36,530)
SHAREHOLDERS' FUNDS		469,471

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of *FRS 102 Section 1A – small entities*.

These financial statements will be approved and authorised for issue by the Board in November 2018.

The notes on pages 14 to 17 form part of these financial statements.

Signed on behalf of the Board of directors.

 P. Scott

Director

Date 28.11.18

AURORA PROPERTIES (SALE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018**

	Called up share capital £	Profit and loss account £	Total equity £
As at incorporation	0	0	0
Profit/(loss) for the period	0	(36,530)	(36,530)
Ordinary share capital issued	506,001	0	506,001
As at 31 March 2018	<u>506,001</u>	<u>(36,530)</u>	<u>469,471</u>

The notes on pages 14 to 17 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATUTORY INFORMATION

Aurora Properties (Sale) Limited is a private company, limited by shares, domiciled in England and Wales, registration number 10690739. The registered office is Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY.

2. COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A small entities. There were no material departures from that standard.

3. ACCOUNTING POLICIES

3.1 Basis of preparation of financial statements

These financial statements are for the period ended 31 March 2018 and comply with FRS 102 Section 1A small entities.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The presentation currency is £ sterling and the amounts are rounded to the nearest pound, unless otherwise stated. All figures are exclusive of value added tax (VAT).

Disclosure exemptions adopted:

In preparing these financial statements the company has taken advantage of the disclosure exemptions conferred by FRS 102 Section 1A small entities. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- the disclosure of related party transactions with other wholly-owned members of the group.

3.2 Going Concern

The directors are required to consider whether at the date of signing the financial statements they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As part of this analysis the directors have reviewed the Company's forecasts for the foreseeable future along with the availability of financing to fund both the Company's development activities and its working capital requirements, and based on this analysis, at the date of approval of the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of at least twelve months from the date of approval of the financial statements.

3.3 Critical accounting judgements, estimates and assumptions

The preparation of financial statements in compliance with FRS 102 Section 1A small entities requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies.

The primary accounting judgement within the Financial Statements is how the Company treats its construction costs (including land purchases). These are treated as stocks until such time as completed projects are sold on, at which point the costs and any associated sales income will be transferred to the Statement of Comprehensive Income.

3.4 Revenue Recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue will be recognised at the point where its receipt is certain.

3.5 Cash

Cash in the Statement of Financial Position comprises cash at bank with financial institutions repayable without penalty on notice of not more than 24 hours.

3.6 Debtors

Debtors are recorded at transaction price. Income is not recognised within debtors unless receipt is likely.

3.7 Creditors

Creditors are recorded at transaction price. Supplier payments are made to terms wherever possible.

3.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

3.9 Financial instruments

Borrowing: loans held on the Statement of Financial Position include any accrued interest. Share capital: share capital is valued at its transaction price.

4. AUDITOR'S REMUNERATION

Fees of £1,000 are payable to the Company's auditor for the audit of the financial statements.

5. STOCKS

Land and Buildings
Work in progress

2018	
£	
1,000,000	
282,215	
1,282,215	

AURORA PROPERTIES (SALE) LIMITED

6. CASH AT BANK AND IN HAND

Cash at bank and in hand
Total

2018
£
161,619
161,619

7. DEBTORS

VAT receivable
Total

2018
£
10,080
10,080

8. CREDITORS – amounts falling due within one year

Accruals:
 External audit fees
 Corporation tax compliance services
Amounts owed to group undertakings:
 Management fees payable to parent
Total

2018
£
(1,000)
(2,500)
(2,743)
(6,243)

9. BORROWING

Amounts owed to parent undertakings in
respect of loans repayable within 12 months
Total

2018
£
(978,200)
(978,200)

The above relates to a long-term loan with North Tyneside Council, the Company's ultimate parent. It is anticipated that the amounts at 31 March 2018 will be fully repayable within twelve months, although the loan facility will be available over the long-term.

10. EMPLOYEES

Staff costs in the period were £nil.

The average monthly number of employees, including Directors, during the year was 4. The Directors received no remuneration or expenses for carrying out their duties.

11. CALLED-UP SHARE CAPITAL

Allotted, called-up and fully paid: ordinary shares of £1 each

Total

2018
£
506,001
506,001

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent is the North Tyneside Trading Company and the ultimate parent undertaking is North Tyneside Council, a local Authority (whose principal place of business is Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY). The company is ultimately controlled by North Tyneside Council.

A copy of the accounts and other information can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ or free from the Companies House website (www.gov.uk/get-information-about-a-company).