



Icon East Midlands

(Limited by Guarantee)

Company Number: 6488678

Annual Report and Financial Statements for the year ended 31 July 2018

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Icon East Midlands

Annual Report and Financial Statements for the Year Ended 31 July 2018

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Icon East Midlands
Directors and advisors
for the Year Ended 31 July 2018

Directors

Mr M Hall

Mr D Pickard - appointed 22 October 2017

Independent auditors

Ernst & Young LLP

No.1 Colmore Square

Birmingham

B4 6HQ

United Kingdom

Bankers

Lloyds Banking Group

Black Horse House

Progression Centre

42 Mark Road

Hemel Hempstead

Hertfordshire

HP2 7DE

Icon East Midlands

Director's Report for the Year Ended 31 July 2018

The directors present the annual report and audited financial statements for the year ended 31 July 2018 and report thereon. The Directors and Advisers information on page 3 forms part of this report.

Principal activities

Icon East Midlands is incorporated in England as a not-for-profit entity, with the specific purpose of benefiting people that live within the area of responsibility of the East Midlands Development Agency.

The principal activity during the year has been to continue to hold the freehold of the Icon Innovation Centre building in Daventry and to lease it to Icon Operations Limited for onward rental of office space to tenants.

Directors and Officers

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

Mr M Hall

Mr S Denny (resigned 10 May 2018)

Mr D Pickard (appointed 22 October 2017)

The above directors had no interest in the share capital of the Company.

No director has been granted a right to subscribe for additional shares or debentures.

In accordance with the Articles of Association of the Company, none of the directors are required to retire by rotation.

Review of the Results for the Year and future outlook

Details of the results for the year are given on page 13 of the financial statements.

The directors are satisfied with the Company's position and performance. By virtue of the support by the University, the directors believe the Company will continue as a going concern.

The directors expect the business to continue to develop and to trade profitably during the next year.

Significant Events since the Balance Sheet Date

The directors do not consider that any event since the balance sheet date significantly affects the Company's financial position.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2016/17: £nil) other than the qualifying charitable donation to the parent entity.

Significant risks and uncertainties

The key business risk of the company is the continued occupancy levels of the building, which affects the subsequent valuation. The management team work with prospective new start-up companies and other smaller established businesses to help drive new business opportunities at the Icon Building and pass on new tenants for Icon Operations to manage.

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Directors' Report – continued for the Year Ended 31 July 2018

Statement of disclosure of information to auditors

At the date of making this report, each of the Company's directors, as set out on page 3, confirms the following:

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

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, comprising Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 comprising FRS 102 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Directors' Report – continued for the Year Ended 31 July 2018

Small Company Provision

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

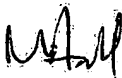
Directors' third party indemnities

The company maintained a directors' and officer' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

Independent Auditors

A resolution for the re-appointment of Ernst & Young LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



Mr M Hall
Director

Date: 26/11/18

Vice Chancellor's Office,
University of Northampton,
University Drive,
Northampton,
NN1 5PH

Icon East Midlands

Independent Auditor's Report to The Members of Icon East Midlands

Opinion

We have audited the financial statements of Icon East Midlands (the 'company') for the year ended 31 July 2018 which comprise the Statement of Principal Accounting Policies, the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet and the related notes 1 to 8. 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 2018 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 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 annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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Independent Auditor's Report To The Members Of Icon East Midlands (continued)

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 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 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.

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

Icon East Midlands

Independent Auditor's Report To The Members Of Icon East Midlands (continued)

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 <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.

Ernst and Young LLP

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

Date:

29/11/2018

Notes:

1. The maintenance and integrity of the University of Northampton 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.

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Statement of Principal Accounting Policies for the Year Ended 31 July 2018

1. General Information

Icon East Midlands holds the freehold of the Icon Innovation Centre building in Daventry and leases it to Icon Operations Limited for onward rental of office space to tenants.

The company is a private company limited by guarantee and is incorporated in England. The address of the registered office is Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

2. Statement of compliance

The financial statements of Icon East Midlands have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the Companies Act 2006 and under the historical cost convention. The financial statements have been prepared under the going concern concept because the University has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

4. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemption:

- (i) from preparing of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, The University of Northampton, includes the company's cash flows in its own consolidated financial statements.
- (ii) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7
- (iii) From disclosure requirements in relation to basic and non-basic financial instruments.

5. Government Grants

Capital government grants are credited to deferred revenue. These are released against any downward revaluation of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

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Statement of Principal Accounting Policies for the Year Ended 31 July 2018 - continued

6. Investment Property

Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at fair value.

The property (Icon Building) is for external use.

Fair value is based on valuation performed by an appointed independent registered valuer, taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in fair values are recorded in the income statement.

7. Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

No provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by a charitable qualifying donation to the University and, therefore, no deferred tax asset or liability will be realised in the Company.

8. Recognition of Income

Income received in advance of the performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Investment income is recorded in income on a receivable basis as either restricted or unrestricted income according to the terms of restriction applied to the individual endowment fund.

9. Contingent liabilities

A contingent liability arises from a past event that gives the company a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the company. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

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Statement of Principal Accounting Policies for the Year Ended 31 July 2018 - continued

10. Critical Judgements and significant estimates

The company have made assumptions in the determination of the fair value of an investment property in respect of the state of the property market in the location where the property is situated and in respect of the range of reasonable fair value estimates of the asset. The valuation as at the reporting date is stated in note 4.

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Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2018

	Note	2018 £	2017 £
Turnover		15,000	15,000
Administrative expenses		(3,515)	(4,356)
Operating (Loss)/Profit	1	11,485	10,644
Gain/(Loss) on investment	4	25,000	(15,000)
Interest receivable and similar income		218	44
Profit/(Loss) before taxation		36,703	(4,312)
Tax on Profit/(Loss)	3	-	-
Profit/(Loss) for the financial year		36,703	(4,312)
Other comprehensive income		-	-
Total comprehensive Income/(Expense) for the year		36,703	(4,312)

All of the Company's activities consist wholly of continuing activities.

Icon East Midlands**Statement of Changes in Reserves
For the Year Ended 31 July 2018**

	Profit and loss account	Total shareholders' funds
	£	£
At 1 August 2016	350,645	350,645
Total comprehensive expense for the year	(4,312)	(4,312)
At 31 July 2017	<hr/> 346,333	<hr/> 346,333
Profit and total comprehensive income for the year	36,703	36,703
At 31 July 2018	<div>383,036</div>	<div>383,036</div>

The Profit and loss account includes all current and prior period retained profit and losses.

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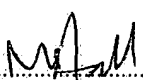
Balance Sheet as at 31 July 2018

	Notes	2018 £	2017 £
Fixed Assets			
Investments	4	<u>1,775,000</u>	<u>1,750,000</u>
		1,775,000	1,750,000
Current Assets			
Cash at cash equivalents		81,311	82,858
Debtors		15,000	
Current Liabilities			
Accruals		<u>(3,500)</u>	<u>(1,750)</u>
Net current assets		<u>92,811</u>	<u>81,108</u>
Total assets less current liabilities		1,867,811	1,831,108
Deferred income	5	(1,484,775)	(1,484,775)
Net assets		<u>383,036</u>	<u>346,333</u>
Capital and Reserves			
Profit and loss account		383,036	383,333
Total Shareholders' funds		<u>383,036</u>	<u>383,333</u>

The financial statements on pages 10 to 18 were approved by the Board of Directors on

26/11/18.

and signed on its behalf by:


Mr M Hall (Director)

26/11/18

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Notes to the Financial Statements for the Year Ended 31 July 2018

1. Operating Profit

	2018	2017
	£	£
Turnover is from rental income from Icon Operations Ltd	15,000	15,000
Operating profit is stated after charging:		
Auditors' remuneration in respect of the audit of the company's financial statements (inclusive of VAT)	2,100	2,100

The company had no employees during the year (2017: nil).

The limitation on auditors liability for external audit work is £2 million and was agreed on 6 June 2018 (2016/17: £2 million on 14 September 2017).

2. Directors' Emoluments

The Directors received no emoluments from the Company during the year (2017: nil).

3. Taxation

Recognised in the Statement of Comprehensive Income

	2018	2017
	£	£
Current tax expense	-	-
Adjustment in respect of previous year	-	-

Deferred Tax

There is no deferred tax to be recognised.

Current tax reconciliation

	2018	2017
	£	£
Profit/(Loss) for the year	36,703	(4,312)
Theoretical tax at UK Corporation tax rate of 19% (2017: 19%)	6,974	(819)
Effects of:		
Group Relief surrendered/(claimed) for £nil payment	-	(8)
Difference in current and deferred tax rates	-	86
Losses brought forward	(6,974)	741

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Notes to the Financial Statements for the Year Ended 31 July 2018 (continued)

4. Investments

	Land and buildings £
Historical Cost	
As at 1 August 2017 & 31 July 2018	7,933,811
Accumulated fair value movements	
As at 1 August 2017	6,183,811
Fair value movement	(25,000)
As at 31 July 2018	6,158,811
Fair value	
At 31 July 2018	1,775,000
At 31 July 2017	1,750,000

An external valuation of the company's Land and Buildings as at 31 July 2018 was carried out by Gerald Eve LLP, Chartered Surveyors. The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors Valuation Standards, valuing on the basis of an investment property and taking into account factors such as the property growth and market in the surrounding area. The resulting valuation was £1,775,000.

The investment property is leased to Icon Operations Limited under an operating lease for a rental of £15k per annum plus profit share.

5. Deferred income

	Government Grants £
As at 1 August 2017	1,484,775
Movement in deferred income	-
As at 31 July 2018	1,484,775

6. Contingent liabilities

In 2012 the Company completed the construction of the investment property, for which funding was received from the European Regional Development Fund (ERDF) totaling £7,933,811. Under the terms of the agreement with ERDF, if the property should fail as an investment property within an agreed clawback period (10 years), then the company may be liable to pay a proportion of the funding back to ERDF.

As set out in note 5 a proportion of the income received has been deferred on the balance sheet, recognising the reduced occupancy rates and overall decrease in value since construction.

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7. Related Party Transactions

In line with the exemption in FRS 102, no disclosure has been made of transactions with the University, as Icon East Midlands is a wholly owned subsidiary of the University. There are no other related parties to disclose.

8. Ultimate Parent Company

The immediate and ultimate parent undertaking is The University of Northampton Higher Education Corporation. The consolidated financial statements of the University are publicly available from:

The University of Northampton Higher Education Corporation
University Drive
Northampton
NN1 5PH