

**UNIVERSITY OF NEWCASTLE UPON TYNE**

**SUPPLY COMPANY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 JULY 2002**

**(Registered Number: 2096876)**



**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**DIRECTORS' REPORT**

The Directors submit their report and the audited accounts for the year ended 31 July 2002.

**REGISTERED OFFICE**

Central Square South, Orchard Street, Newcastle upon Tyne, NE1 3XX.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The Company leases certain assets to The University of Newcastle upon Tyne.

**RESULTS AND DIVIDENDS**

The loss for the year after taxation is £24,898 (2001 – profit £21,963). The directors do not recommend the payment of a dividend (2001: £nil).

**DIRECTORS**

The following were directors of the Company during the year:

DET Nicholson  
HB Farnhill  
AL Tobin

None of the directors has 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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- state whether applicable 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

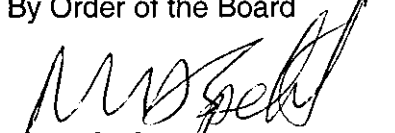
**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**DIRECTORS' REPORT**

**AUDITORS**

The auditors, PricewaterhouseCoopers, have indicated their willingness to be re-appointed. A resolution as to their re-appointment will be proposed at the Annual General Meeting.

*For and on behalf of Eversecretary Ltd*  
By Order of the Board

  
EVERSECRETARY LIMITED  
Company Secretary

*Authorised signatory of Eversecretary Ltd.*

2 October 2002

**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**Independent auditors' report to the members of University of Newcastle upon Tyne  
Supply Company Limited**

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
2 October 2002

**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2002**

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £ As restated
<b>TURNOVER</b>	1(b)	15,749	1,378,607
Cost of sales		19,209	(1,335,494)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		34,958	43,113
Administration expenses		(71,045)	(20,301)
		<hr/>	<hr/>
<b>OPERATING (LOSS)/PROFIT</b>		(36,087)	22,812
Interest receivable		3,476	4,641
		<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(32,611)	27,453
Taxation on (loss)/profit on ordinary activities	3	7,713	(5,490)
		<hr/>	<hr/>
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	9	(24,898)	21,963
		<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2002**

	<u>2002</u> £	<u>2001</u> £ As restated
(Loss)/profit for the year	(24,898)	21,963
	<hr/>	<hr/>
Total recognised (losses)/gains for the year	(24,898)	21,963
	<hr/>	<hr/>
Prior period adjustment	(63,366)	
	<hr/>	
Total recognised loss since last financial statements	(88,264)	
	<hr/> <hr/>	

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

All amounts relate to continuing operations.

**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**BALANCE SHEET AT 31 JULY 2002**

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £ As restated
<b>CURRENT ASSETS</b>			
Debtors (amounts falling due within one year)	4	132,453	428,614
Debtors (amounts falling due after more than one year)	5	405,805	538,260
Cash at bank and in hand		46,479	335,284
		<hr/>	<hr/>
		584,737	1,302,158
<b>CREDITORS (amounts falling due within one year)</b>	6	(311,409)	(996,219)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		273,328	305,939
Provision for liabilities and charges	7	( 55,653)	( 63,366)
		<hr/>	<hr/>
Net assets		217,675	242,573
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	8	20,100	20,100
Profit and loss account	9	197,575	222,473
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	217,675	242,573
		<hr/>	<hr/>

The financial statements on pages 4 to 10 were approved by the Board on 2 October 2002 and signed on its behalf by



H B Farnhill

Director

**NOTES TO THE ACCOUNTS - YEAR ENDED 31 JULY 2002**

**1 ACCOUNTING POLICIES**

**(a) Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

**(b) Turnover**

Turnover represents amounts invoiced exclusive of Value Added Tax in respect of interest receivable under finance leases. Turnover in the prior year to 31 July 2001 represented amounts invoiced exclusive of value added tax in respect of interest receivable under finance leases and the supply of energy to the University of Newcastle.

**(c) Finance leases**

The company leases assets to The University of Newcastle upon Tyne under finance leases. Income from finance leases is credited to the profit and loss account in proportion to the funds invested. Finance lease receivables are stated in the balance sheet at the net investment in the leases after deduction of unearned charges.

**(d) Deferred tax**

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 a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

**(e) Cash flow statement**

The ultimate parent undertaking has prepared a group cash flow statement. Accordingly the company is exempt from preparing a cash flow statement.

**(f) Changes in accounting policies**

In December 2000 the Accounting Standards Board issued FRS 19, 'Deferred Tax'.

The company has adopted FRS 19, 'Deferred Tax', in the financial statements. The adoption of the new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy was to decrease/(increase) tax on (loss)/profit on ordinary activities by £7,713 (2001 £ (5,490)) and to increase/(decrease) profit for the financial year by £7,713 (2001 £ (5,490))

The deferred tax provision as at 31 July 2001 has been increased by £63,366.

**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**2 (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

(Loss)/profit on ordinary activities is stated after charging/(crediting)

	<u>2002</u>	<u>2001</u>
	£	£
Interest receivable under finance leases	(34,966)	(42,195)
Management charges	5,000	15,000
	<u>          </u>	<u>          </u>

The company has no employees (2001: nil).

None of the directors received any remuneration in respect of their services to the company during the year (2001:£nil).

The audit fee is borne by the company's ultimate parent undertaking and is not separately recharged.

**3 Taxation on the (loss)/profit for the year**

**(a) Analysis of charge in the year**

	<u>2002</u>	<u>2001</u>
	£	£
		As restated
Current tax	-	-
Deferred tax:		
Origination and reversal of timing differences (ACA and Other)	7,713	(5,490)
	<u>          </u>	<u>          </u>
Tax on (loss)/profit on ordinary activities	7,713	(5,490)
	<u>          </u>	<u>          </u>

Deferred tax liabilities have not been discounted.

**(b) Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	<u>2002</u>	<u>2001</u>
	£	£
(Loss)/profit on ordinary activities before taxation	(32,611)	27,453
	<u>          </u>	<u>          </u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2001:20%)	(6,522)	5,490
Effects of		
Expenses not deductible for tax purposes	25,046	23,600
Capital allowances in excess of depreciation	(17,333)	(22,029)
Utilisation of group losses	(1,191)	(7,061)
	<u>          </u>	<u>          </u>
Current tax charge for year	-	-
	<u>          </u>	<u>          </u>

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

The company expects to continue to claim capital allowances in excess of depreciation in future years.

The company has used all tax losses, which have significantly reduced tax payments in recent years.



**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

<b>4 DEBTORS (amounts falling due within one year)</b>	<u>2002</u>	<u>2001</u>
	£	£
Loan to ultimate parent undertaking	-	230,000
Amounts owed by ultimate parent undertaking	-	53,387
Prepayments and accrued income	-	20,000
Amounts receivable under finance leases	132,453	125,227
	<hr/>	<hr/>
	132,453	428,614
	<hr/>	<hr/>

Aggregate rentals receivable in the year under finance leases is £ 160,195  
(2001:£160,195)

<b>5 DEBTORS (amounts falling due after more than one year)</b>	<u>2002</u>	<u>2001</u>
	£	£
Amounts receivable under finance leases	405,805	538,260
	<hr/>	<hr/>

<b>6 CREDITORS (amounts falling due within one year)</b>	<u>2002</u>	<u>2001</u>
	£	£
Trade creditors	-	60,881
Payment received in advance	-	886,997
Amounts payable to ultimate parent undertaking	284,250	4,641
Other taxation and social security	27,159	23,707
Accruals and deferred income	-	19,993
	<hr/>	<hr/>
	311,409	996,219
	<hr/>	<hr/>

**7 PROVISION FOR LIABILITIES AND CHARGES**

	Deferred Tax Provision £
1 August 2001 as previously reported	-
Prior year adjustment – FRS19	63,366
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At 1 August 2001 as restated	63,366
Credited to the profit and loss account (note 3)	(7,713)
	<hr/>
31 July 2002	55,653
	<hr/>

**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

	2002	2001 Restated
Provision for deferred tax	£	£
Accelerated capital allowances	55,653	81,307
Other timing differences	-	(17,941)
	<hr/>	<hr/>
Total provision for deferred tax	55,653	63,366
	<hr/>	<hr/>

**8 EQUITY SHARE CAPITAL**

	<u>2002</u> £	<u>2001</u> £
Ordinary shares of £1 each Authorised	50,000	50,000
	<hr/>	<hr/>
Allotted, called up and fully paid	20,100	20,100
	<hr/>	<hr/>

**9 PROFIT AND LOSS ACCOUNT**

	£
At 1 August 2001 as previously reported	285,839
Prior year adjustment – FRS 19	(63,366)
	<hr/>
1 August 2001 as restated	222,473
Loss for the year	(24,898)
	<hr/>
31 July 2002	197,575
	<hr/>

**10 RECONCILIATION OF MOVEMENT ON EQUITY SHAREHOLDERS' FUNDS**

	<u>2002</u> £	<u>2001</u> £ As restated
Opening equity shareholders' funds		
As previously reported	305,939	278,486
Prior year adjustment – FRS 19	(63,366)	(57,876)
	<hr/>	<hr/>
Opening equity shareholders' funds as restated	242,573	220,610
(Loss)/profit for the year	(24,898)	21,963
	<hr/>	<hr/>
Closing equity shareholders' funds	217,675	242,573
	<hr/>	<hr/>

**UNIVERSITY OF NEWCASTLE UPON TYNE  
SUPPLY COMPANY LIMITED**

**11 ULTIMATE PARENT UNDERTAKING**

The ultimate parent company and controlling party is the University of Newcastle upon Tyne, which has prepared group accounts incorporating the results of The University of Newcastle upon Tyne Supply Company Limited.

Accounts of The University of Newcastle upon Tyne can be obtained from:

The Bursar  
The University of Newcastle upon Tyne  
3 Park Terrace  
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 under Financial Reporting Standard No. 8 "Related Party Disclosures" for wholly owned subsidiaries.