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# Newcastle University Developments Limited

## Report and Financial Statements

31 July 2019

(Registered Number: 2096876)



## Directors' report for the year ended 31 July 2019

The Directors present their report and the audited financial statements for the year ended 31 July 2019.

### Registered office

c/o Finance & Planning Office, Newcastle University, King's Gate, Newcastle upon Tyne, NE17RU United Kingdom.

### Principal activities

The principal activity of the company continues to be the provision of construction services to Newcastle University. To enable it to acquire land for future development at the former general hospital site in Newcastle upon Tyne the company issued 2,500,000 ordinary shares to Newcastle University Holdings during the year and loaned £2,132,022 from Newcastle University.

The company changed its name from University of Newcastle upon Tyne Supply Company Limited to Newcastle University Developments Limited.

### Results

The profit for the financial year after taxation is £1,524,607 (2018: £2,074,757).

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are:

R C Dale  
C P Day  
D J Burn  
D T Bird  
I Garfield  
L Robinson  
A L Tobin  
S Wilmot

None of the directors have a beneficial interest in the shares of the Company. None of the directors received any remuneration in respect of their services to the Company during the year. Certain other remunerations are paid by other related companies in connections with duties as an officer of those related companies.

Audit fees have been borne by the company's parent undertaking.

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors

## **Newcastle University Developments Limited**

### **Directors' report (continued)**

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

#### **Statement of directors' responsibilities**

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.

#### **Discloser of information to the 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, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors' report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By Order of the Board



R C Dale

Director

1<sup>st</sup> October 2019

## **Independent auditor's report to the members of Newcastle University Developments Limited**

### **Opinion**

We have audited the financial statements of Newcastle University Developments Limited (the 'company') for the year ended 31 July 2019 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 8, 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 company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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 other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

## **Newcastle University Developments Limited**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the 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 exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' responsibilities, 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

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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 <https://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.



Stephen Reid (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh

9 October 2019

### Notes:

1. The maintenance and integrity of the Newcastle University Developments Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Income Statement

for the year ended 31 July 2019

	Note	2019 £	2018 £
Turnover		1,514,058	2,067,667
Administrative expenses		(3,475)	(6,942)
<b>Operating profit</b>		<b>1,510,584</b>	<b>2,060,725</b>
Interest receivable and similar income	2(b)	14,023	14,032
<b>Profit/(loss) on ordinary activities before taxation</b>	2(a)	<b>1,524,607</b>	<b>2,074,757</b>
Tax on profit/(loss) on ordinary activities	4	-	-
<b>Profit for the financial year</b>		<b>1,524,607</b>	<b>2,074,757</b>

All amounts relate to continuing operations.

## Statement of Comprehensive Income

for the year ended 31 July 2019

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £1,524,607 in the year ended 31 July 2019 (2018: £2,074,757).

## Statement of Changes in Equity

for the year ended 31 July 2019

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 August 2017	20,100	25,988	46,088
Profit for the financial year	-	2,074,757	2,074,757
At 1 August 2018	20,100	2,100,745	2,120,845
Issue of Share Capital	2,500,000	-	2,500,000
Profit for the financial year	-	1,524,607	1,524,607
Gift aid payment	-	(2,062,208)	(2,062,208)
At 31 July 2019	2,520,100	1,563,144	4,083,244

## Statement of Financial Position

at 31 July 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Investment property	3	4,646,772	-
<b>Current assets</b>			
Cash at bank and in hand		1,820,030	4,928,831
Amounts due from ultimate parent undertaking		280,738	-
Debtors		-	193,130
		2,100,768	5,121,961
<b>Creditors amounts falling due within one year</b>	5	(532,274)	(3,001,116)
<b>Net current assets</b>		1,568,494	2,120,845
<b>Creditors amounts falling due after more than one year</b>	6	(2,132,022)	-
<b>Net assets attributable to members</b>		4,083,244	2,120,845
<b>Capital and reserves</b>			
Called up share capital	7	2,520,100	20,100
Profit and loss account	8	1,563,144	2,100,745
<b>Total shareholders' funds</b>		4,083,244	2,120,845

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved by the Board of Directors and authorised for issue on 1<sup>st</sup> October 2019 and signed on their behalf by:



R C Dale  
Director



## Notes to the financial statements

at 31 July 2019

### 1. ACCOUNTING POLICIES

**(a) Statement of Compliance**

Newcastle University Developments Limited is a limited liability company incorporated in England. The Registered Office is c/o Finance and Planning Office, Newcastle University, King's Gate, Newcastle upon Tyne, NE1 7RU. The Company's financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A small entities as it applies to the financial statements of the Company for the year ended 31 July 2019.

**(b) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in GBP sterling which is the functional currency of the Company and rounded to the nearest £.

**(c) Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates. The Directors consider there to be no significant judgements or sources of estimation uncertainty.

**(d) Going concern**

The directors have prepared the financial statements on a going concern basis on the grounds that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

**(e) Investment property**

Investment property is initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment property whose fair value can be measured reliably is measured at fair value. The surplus or deficit on revaluation is recognised in the income statement and accumulated in the profit and loss reserve unless a deficit below original cost or its reversal on an individual property is expected to be permanent, in which case it is recognised in the income statement for the year.

**(f) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

**(g) Short term creditors**

Creditors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

**(h) Turnover**

Turnover represents the aggregate of income receivable and related subcontractor expenses arising from the Company's principal activity. All turnover arises in the UK and excludes value added tax.

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## 2. Profit/(loss) on ordinary activities before taxation

### (a) Profit/(loss) on ordinary activities

Stated after charging:

	2019 £	2018 £
Management charges	3,470	6,470

The company has no employees (2018: nil). None of the directors received any remuneration in respect of their services to the company during the year (2018: £nil).

### (b) Interest receivable and similar income

	2019 £	2018 £
Bank interest	14,023	14,032

## 3. Investment property

	2019 £	2018 £
<b>Cost and net book value</b>		
At 1 August	-	-
Additions in the year	4,646,772	-
At 31 July	4,646,772	-

During the year, the company purchased land at a cost of £4,646,772.

## 4. Tax on profit/(loss) on ordinary activities

### (a) Factors affecting tax charge for the year

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2019 £	2018 £
<b>Profit/(loss) on ordinary activities before tax</b>	1,524,607	2,074,757
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(289,675)	(394,204)
Expenses not deductible for tax	-	(90)
Gift Aid	289,675	391,820
Losses brought forward not recognised for deferred tax	-	2,474
<b>Total tax charge for the year</b>	-	-

**(b) Factors that may affect future tax charges**

The company has £nil (2018: £nil) of tax losses carried forward.

**5. Creditors: amounts falling due within one year**

	2019	2018
	£	£
Amounts owed to ultimate parent undertaking	-	1,556,418
Accruals and deferred income	532,274	1,444,698
	<u>532,274</u>	<u>3,001,116</u>

**6. Creditors: amounts falling due after more than one year**

	2019	2018
	£	£
Amounts owed to ultimate parent undertaking	2,132,022	-
	<u>2,132,022</u>	<u>-</u>

During the year the company entered into a loan arrangement with Newcastle University to enable it to acquire land at the former general hospital site in Newcastle upon Tyne. The loan is repayable at the earlier of the disposal of this land and 5 years.

**7. Called up share capital**

	2019	2018
	£	£
Ordinary shares of £1 each - authorised	2,550,000	50,000
Allotted and fully paid as at 31 July	<u>2,520,100</u>	<u>20,100</u>

During the year the company issued 2,500,000 ordinary shares at a nominal value of £1 to Newcastle University Holdings Limited.

**8. Reserves**

**Profit and loss account**

This reserve represents the cumulative comprehensive income recognised in the company, less any dividends paid.

**9. Ultimate parent undertaking**

The immediate parent undertaking is Newcastle University Holdings Limited. The ultimate parent

## **Newcastle University Developments Limited**

company and controlling party is the University of Newcastle upon Tyne, which has prepared group financial statements incorporating the results of Newcastle University Developments Limited.

Financial statements of The University of Newcastle upon Tyne can be obtained from:

The Executive Director of Finance  
The University of Newcastle upon Tyne  
King's Gate  
Newcastle upon Tyne  
NE1 7RU

Transactions with the University of Newcastle upon Tyne are not disclosed, as the company has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that the company is a wholly owned subsidiary.