

Newcastle University Developments Limited

Report and Financial Statements

31 July 2021

(Registered Number: 2096876)

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Newcastle University Developments Limited

Directors' report for the year ended 31 July 2021

The directors present their report and the audited financial statements for the year ended 31 July 2021.

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. In the year ended 2019, the company acquired land for future development at the former General Hospital site in Newcastle upon Tyne.

Results

The loss for the financial year after taxation is £97,367 (2020: £71,737).

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
J Robinson
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 current or prior year. Certain other remunerations are paid by other related companies in connections with duties as an officer of those related companies.

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

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Disclosure 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.

Reappointment of auditor

MHA Tait Walker were appointed in the year. The auditor MHA Tait Walker will be deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 November 2021

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Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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;
- 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.

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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 2021, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, 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 Section 1A '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 2021 and of its loss 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. 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the

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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 the light of our 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 where 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 (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiries of management around actual and potential litigation and claims;

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- enquiries of management about any known or suspected instances of non-compliance with laws and regulations;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Due to the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: compliance with the UK Companies Act and tax legislation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council'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.

MHA Tait Walker

Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle
Tyne and Wear
NE3 3LS

Date: 2/11/21

MHA Tait Walker is a trading name of Tait Walker LLP.

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Income Statement

for the year ended 31 July 2021

	Note	2021 £	2020 £
Turnover		-	50,947
Administrative expenses		(5,711)	(8,057)
Operating (Loss)/ profit		(5,711)	42,890
Interest receivable and similar income	2(b)	9	3,281
Interest payable	2(c)	(91,665)	(117,908)
Loss before taxation	2(a)	(97,367)	(71,737)
Tax on loss	4	-	-
Loss for the financial year		(97,367)	(71,737)

All amounts relate to continuing operations.

Statement of Comprehensive Income

for the year ended 31 July 2021

There is no other comprehensive income other than the loss attributable to the shareholders of the company of £97,367 in the year ended 31 July 2021 (2020: £71,737).

Statement of Changes in Equity

for the year ended 31 July 2021

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 August 2019	2,520,100	1,563,144	4,083,244
Loss for the financial year	-	(71,737)	(71,737)
Gift aid payment	-	(1,515,878)	(1,515,878)
At 1 August 2020	2,520,100	(24,471)	2,495,629
Loss for the financial year	-	(97,367)	(97,367)
At 31 July 2021	2,520,100	(121,838)	2,398,262

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Statement of Financial Position

at 31 July 2021

	Notes	2021 £	2020 £
Fixed assets			
Investment property	3	4,663,447	4,646,772
Current assets			
Cash at bank and in hand		77,095	111,752
Amounts due from ultimate parent undertaking		11,505	17,975
		88,600	129,727
Creditors amounts falling due within one year	5	(12,190)	(30,940)
Net current assets		76,410	98,787
Creditors amounts falling due after more than one year	6	(2,341,595)	(2,249,930)
Net assets attributable to members		<u>2,398,262</u>	<u>2,495,629</u>
Capital and reserves			
Called up share capital	7	2,520,100	2,520,100
Profit and loss account	8	(121,838)	(24,471)
Total shareholders' funds		<u>2,398,262</u>	<u>2,495,629</u>

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 November 2021 and signed on their behalf by:

R Dale

R C Dale
Director

Notes to the financial statements

for the year ended 31 July 2021

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 2021.

(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. At the balance sheet date the company had net current assets of £76,410 (2020: £98,787).

The Company is dependent on continuing financial support being available from its parent undertaking. The directors have received confirmation that financial support will continue to be available to the company in the foreseeable future by way of support from its parent undertaking and believe that forecasts have been prepared on the best available current information. Accordingly, the directors of the company believe that it is appropriate to prepare the financial statements on a going concern basis.

(e) Investment property

Non-current asset investment property is held on the Balance Sheet at cost less impairment.

(f) Investment property impairment policy

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

(g) 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.

(h) Short term creditors

Creditors with no stated interest rate and payable within one year are recorded at transaction price.

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(i) **Short term debtors**

Any losses arising from impairment are recognised in the income statement in other operating expenses.

(j) **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.

(k) **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Loss before taxation

(a) **Loss**

Stated after charging:

	2021 £	2020 £
Management charges	3,670	7,970

The company has no employees (2020: nil). None of the directors received any remuneration in respect of their services to the company during the year (2020: £nil).

(b) **Interest receivable and similar income**

	2021 £	2020 £
Bank interest	9	3,281

(c) **Interest payable**

	2021 £	2020 £
Loan interest	91,665	117,908

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3. Investment property

	2021 £	2020 £
Cost and net book value		
At 1 August	4,646,772	4,646,772
Additions in the year	16,675	-
At 31 July	<u>4,663,447</u>	<u>4,646,772</u>

During the year ended 2019, the company purchased land at a cost of £4,646,772. During the year ended 2021, the company incurred costs of £16,675 associated with its development.

4. Tax on loss

(a) Factors affecting tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2021 £	2020 £
Loss before tax	<u>(97,367)</u>	<u>(71,737)</u>
Loss multiplied by		
standard rate of corporation tax in the UK of 19%	18,500	13,630
Management expenses brought forward	-	618
Unrelieved tax losses in the period	(18,500)	-
Group relief surrendered	-	(14,248)
Total tax charge for the year	<u>-</u>	<u>-</u>

(b) Factors that may affect future tax charges

The company has £97,367 (2020: £nil) of tax losses carried forward. A deferred tax asset has not been recognised in respect of these losses due to uncertainty surrounding its recovery.

5. Creditors: amounts falling due within one year

	2021 £	2020 £
Accruals and deferred income	12,190	30,940
	<u>12,190</u>	<u>30,940</u>

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

	2021 £	2020 £
Amounts owed to ultimate parent undertaking	<u>2,341,595</u>	<u>2,249,930</u>
	<u>2,341,595</u>	<u>2,249,930</u>

During the year ended 31 July 2019 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

	2021 £	2020 £
Ordinary shares of £1 each – authorised	<u>2,550,000</u>	<u>2,550,000</u>
Allotted and fully paid as at 31 July	<u>2,520,100</u>	<u>2,520,100</u>

8. Reserves

Profit and loss account

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

During the year ended 31 July 2020, an unlawful distribution of £8,729 was made to the University of Newcastle upon Tyne, the ultimate parent undertaking. This occurred as a result of in year losses reducing the distributable reserves prior to the distribution being made. At the year ended 31 July 2020, a receivable was recognised for the full amount.

9. Ultimate parent undertaking

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