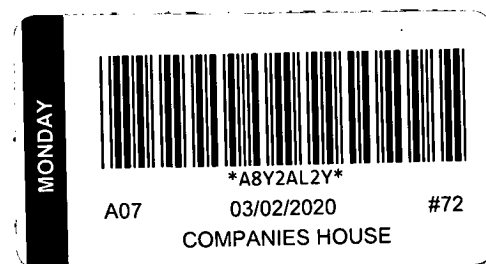


## **Waterside Campus Development Company Plc**

**Company Number: 09284830**



## **Annual Report and Financial Statements for the Year Ended 31 July 2019**

# **Waterside Campus Development Company plc**

## **Annual Report and Annual Financial Statements for the Year Ended 31 July 2019**

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# **Waterside Campus Development Company plc**

## **Company information for the Year Ended 31 July 2019**

### **Directors**

Mr Terry Neville

Mr Mark Hall

### **Independent auditors**

Ernst & Young

No.1 Colmore Square

Birmingham

B4 6HQ

United Kingdom

### **Bankers & Bond administrators**

HSBC Bank plc

Level 6

Metropolitan House CBX3

Avebury Boulevard

Milton Keynes

MK9 2GA

### **Company Address**

Waterside Campus Development Company plc

University Drive

Northampton

NN1 5PH

# **Waterside Campus Development Company plc**

## **Strategic Report for the Year Ended 31 July 2019**

The directors present the strategic report and audited financial statements for the year ended 31 July 2019 and report thereon;

### **Review of the business**

The principal activity of the company was the raising of listed debt to on-lend to The University of Northampton. The company is a 100% subsidiary of The University of Northampton Higher Education Corporation ('The University of Northampton').

On the 26<sup>th</sup> November 2014 the company issued £231.5 million guaranteed secured bonds at a fixed rate of 3.302%, on behalf of The University of Northampton. The bond is listed on the Irish Stock Exchange and secured against the whole of the University's undertaking and assets. The Bond has been guaranteed by Her Majesty's Treasury. The University of Northampton has now completed a major scheme of circa £300m to build a new campus on a development site near Northampton town centre named as 'Waterside'. This development, which replaced the University's old Park Campus, consists of a mixture of academic buildings, student residences and commercial outlets and was completed in September 2018. The bond along with cash surpluses and further borrowing via The Public Works Loan Board undertaken by the University funded the capital project.

The Statement of comprehensive income on page 19 shows the company's results for the year. For the year ended 31 July 2019 the company made a profit before taxation of £2k (2017/18: Profit before taxation of £7k).

As part of the guarantee provided in respect of the public bond issue in November 2014, The University of Northampton agreed to a number of financial covenants with Her Majesty's Treasury in respect of capital expenditure and cashflow. These are monitored and reported on every month. During the year, a forecast submitted to HM Treasury showed a reduction in the prospective Debt Service Cover Ratio (DSCR) causing HM Treasury to declare a discretionary spend lock up event on the University under the terms of the agreed covenants. Subsequent to this, the University revised its budgeted cost base to bring the prospective DSCR back to within agreed limits. Whilst the discretionary spend lock up was still in place at year end, it was released by HM Treasury in October 2019.

The company is expected to continue holding the bond for the full term.

### **Principal risks and uncertainties**

#### **Liquidity**

The principal risk to the company is the default of The University of Northampton in repaying the debt. This risk is mitigated by the fact that the bond has been guaranteed by Her Majesty's Treasury and will be repaid by them in the event that The University of Northampton defaults.

#### **Interest rates**

There is no interest rate risk as the bond is at a fixed rate of 3.302% over the full, 40 year, term.

#### **Internal control and risk management systems in relation to the financial reporting process**

The company has established internal control and risk management systems in relation to the process for preparing financial statements, by following the structure of The University. The key features of these internal control and risk management systems are:

- The management conducts various checks on internal financial controls periodically.

## **Waterside Campus Development Company plc**

### **Strategic Report (continued) for the Year Ended 31 July 2019**

- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting, and where appropriate, reflects developments in the financial statements. Appropriate briefings and/or training are provided to key finance personnel on relevant developments in accounting and financial reporting. The Audit Committee is also kept apprised of such developments.
- A written certificate is provided annually by the management confirming that the internal financial controls have been reviewed and highlighting any departures from the controls system that the company has determined to be appropriate practice.
- The financial statements are subject to review by the finance department for unusual items, unexplained trends and completeness. Any unexplained items are referred back to local management to explain.
- The finance department compares the financial statements to the management accounts received during the year and obtains explanations for any material differences.
- The draft financial statements are reviewed by an individual independent from those individuals who were responsible for preparing the financial statements. The review includes checking internal consistency, consistency with other statements, consistency with internal accounting records and arithmetical accuracy.
- The Audit Committee and the Board review the draft financial statements. The Audit Committee receives reports from management and the external auditors on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the financial statements.
- The financial statements are subject to external audit.

Approved by the Board on 20/11/19 and signed on its behalf by:



Mark Hall  
Director

# **Waterside Campus Development Company plc**

## **Directors' Report for the Year Ended 31 July 2019**

### **Incorporation**

The Company is registered in England under the Company number 09284830.  
The Company is a wholly owned subsidiary of The University of Northampton.  
The address of the registered office is University Drive, Northampton, NN1 5PH.

### **Directors**

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 T Neville

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.

### **Company Secretary**

Janet Baines

### **Review of the Results for the Year**

Details of the results for the year are given on page 19 of the financial statements.

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

### **Risk Management**

Information on financial risk management and associated policies have been included in the strategic report.

### **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.

### **Proposed Dividends**

The directors recommend that no dividend be paid for the year (2017/18: £nil).

### **Research and Development**

The Company does not undertake any research and development activities.

# **Waterside Campus Development Company plc**

## **Directors' Report (continued) for the Year Ended 31 July 2019**

### **Donations**

There were no political donations made during the year (2017/18: £nil).

### **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 period. 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) including the requirements of FRS 102. 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;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

The directors have identified in the strategic report, internal control and risk management systems in place regarding the financial reporting process, also financial risk management and policies have been included.

# **Waterside Campus Development Company plc**

## **Directors' Report (continued) for the Year Ended 31 July 2019**

### **Independent Auditors**

Ernst & Young were the appointed auditors for the year ended 31 July 2019. 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.

### **Directors' third party indemnities**

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

By order of the Board



Mrs J Baines  
Secretary

Date: 3 February 2020

University of Northampton  
University Drive  
Northampton  
Northamptonshire  
NN1 5PH



# **Waterside Campus Development Company plc**

## **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc**

### **Opinion**

We have audited the financial statements of Waterside Campus Development Company Plc for the year ended 31 July 2019 which comprise the Statement of Principal Accounting Policies, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity, and the related notes 1 to 11. 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 as applied to listed public interest entities, 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.

## **Waterside Campus Development Company plc**

### **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (Continued)**

#### **Overview of our audit approach**

|                   |                                                                                                                         |
|-------------------|-------------------------------------------------------------------------------------------------------------------------|
| Key audit matters | <ul style="list-style-type: none"><li>• Inappropriate cut off - Interest Income &amp; Expenditure</li></ul>             |
| Materiality       | <ul style="list-style-type: none"><li>• Overall materiality of £1.255m which represents 0.5% of total assets.</li></ul> |

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

## Waterside Campus Development Company plc

### Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (continued)

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Our response to the risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Key observations communicated to the Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Inappropriate cut off – Interest Income &amp; Expenditure (£7,671k, PY comparative £7,671k)</b></p> <p>The risk of material misstatement within the company's financial statements is considered to be low given its nature and the minimal transactions included within the financial statements.</p> <p>However, the area we consider to be the most susceptible to material misstatement is the recording of the interest income within the Statement of Comprehensive Income within the incorrect financial year. As interest income and interest expenditure should be consistent then the risk also extends to interest expenditure.</p> <p>Pressures from the ultimate parent, the University of Northampton, as the entity ultimately responsible for the payment of the debt and the entity from whom the company's interest is received from, could provide incentives to record balances in the incorrect financial year.</p> <p>Refer to the Accounting policies (pages 17 and 18) of the Financial Statements.</p> | <p>Our approach focused on the following procedures:</p> <ul style="list-style-type: none"> <li>• We understood and evaluated the controls in place to record interest revenue and expenditure in the financial statements. Due to the manual nature of the transactions, we did not test these controls, but performed substantive audit procedures.</li> <li>• We recalculated the interest expense using the average value of the outstanding bond balance across the financial year and the fixed interest rate set out in the bond agreement.</li> <li>• We compared the amount of interest income to the interest expenditure, both of which are recorded in the Statement of Comprehensive Income.</li> <li>• We supplemented our income statement testing with related balance sheet procedures. We tested the year end outstanding interest payable and receivable balances and calculated the allocation of balances to financial years based on the contractual payments terms.</li> </ul> | <p>Testing completed did not identify any material misstatements from revenue and expenditure recognition.</p> <p>Overall our audit procedures did not identify any material issues or unusual transactions to indicate any misreporting of the Company's financial position and results for the year.</p> <p>We concluded that interest income and interest expenditure reported in the Statement of Comprehensive Income had been recognised on an appropriate basis.</p> |

# **Waterside Campus Development Company plc**

## **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (continued)**

### **An overview of the scope of our audit**

#### **Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

#### **Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### **Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the company to be £1.255 million (2017/18: £1.267 million), which is 0.5% (2017/18: 0.5%) of total assets. We believe that total assets provides us with an appropriate measurement basis as the company does not exist to generate a profit, but to act as a vehicle to hold listed debt on behalf of its parent entity, the University of Northampton, which funds the repayment of interest and capital repayments on the listed debt. The materiality level has been capped at the same level as its ultimate parent entity given its significance to the University of Northampton consolidated financial statements.

During the course of our audit, we reassessed initial materiality from £1.267 million to £1.255 million following receipt of the actual financial results for the 2018/19.

#### **Performance materiality**

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2017/18: 50%) of our planning materiality, namely £0.628 million (2017/18: £0.634 million). We have set performance materiality at this percentage which is the same level as its ultimate parent entity given its significance to the University of Northampton consolidated financial statements.

## **Waterside Campus Development Company plc**

### **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (continued)**

#### **Reporting threshold**

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.063 million (2017/18: £0.063 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

#### **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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

## **Waterside Campus Development Company plc**

### **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (continued)**

#### **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 strategic report or 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.

#### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 7, 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.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## **Waterside Campus Development Company plc**

### **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (continued)**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the continuing obligations in chapter 15 of the Main Securities Market Listing Rules for the Irish Stock Exchange and the Companies Act 2006.
- We understood how Waterside Campus Development Company Plc is complying with those frameworks by considering the oversight of those charged with governance and the parent entity (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of analysts as to the entity's performance and profitability), and the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of those charged with governance and management and considering the potential for override of controls or other inappropriate influence over the financial reporting process. We tested manual journal entries and performed the procedures set out in our approach to the key audit matter for management override of control above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of legal counsel, reading the minutes of the Board of Directors and testing manual journal entries.

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.

## **Waterside Campus Development Company plc**

### **Independent Auditor's Report To The Members Of Waterside Campus Development Company Plc (continued)**

#### **Other matters we are required to address**

- We were appointed by the company on 1 June 2017 to audit the financial statements for the year ending 31 July 2017 and subsequent financial periods. We were appointed as auditors by the University of Northampton Board of Governors and signed an engagement letter on 14 September 2017.

The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 July 2017 to 31 July 2019.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee

#### **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: *3 February 2020*

#### **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.



# **Waterside Campus Development Company plc**

## **Statement of Principal Accounting Policies for the Year Ended 31 July 2019**

### **1. General Information**

Waterside Campus Development Company plc principal activity was the management of a bond raised in November 2014.

The company is a public limited company limited by shares and is incorporated in England. The address of the registered office is The University of Northampton, University Drive, Northampton, NN1 5PH.

### **2. Statement of compliance**

The financial statements of Waterside Campus Development Company plc 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, including Financial Reporting Standard 102 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. The financial statements have been presented in £000's unless otherwise stated.

### **4. Turnover**

Turnover represents re-charges to The University of Northampton for interest and similar charges incurred on the Bond. This has been recognised in the Statement of Comprehensive Income as it becomes receivable.

### **5. Debtors**

Debtors are shown after providing for any amounts which the directors consider may not be collected in full.

### **6. 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.

# **Waterside Campus Development Company plc**

## **Statement of Principal Accounting Policies for the Year Ended 31 July 2019 - continued**

### **6. Taxation (continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

### **7. Interest bearing borrowing**

Bonds and long-term borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses in compliance with FRS 102.

### **8. Financial Assets**

Basic financial assets, including receivables from group companies and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

### **9. Financial Liabilities**

Basic financial liabilities, including accruals and payables, and bond liability, are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

### **10. Critical judgements and significant estimates**

There were no critical judgements or significant estimates made in preparation of the financial statements.

# Waterside Campus Development Company plc

## Statement of Comprehensive Income for the Year Ended 31 July 2019

|                                         | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------------------------|---------------|---------------|
| Turnover                                | 7,677         | 7,671         |
| Other operating expenses                | (6)           | (5)           |
| Operating Profit                        | 7,671         | 7,666         |
| Interest receivable                     | 2             | 12            |
| Interest payable and similar charges    | (7,671)       | (7,671)       |
| Profit before tax                       | 2             | 7             |
| Tax on Profit                           | -             | -             |
| Profit for the financial year           | 2             | 7             |
| Other comprehensive income for the year | -             | -             |
| Total comprehensive income for the year | 2             | 7             |

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

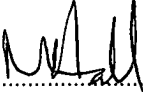
# Waterside Campus Development Company plc

## Balance Sheet as at 31 July 2019

|                                                         | Notes | 2019<br>£'000                                                  | 2018<br>£'000                                                  |
|---------------------------------------------------------|-------|----------------------------------------------------------------|----------------------------------------------------------------|
| <b>Current Assets</b>                                   |       |                                                                |                                                                |
| Debtors: amounts falling within one year                | 3     | 1,283                                                          | 1,283                                                          |
| Debtors: amounts falling due greater than one year      | 4     | 230,560                                                        | 230,534                                                        |
| Cash at bank and in hand                                |       | 62                                                             | 60                                                             |
|                                                         |       | <u>231,905</u>                                                 | <u>231,877</u>                                                 |
| Creditors: amounts falling due within one year          | 5     | <u>(1,278)</u>                                                 | <u>(1,278)</u>                                                 |
| Net current assets                                      |       | 230,627                                                        | 230,599                                                        |
| Creditors: amounts falling due after more than one year | 6     | (230,563)                                                      | (230,537)                                                      |
| <b>Net Assets</b>                                       |       | <span style="border: 1px solid black; padding: 2px;">64</span> | <span style="border: 1px solid black; padding: 2px;">62</span> |
| <b>Capital and Reserves</b>                             |       |                                                                |                                                                |
| Called up share capital                                 | 8     | 50                                                             | 50                                                             |
| Profit and loss account                                 |       | 14                                                             | 12                                                             |
| <b>Total Equity</b>                                     |       | <span style="border: 1px solid black; padding: 2px;">64</span> | <span style="border: 1px solid black; padding: 2px;">62</span> |

The financial statements on pages 17 to 28 were approved by the Board of Directors on 18<sup>th</sup> December 2019.

and signed on its behalf by:

  
 ..... 3 February 2020  
**Mr M Hall (Director)**

# Waterside Campus Development Company plc

## Cash Flow Statement for the Year Ended 31 July 2019

|                                                         | 2019<br>£'000  | 2018<br>£'000  |
|---------------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities</b>             |                |                |
| Profit for the financial year                           | 2              | 7              |
| Adjustments for:                                        |                |                |
| Interest receivable                                     | (2)            | (12)           |
| Interest payable                                        | 7,671          | 7,671          |
| (Decrease)/increase in other creditors                  | (1)            | 1              |
| (Increase) in other debtors                             | (26)           | (33)           |
| Cash from operations                                    | <u>7,644</u>   | <u>7,634</u>   |
| Tax paid                                                | -              | -              |
| <b>Net cash used in operating activities</b>            | <u>7,644</u>   | <u>7,634</u>   |
| <b>Cash flows from investing activities</b>             |                |                |
| Interest received                                       | <u>2</u>       | <u>12</u>      |
| <b>Net cash generated from investing activities</b>     | <u>2</u>       | <u>12</u>      |
| <b>Cash flows from financing activities</b>             |                |                |
| Interest paid                                           | <u>(7,644)</u> | <u>(7,644)</u> |
| <b>Net cash used in financing activities</b>            | <u>(7,644)</u> | <u>(7,644)</u> |
| <b>Net increase in cash and cash equivalents</b>        | <b>2</b>       | <b>2</b>       |
| Cash and cash equivalents at the beginning of the year  | 60             | 58             |
| <b>Cash and cash equivalents at the end of the year</b> | <b>62</b>      | <b>60</b>      |

## Waterside Campus Development Company plc

### Statement of Changes in Equity Year Ended 31 July 2019

|                                                       | <b>Called up<br/>share capital<br/>£'000</b> | <b>Profit and<br/>loss account<br/>£'000</b> | <b>Total Equity<br/>£'000</b> |
|-------------------------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------|
| At 1st August 2017                                    | 50                                           | 5                                            | 55                            |
| Profit and total comprehensive income<br>for the year | -                                            | 7                                            | 7                             |
| At 31 July 2018                                       | 50                                           | 12                                           | 62                            |
| Profit and total comprehensive income<br>for the year | -                                            | 2                                            | 2                             |
| At 31 July 2019                                       | <b>50</b>                                    | <b>14</b>                                    | <b>64</b>                     |

Called up share capital represents the nominal value of shares that have been issued.

The statement of comprehensive income includes all current year and prior period retained profit and losses.

# Waterside Campus Development Company plc

## Notes to the Financial Statements for the Year Ended 31 July 2019

### 1. Operating Profit

|  | <b>2019</b>  | <b>2018</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |

Operating profit is stated after charging:

|                                                                                                         |   |   |
|---------------------------------------------------------------------------------------------------------|---|---|
| Auditors' remuneration in respect of the audit of the company's financial statements (inclusive of VAT) | 2 | 2 |
|---------------------------------------------------------------------------------------------------------|---|---|

The limitation on auditor liability for external audit work is £2 million and was agreed on 4 June 2019 (2017/18: £2 million on 6 June 2018)

The company had no employees for 2019 (2018: nil)

The Directors received no emoluments from the Company during the year (2018: nil).

### 2. Taxation

#### Recognised in the Statement of Comprehensive Income

|                     | <b>2019</b> | <b>2018</b> |
|---------------------|-------------|-------------|
|                     | <b>£</b>    | <b>£</b>    |
| Current tax expense | 380         | -           |

#### Deferred Tax

There is no deferred tax to be recognised.

#### Current tax reconciliation

|                                                               | <b>2019</b>  | <b>2018</b>    |
|---------------------------------------------------------------|--------------|----------------|
|                                                               | <b>£</b>     | <b>£</b>       |
| Profit for the year                                           | <u>2,000</u> | <u>7,000</u>   |
| Theoretical tax at UK Corporation tax rate of 19% (2018: 20%) | 380          | 1,330          |
| Effects of:                                                   |              |                |
| Qualifying charitable donation                                | <u>-</u>     | <u>(1,330)</u> |
|                                                               | <u>380</u>   | <u>-</u>       |

### 3. Debtors: amounts falling due within one year

|                                     | <b>2019</b>  | <b>2018</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>£'000</b> | <b>£'000</b> |
| Amounts owed by parent undertakings | 1,283        | 1,283        |
|                                     | <u>1,283</u> | <u>1,283</u> |

# Waterside Campus Development Company plc

## Notes to the Financial Statements (continued) for the Year Ended 31 July 2019

### 4. Debtors: amounts falling due greater than one year

|                                     | <b>2019</b><br><b>£'000</b> | <b>2018</b><br><b>£'000</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| Amounts owed by parent undertakings | 230,560                     | 230,534                     |
|                                     | 230,560                     | 230,534                     |

The debtor balances relate to the onward lending of the bond to the University of Northampton. This has been lent on the same terms as the bond.

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

|          | <b>2019</b><br><b>£'000</b> | <b>2018</b><br><b>£'000</b> |
|----------|-----------------------------|-----------------------------|
| Accruals | (1,278)                     | (1,278)                     |
|          | (1,278)                     | (1,278)                     |

Accruals reflect the accrued interest outstanding at the balance sheet date.

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

|      | <b>2019</b><br><b>£'000</b> | <b>2018</b><br><b>£'000</b> |
|------|-----------------------------|-----------------------------|
| Bond | (230,563)                   | (230,537)                   |
|      | (230,563)                   | (230,537)                   |

On the 26<sup>th</sup> November 2014 a secured fixed rate public bond was issued for the sum of £231.5m over a 40 year term with a coupon rate of 3.302%. The bond is secured against the assets of the University. The bond was issued by Waterside Campus Development Company plc, a 100% owned subsidiary of The University of Northampton. Capital repayments commence in 2024/25. There were bond transaction costs of £1.070m that were prepaid at the time of the issue of the bond, they have been netted against the bond proceeds issued, £231.5m, and amortised over the life of the bond and charged to interest costs. These costs have little to no fair value. The market value of the bond at 31 July 2019 was £300.8m (2018: £279.9m) and is listed on the Irish Stock Exchange. The bond has been guaranteed by Her Majesty's Treasury.



# **Waterside Campus Development Company plc**

## **Notes to the Financial Statements (continued) for the Year Ended 31 July 2019**

### **7. Financial Instruments**

#### **Risk management**

The treasury function is controlled centrally via the group (The University, parent company) which is responsible for managing the credit, liquidity, interest and foreign currency risk associated with the group's activities. These financial risks are managed within parameters specified by the treasury management policy. The Treasury management policy of the group governs all treasury management activities and sets out relevant policy objectives and control measures, it is reviewed by the Board of Governors.

The company's principal financial instruments are the bond and subsequent loan to The University of Northampton. Cash, short term deposits and investments are managed by the group. The core objective of these financial instruments is to meet financing needs of the group's operations. Additionally, the group has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Cash at bank and in hand together with the intercompany balance are treated as loans and receivables, while the borrowings are treated as other financial liabilities at amortised cost.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The group's Treasury Management Policy and Bad Debt policy lay out the framework for credit risk management. Credit risk is monitored on an ongoing basis.

The company's credit risk arises from The University of Northampton failing to make the appropriate payments. This is however covered as the Bond repayments are covered by a guarantee from Her Majesties Treasury should The University of Northampton default.

The Bond is secured against the assets of The University of Northampton. Management of credit risk is covered by the Treasury Management policy. As at 31 July 2019, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

#### **Liquidity risk**

Liquidity risk refers to the risk that the group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasting is performed in the operating entity of the group and aggregated by group finance. The rolling forecasts are monitored to ensure the liquidity requirements are sufficient to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach covenants on the borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

The table below analyses the company's financial liabilities in relevant maturity groupings based on the remaining period at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payable.

# Waterside Campus Development Company plc

## Notes to the Financial Statements (continued) for the Year Ended 31 July 2019

### 7. Financial Instruments (continued)

| <b>Bond</b>                        | <b>2019<br/>£'000</b> |
|------------------------------------|-----------------------|
| Less than one year                 | (7,644)               |
| Between one and five years         | (30,577)              |
| Between five and twenty five years | (242,079)             |
| Over twenty five years             | <u>(128,292)</u>      |
|                                    | (408,592)             |

Surplus cash held by the operating entity, over and above the balance required for working capital management are transferred to the group. The group treasury investments surplus cash in interest-bearing accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

#### Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the balance sheet) less cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

#### Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items or changes in interest income or expenses.

The company's financing relates to a 40 year £231.5m bond, this is on a fixed rate of 3.302% and not subject to interest rate risk. Surplus funds are transferred to the group for investment. The group's interest and investment income is exposed to changes in interest rates. The group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. The company has no outstanding derivative instruments as at 31 July 2019.

# Waterside Campus Development Company plc

## Notes to the Financial Statements (continued) for the Year Ended 31 July 2019

### 7. Financial Instruments (continued)

#### Maturity profile

The capital repayments for the bond begin in 2024/25 therefore currently all the debt is due greater than 5 years, with the final repayment due 2054/55.

|                            | <b>2019</b>      |
|----------------------------|------------------|
|                            | <b>£'000</b>     |
| Less than one year         | -                |
| Between one and two years  | -                |
| Between two and five years | -                |
| After five years           | (231,500)        |
| Total                      | <u>(231,500)</u> |

#### Statement of financial position

Financial assets that are debt instruments measured at amortised cost:

|                                    | <b>2019</b>  | <b>2018</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>£'000</b> | <b>£'000</b> |
| Amounts owed by group undertakings | 231,843      | 231,817      |

Financial Liabilities measured at amortised cost:

|          | <b>2019</b>  | <b>2018</b>  |
|----------|--------------|--------------|
|          | <b>£'000</b> | <b>£'000</b> |
| Accruals | (1,278)      | (1,280)      |
| Bond     | (230,563)    | (230,537)    |

The financial assets are of strong credit worthiness and repayments associated with the Bond are guaranteed by Her Majesties Treasury. There has been no impairment to the financial assets. Interest cost for the year is disclosed in the Statement of Comprehensive Income.

### 8. Called up Share Capital

Called-up share capital represents the nominal value of shares that have been issued.

|                                | <b>2019</b>  | <b>2018</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>£'000</b> | <b>£'000</b> |
| <b>Authorised</b>              |              |              |
| Ordinary shares of £1 each     | <u>50</u>    | <u>50</u>    |
| <b>Allotted and fully paid</b> |              |              |
| Ordinary shares of £1 each     | <u>50</u>    | <u>50</u>    |

The company has £50,000 of authorised, allotted and fully paid shares, for a nominal value of £1, all of which are owned by the parent: The University of Northampton. The ordinary shares have the rights to all dividends approved. Directors may be appointed or replaced in line with the company's articles of association. The directors do not have the power to allot shares or grant rights to subscribe for any share in the company unless authorised to do so in accordance with the Companies Act 2006 and by the University of Northampton in accordance with article 91.3.

# **Waterside Campus Development Company plc**

## **Notes to the Financial Statements (continued) for the Year Ended 31 July 2019**

### **9. Related Party Transactions**

In line with the exemption in FRS 102, no disclosure has been made of transactions with the University, as Waterside Campus Development Company Plc is a wholly owned subsidiary of The University of Northampton. There are no other related parties to disclose.

### **10. Segmental reporting**

The company only operates in one segment, therefore there is nothing to analyse out further.

### **11. Ultimate Parent Company**

The immediate and ultimate parent undertaking is The University of Northampton Higher Education Corporation.

The consolidated financial statements of The University of Northampton Higher Education Corporation are publicly available from:

The University of Northampton Higher Education Corporation  
Vice Chancellor's Office  
University of Northampton  
University Drive  
Northampton  
NN1 5PH