



## **Waterside Campus Development Company Plc**

**Company Number: 09284830**



## **Annual Report and Financial Statements for the Year Ended 31 July 2021**

# **Waterside Campus Development Company Plc**

## **Annual Report and Financial Statements for the Year Ended 31 July 2021**

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## **Waterside Campus Development Company Plc**

### **Company information for the Year Ended 31 July 2021**

#### **Directors**

Mr Terry Neville

Mr Mark Hall

#### **Independent auditor**

BDO LLP

Two Snowhill

Birmingham

B4 6GA

#### **Bankers & Bond administrators**

HSBC Bank Plc

Level 6

Metropolitan House CBX3

Avebury Boulevard

Milton Keynes

MK9 2GA

#### **Company Address**

Waterside Campus Development Company Plc

Vice Chancellors Office

University of Northampton

University Drive

Northampton

NN1 5PH

# Waterside Campus Development Company Plc

## Strategic Report for the Year Ended 31 July 2021

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

### Review of the business

The principal activity of Waterside Campus Development Company Plc (WCDC) is to act as an onward lender of funds raised to the University of Northampton. On the 26 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 as such, the financial performance of the University and the Group.

### Performance

	Actual				Target	
	17/18	18/19	19/20	20/21	20/21	21/22
Ensure bond covenant measures in relation to operating income, debt service ratios and surpluses are monitored and achieved	Achieved	Breached	Achieved	Waiver in place for 2020/21	Achieved	Achieved
Extent to which turnover can service the interest repayments of the Bond.	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved

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 represented by calculations of Debt Service Cover Ratio (DSCR). Under the financial covenants with HM Treasury as the bond guarantor, calculation of historical and prospective Debt Service Cover Ratios (DSCR's) is required.

A prospective ratio falling below 1.15x trigger sanctions restricting the University's future operations. During the financial year the University fell below this level, due to the Student Loan Company paying funds in advance to the sector to help cashflows during the pandemic. This caused the University to fall below the required PDSCR ratio of 1:1.15 in November 2020. HM Treasury granted the University a waiver on 11 December 2020 waiving the November 2020 breach for the DSCR and for the 'Event of Default' as specified in the collateral deed between the University and HM Treasury relating to a forecast net liabilities position as at 31 July 2021 until 30 September 2021.

HM Treasury have granted a further waiver to the University and Group up to 31 December 2022, when the position will be evaluated. The waiver does not cover the remainder of the going concern review period through to July 2023 and the absence of a waiver represents a material uncertainty.

The University is confident of achieving sufficient positive cash generation to maintain its going concern status, with the caveat of material uncertainty as a result of the expected covenant breach beyond the current waiver.

Student recruitment for the 2021/22 academic year has exceeded budgeted levels for overseas students however home student recruitment is lower than anticipated. The University is currently on target to deliver positive cash from operating activities. Additionally, cash levels were boosted in year through the final receipt for Park Campus and the sale of St George's Avenue Campus.

## **Waterside Campus Development Company Plc**

### **Strategic Report for the Year Ended 31 July 2021 (continued)**

#### **Coronavirus**

The Covid-19 pandemic has had a negative financial and operational impact on many areas of the University's business since February 2020, particularly in respect of remittance of student accommodation fees and loss of other commercial income. The University has a well-developed approach to incident management which was implemented for the crisis, and it is anticipated that the impacts will continue for the forthcoming year.

#### **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.

The University is compliant with the bond covenants at present, although there is a risk of a negative balance sheet occurring in the next 12 months.

A waiver of this covenant breach from the bond guarantor is in place until 31 December 2022. This is expected to be extended, but cannot be guaranteed, producing a material uncertainty.

##### **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;
- 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;

## **Waterside Campus Development Company Plc**

### **Strategic Report for the Year Ended 31 July 2021 (continued)**

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

- The Audit Committee and the Board review the draft financial statements. The Audit Committee receives reports from management and the external auditor 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.

#### **Section 172 Statement**

Decision making takes place at Group level, there are no employees within Waterside Campus Development Company PLC, the Company forms part of the overall group governance structure that is led by the University Board of Governors. This section therefore summaries how the Company and Group promote the success of the group to benefit its stakeholders.

The Directors have had regard to their duties as set out in section 172 of the Companies Act 2006. The duty of directors is to act in good faith and to exercise powers diligently so as to promote the success of the company for the benefit its stakeholders. There are six key factors which demonstrate these duties:

(a) the likely consequences of any decision in the long term,

- Adoption of University Strategic Plan and Operational Plan, which are regularly monitored at group level by the University's Board.
- Biannual consideration by the University Board of a financial forecast for the term of the bond with HMT, including financial scenario planning.
- Approved Risk appetite statement, Risk Management Policy and Risk Register in place and regularly reviewed by the University Board.
- Adoption of four Changemaker Challenges intended to extend our core competencies in Teaching and learning, research and social enterprise.
- Adoption of technology to support and enhance learning allowed University to work wholly online during pandemic.

(b) the interests of the company's employees,

- Each paper to the University Board contains a section on human resources impact. Annual report to the University Board on human resources. This covers data breakdowns by staff group and identification of trends, and an overview of the staff development activity in which the University invests, gender pay gap reporting.
- University provided home testing kits to staff and students as part of Govts LFD Collect scheme.
- Trade Union facility time funded by University.
- Administrative staff put on furlough under government job retention scheme for up to 6 months.

## **Waterside Campus Development Company Plc**

### **Strategic Report for the Year Ended 31 July 2021 (continued)**

#### **Section 172 Statement (continued)**

- Ongoing University-wide Health and Wellbeing initiative, including dedicated page on the staff intranet, trained mental health first aiders, Employee Assistance phoneline, online 'tea and chat' events during lockdown.
  - Active promotion and support at senior level in the group of staff networks which promote and support the interests of different groups of staff. There are networks for women, Global Ethnic Majority, LGBTQ and People with disabilities.
  - In addition to the Chief Executive, there are two seats on the group Board for elected staff members.
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- Asymptomatic Testing Centre set up on campus for students, staff and public.
  - Review and development of course portfolio to be responsive to student needs.
  - Click and collect library service set up during pandemic to provide better access to learning resources, with hand delivery to isolating students.
  - Long-loan laptop services extended for students.
  - Two seats on the group Board for elected student members.
- (d) the impact of the company's operations on the community and the environment,
- University Car park used by alliance of GP practices to meet symptomatic patients.
  - Re-accredited with a Social Enterprise Gold Mark.
  - Continued investment in Goodwill Solutions Community Interest Company.
  - Pledge to become net zero carbon by 2030 through Carbon Management Plan.
  - Strategic commitment to having social impact. Four Changemaker Commitments are approved by the Board as the strategic goals for social impact and embedded in the University's Strategy and operations. These commit the University to creating a positive social impact in every community with which it works.
  - Active work with sponsorship from the Chief Executive on the University's contribution to the UN's Sustainable Development Goals. Signatory of The SDG Accord.
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- University values included in its strategy. Codes of Conduct in place for staff and Board members.
  - Robust financial management generating a positive cashflow during pandemic, with £49m in cash at year end.
  - Swift management response to pandemic demonstrated strength of business continuity planning and institutional reliance, including published summary of response.
  - The University increasingly delivers education in partnership with local, national and global higher education partners.

## **Waterside Campus Development Company Plc**

### **Strategic Report for the Year Ended 31 July 2021 (continued)**

#### **Section 172 Statement (continued)**

- Strong financial controls established, including Board-level scrutiny and challenge.
  - Compliance with the requirements of the Office for Students in order to maintain University status. Compliance with the HE Code of Governance in order to maintain the highest standards of governance. Regular internal audit and external review of governance. Each paper to the University Board has a section on legal, health and safety or other compliance.
- (f) the need to act fairly as between members of the company.
- The University is the sole member of the Company.
  - The University is an exempt charity with governors (trustees), who are the members. The University's constitution (its Instrument, Articles of Government, Byelaws and Scheme of Delegation) set out how the trustees work together and with the University's executive and how decisions are made. A clear Code of Conduct and policy on Declarations of Interest govern how conflicts of interest are managed.
  - Intercompany charging at arm's length.

Approved by the Board on 23 February 2022 and signed on its behalf by:



Mark Hall  
Director



# **Waterside Campus Development Company Plc**

## **Directors' Report for the Year Ended 31 July 2021**

### **Incorporation**

The Company is registered in England and Wales under the Company number 09284830. The Company is a wholly owned subsidiary of The University of Northampton Higher Education Corporation. 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 22 of the financial statements.

The directors are satisfied with the Company's position and performance.

The Company is reliant upon a letter of financial support from the University, which assists the company in meeting their liabilities as and when they fall due for a period of more than 12 months from the approval of the financial statements, and up until 31 July 2023. This parental letter of support is not legally binding.

The University has concluded that there is a reasonable expectation that the University and Group has adequate resources to continue in operational existence for the going concern period and continue to adopt the going concern basis of accounting in preparing their financial statements.

However, there is a material uncertainty that casts significant doubt upon the University and Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. This material uncertainty arises due to the University and Group forecasting a net liabilities position in July 2023 which the current waiver does not cover in full. This is an event of default before the approval of the financial statements.

The directors of the Company have concluded that it is appropriate for the financial statements to be prepared on a going concern basis but highlight the material uncertainty above associated with the University's ability to provide support to the Company.

## **Waterside Campus Development Company Plc**

### **Directors' Report for the Year Ended 31 July 2021 (continued)**

#### **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 University Group Treasury Management Policy. This group governs all treasury management activities and sets out relevant policy objectives and control measures, it is reviewed and approved 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 2021, 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.

#### **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.

## **Waterside Campus Development Company Plc**

### **Directors' Report for the Year Ended 31 July 2021 (continued)**

#### **Proposed Dividends**

The directors recommend that no dividend be paid for the year (2019/20: £nil).

#### **Research and Development**

The Company does not undertake any research and development activities.

#### **Donations**

There were no political donations made during the year (2019/20: £nil).

#### **Future developments**

The Directors do not anticipate any future development in the business.

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws 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 for the Year Ended 31 July 2021 (continued)**

#### **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.

#### **Independent Auditor**

On 20 August 2021 Ernst & Young LLP resigned as the Company's auditors. BDO LLP were appointed to fill the resulting vacancy. BDO LLP have expressed their willingness to continue in office as auditors and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### **Statement of disclosure of information to auditor**

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 auditor in connection with preparing their report of which the Company's auditor 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 auditor in connection with preparing their report and to establish that the Company's auditor are aware of that information.

By order of the Board



Mrs J Baines  
Secretary

Date: 23 February 2022

Waterside Campus Development Company Plc  
Vice Chancellors Office  
University of Northampton  
University Drive  
Northampton  
NN1 5PH

## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc**

#### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2021 and of the company's income and expenditure, gains and losses, changes in equity and of the company's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Waterside Campus Development Company PLC for the year ended 31 July 2021, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

#### **Independence**

Following the recommendation of the Audit Committee, we were appointed by the group board to audit the financial statements for the year ending 31 July 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year, covering the year ending 31 July 2021.

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. The non-audit services prohibited by that standard were not provided to the company.

#### **Material uncertainty related to going concern**

We draw attention to note 1.2 to the notes to the financial statements, which indicates that the Company is reliant on the ongoing financial support of its parent to enable it to continue as a going concern. This support is not legally binding.

The parent and group are forecasting a net liability position during the going concern period which would represent a major event of default on its borrowing covenants. It has received a covenant waiver until December 2022 but not for the remainder of the going concern period to 31 July 2023.

## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)**

#### **Material uncertainty related to going concern (continued)**

As disclosed in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the boards' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We have obtained the signed letter of support from its immediate parent, The University of Northampton and confirmed that it covers the Company's going concern through to 31 July 2023.
- We have obtained the going concern assessment for the Company and have performed the following audit procedures:
  - Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast and the nature of the interaction between the Company, the lender and the University.
  - Consideration of the forecasts and going concern assessment prepared by management and challenge of the key assumptions based on our knowledge of the company.
  - We considered management's financial covenant compliance through to July 2023 and concluded on the consistency of this with the requirements stated in the lender agreement.
  - We confirmed the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts.
  - As referred to in note 1.2, the Company is dependent on the financial support of its parent, The University of Northampton, we have therefore obtained the going concern assessment of the University and Group and have performed the following audit procedures:
    - Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also to have a high-level understanding of the University's market, strategy and profile in the sector, and the ongoing impact that COVID-19 might have on these projections.
    - Consideration of the forecasts and going concern assessment prepared by management and challenge of the key assumptions based on our knowledge of the group.

## Waterside Campus Development Company Plc

### Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)

#### Material uncertainty related to going concern (continued)

- We considered management's financial covenant compliance calculations through to July 2023 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.
- As referred to in note 1.2, management have modelled a reasonably possible downside scenario to incorporate the ongoing impact of the COVID-19 pandemic. We have considered the appropriateness of the downside scenario in respect of the impact of COVID-19 and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue.
- We confirmed the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

Due to its nature this is a key audit matter.

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

#### Overview

<b>Coverage</b>	We audit the following within the company: 100% of Surplus before tax 100% of Revenue 100% of total net assets
<b>Key audit matters</b>	Going concern Recoverability of related party debt
<b>Materiality</b>	<i>Financial statements as a whole</i> £804,500 based on 0.50% of Gross assets. Capped at Group thresholds.

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

Our audit was scoped by obtaining an understanding of the company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

## Waterside Campus Development Company Plc

### Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
<b>Recoverability of related party debt</b>  <i>This relates to items included in note 6 of the financial statements.</i>	<p>As the entity on-lends to the other group entities, the principal risk facing the entity is that the group will be unable to make interest or principal payments when they fall due. This arises from the recoverability of the balances on lent to the group and therefore this impacts on the entity's ability to service its debt and long term viability</p> <p>We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.</p>	<p>We assessed management's review of the recoverability of related party debt including their review of the group and long term viability.</p> <p>We have reviewed the 40 year forecasts for the group in order to ascertain if there are any threats to the recoverability or potential impairment to the intercompany balances.</p> <p>This incorporated consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations.</p> <p>Key observations: With regards recoverability of intercompany debt, no issues have been identified in the long term viability of the group which would impact the recoverability of the related party debt.</p>

In addition, we draw your attention to the key audit matter relating to going concern set out above.

#### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.



## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)**

#### **Our application of materiality (continued)**

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	<b>2021</b>
<b>Materiality</b>	£804,500
<b>Basis for determining materiality</b>	0.50% of Gross assets
<b>Performance materiality</b>	£482,700
<b>Basis for determining performance materiality</b>	60% of materiality

#### *Rationale for the materiality benchmark applied*

The benchmark used for the current year materiality is Gross assets. We used Gross assets as our chosen benchmark to determine materiality as this is considered to be the areas of the financial statements of greatest interest to the principal users of the financial statements and the areas which will have greatest impact on investor and lender decisions.

#### *Reporting threshold*

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £16,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

#### **Other information**

The governors are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)**

#### **Other information (continued)**

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 this other information we are required to report that fact.

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>• 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</li><li>• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li></ul> <p>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 the Directors' report.</p>
<b>Matters on which we are required to report by exception</b>	<p>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:</p> <ul style="list-style-type: none"><li>• adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or</li><li>• the financial statements are not in agreement with the accounting records and returns; or</li><li>• certain disclosures of Directors' remuneration specified by law are not made; or</li><li>• we have not received all the information and explanations we require for our audit.</li></ul>

## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)**

#### **Responsibilities of Directors**

As explained more fully in the responsibilities statement of the Directors', 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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:

We made enquiries of management, the Audit Committee and the Directors. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, Companies Act 2006, UK GAAP, employment law and data protection.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)**

#### *Audit response to risks identified*

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Company's Directors.
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters.
- Challenging assumptions made by management in their significant accounting estimates.
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Company have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

## **Waterside Campus Development Company Plc**

### **Independent Auditor's Report to The Board of Governors of Waterside Campus Development Company Plc (continued)**

#### **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.

DocuSigned by:  
*Kyla Bellingall*  
A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Birmingham

Date: 25 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Waterside Campus Development Company Plc

### Statement of Comprehensive Income for the Year Ended 31 July 2021

	Note	2021 £'000	2020 £'000
Turnover		7,693	7,702
Other operating expenses		(16)	(25)
<b>Operating Profit</b>	<b>2</b>	<b>7,677</b>	<b>7,677</b>
Interest receivable		-	1
Interest payable and similar charges		(7,671)	(7,671)
<b>Profit before taxation</b>		<b>6</b>	<b>7</b>
Taxation on Profit	<b>4</b>	(1)	(1)
<b>Profit for the financial year</b>		<b>5</b>	<b>6</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>5</b>	<b>6</b>

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

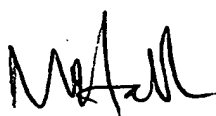
# Waterside Campus Development Company Plc

## Balance Sheet as at 31 July 2021

Company Number: 09284830

	Note	2021 £'000	2020 £'000
<b>Current Assets</b>			
Debtors: amounts falling within one year	5	1,248	1,259
Debtors: amounts falling due greater than one year	6	230,652	230,625
Cash at bank and in hand		87	72
		<u>231,987</u>	<u>231,956</u>
Creditors: amounts falling due within one year	7	<u>(1,260)</u>	<u>(1,261)</u>
Net current assets		230,727	230,695
Creditors: amounts falling due after more than one year	8	(230,652)	(230,625)
<b>Net Assets</b>		<u>75</u>	<u>70</u>
<b>Capital and Reserves</b>			
Called up share capital	11	50	50
Profit and loss account		25	20
<b>Total Equity</b>		<u>75</u>	<u>70</u>

The financial statements on pages 22 to 25 were approved by the Board of Directors on  
23 February 2022



and signed on its behalf by:

**Mr M Hall (Director)**

## Waterside Campus Development Company Plc

### Cash Flow Statement for the Year Ended 31 July 2021

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Profit for the financial year	5	6
Adjustments for:		
Interest receivable	-	(1)
Interest payable	7,671	7,671
Increase/(decrease) in other creditors	(1)	9
(Increase) in other debtors	(16)	(41)
Amortisation of arranger fee from debtors	-	10
Cash from operations	7,659	7,654
Tax paid	1	1
<b>Net cash used in operating activities</b>	<b>7,660</b>	<b>7,655</b>
<b>Cash flows from investing activities</b>		
Interest received	-	1
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>1</b>
<b>Cash flows from financing activities</b>		
Interest paid	(7,645)	(7,646)
<b>Net cash used in financing activities</b>	<b>(7,645)</b>	<b>(7,646)</b>
<b>Net increase in cash and cash equivalents</b>	<b>15</b>	<b>10</b>
Cash and cash equivalents at the beginning of the year	72	62
<b>Cash and cash equivalents at the end of the year</b>	<b>87</b>	<b>72</b>



## **Waterside Campus Development Company Plc**

### **Statement of Changes in Equity Year Ended 31 July 2021**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total Equity £'000</b>
<b>At 1st August 2019</b>	<b>50</b>	<b>14</b>	<b>64</b>
Profit and total comprehensive income for the year	-	6	6
<b>At 31 July 2020</b>	<b>50</b>	<b>20</b>	<b>70</b>
Profit and total comprehensive income for the year	-	5	5
<b>At 31 July 2021</b>	<b>50</b>	<b>25</b>	<b>75</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 2021**

### **1. Statement of Principal Accounting Policies for the Year Ended 31 July 2021**

#### **1.1 General Information**

Waterside Campus Development Company plc's principal activity is the continued management of a bond raised in November 2014.

The company is a public limited company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is The University of Northampton, University Drive, Northampton, NN1 5PH.

#### **1.2 Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

#### **Going Concern**

The financial statements are prepared on a going concern basis. The Company considers the most appropriate going concern period to be until 31 July 2023, which is more than 12 months from the approval of these financial statements. In adopting the going concern basis for preparing the financial statements, the Directors have considered the Company's principal risks and uncertainties in the context of the current operating environment.

#### **Covenants**

The principal activity of the company is the raising and continued management of a listed bond to lend on to its immediate parent, The University of Northampton. The Bond has been guaranteed by Her Majesty's Treasury (HMT) who require the University of Northampton, being WCDC's parent, to comply with a number of covenants. The Company is dependent on financial support from the University to meet its liabilities as they fall due in the form of a parental letter of support. This parental letter of support is not legally binding.

The Directors of WCDC have made enquiries of the University to understand their going concern assessment which has included scenario planning through to 31 July 2023, considering both liquidity and compliance with covenants. The University has forecast its compliance against all existing covenants through its going concern assessment period to 31 July 2023 and based on its forecast scenarios are forecasting a net liabilities position in the balance sheet within each scenario which would constitute a major event of default. A waiver has been granted by HMT in relation to this major event of default for the period through to 31 December 2022, when the position will be re-evaluated by HMT. Given its expected liquidity, the University believes there is no reason that this additional waiver would not be granted; however, as at the approval date of these financial statements a waiver has not been granted for the remainder of the going concern period through to 31 July 2023.

The Collateral Deed with HMT also includes financial covenants measured twice a year in May and November. These financial covenants include the calculation of historical and prospective Debt Service Cover Ratios (DSCR's). A prospective ratio falling below 1.15x trigger sanctions restricting the University's future operations.

## **Waterside Campus Development Company Plc**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **Basis of preparation (continued)**

Based on the forecast scenarios the University is likely to trigger a discretionary spend lock up event in May 2023. If triggered, these require the University to cease capital discretionary spend until a waiver is received from HMT. The University has received legal advice that the trigger of the discretionary spend lock up event does not constitute an event of default and the University would take all reasonable actions to ensure that they comply with the requirements of the covenant.

#### **Conclusion – Material uncertainty in relation to going concern**

The Company is dependent on financial support from the University to meet its liabilities as they fall due in the form of a parental letter of support. This parental letter of support is not legally binding.

The University and Group is forecasting a net liability position during the going concern period which represents a major event of default. The University and Group has received a waiver until December 2022, but a waiver has not been granted for the remainder of the going concern period through to 31 July 2023. The absence of this covenant waiver represents a material uncertainty in relation to the University's ability to provide financial support to the Company. As the Company is dependent on financial support from the University to meet its liabilities as they fall due, this consequently represents a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The University has carefully considered its financial forecasting, available financing, the assessment of the scenarios and forecast covenant compliance. The University and Group considers that the liquidity headroom and financial covenants are manageable due to available mitigating actions which include a staff recruitment freeze, non-pay restrictions and the removal of performance payments for senior staff. Accordingly, the Board of Governors has concluded that there is reasonable expectation that the University and Group has adequate resources to continue in operational existence for the going concern period. Therefore, the Board of Governors continue to adopt the going concern basis of accounting in preparing the University and Group financial statements.

The Directors of the Company have considered the University and Group assessment of going concern, as well as the guarantee from Her Majesty's Treasury and concluded whilst a material uncertainty exists as detailed above it is appropriate for the financial statements to be prepared on a going concern basis. The principal activities of the Company mean that it is reliant on the University to repay both the interest and capital repayments of the listed debt as it falls due, as well as meeting the requirements of associated covenants.

#### **1.3 Interest Payable and Bond Costs**

Interest costs and bond costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **Waterside Campus Development Company Plc**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **1.4 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. The University will ensure funds are transferred in advance of any payments being made.

#### **1.5 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.

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 of materiality.

#### **1.6 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.

#### **1.7 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.

## **Waterside Campus Development Company Plc**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **1.8 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.

#### **1.9 Critical judgements and significant estimates**

Management are required to exercise judgement in the process of applying the company accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### **Recoverability of intercompany debtors**

Intercompany debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimate, such differences will impact the carrying value of debtors and the charge in the statement of comprehensive income.

#### **1.10 Operating segments**

Information about income, expenditure, and assets attributable to material operating segments are presented based on the nature and function of services undertaken by the group rather than geographical location.

As permitted by IFRS 8 this is appropriate based on the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all the geographical locations in which the group operates. No specific segments are reported internally for management purposes, but relevant information is disclosed in the financial statements. Assets and liabilities are not reported by operating segment.

## Waterside Campus Development Company Plc

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### 2. Operating Profit

	2021 £'000	2020 £'000
Operating profit is stated after charging:		
Auditor' remuneration in respect of the audit of the company's financial statements (exclusive of VAT)	12	10

The company had no employees for 2021 (2020: nil)

The Directors received no emoluments from the Company during the year (2020: nil).

#### 3. Interest Payable

All interest payable relates to the bond and the associated arranger fees

#### 4. Taxation

##### Recognised in the Statement of Comprehensive Income

	2021 £'000	2020 £'000
Current tax expense	1	1
	<u>1</u>	<u>1</u>

##### Deferred Tax

There is no deferred tax to be recognised.

##### Current tax reconciliation

	2021 £'000	2020 £'000
Profit for the year	5	6
Theoretical tax at UK Corporation tax rate of 19% (2019: 19%)	1	1
	<u>1</u>	<u>1</u>

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

	2021 £'000	2020 £'000
Amounts owed by parent undertakings	1,248	1,259
	<u>1,248</u>	<u>1,259</u>

## Waterside Campus Development Company Plc

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

	2021 £'000	2020 £'000
Amounts owed by parent undertakings	230,652	230,625
	230,652	230,625

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 (See Note 8).

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

	2021 £'000	2020 £'000
Accruals	1,260	1,261
	1,260	1,261

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

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

	2021 £'000	2020 £'000
Bond	230,652	230,625
	230,652	230,625

On the 26 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 £1.060m 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 mid-market value of the bond at 31 July 2021 was £302.4m (2019/20: £325.8m) 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 for the Year Ended 31 July 2021 (continued)

#### 9. Reconciliation of Net Debt

	2021 £'000	2020 £'000
Net debt 1 August	230,553	230,501
Movement in cash and cash equivalents	15	10
Other non-cash changes	(3)	42
<b>Net debt 31 July</b>	<b>230,565</b>	<b>230,553</b>
Change in net debt	12	52
<b>Analysis of net debt:</b>		
Cash and cash equivalents	87	72
<b>Borrowings:</b>		
Amounts falling due after more than one year		
Secured loans	230,652	230,625
<b>Net debt</b>	<b>230,565</b>	<b>230,553</b>

#### 10. Financial Instruments

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.

Bond	2021 £'000	2020 £'000
Less than one year	(7,644)	(7,644)
Between one and five years	(37,438)	(32,864)
Between five and twenty-five years	(244,365)	(244,365)
Over twenty-five years	(103,856)	(116,074)
	<u>(393,303)</u>	<u>(400,947)</u>

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 headroom 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.



## Waterside Campus Development Company Plc

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### Financial Instruments (continued)

#### Capital Risk Management (continued)

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 2021.

#### Maturity profile

The capital repayments for the bond begin in 2024/25 with the final repayment due 2054/55.

	2021 £'000	2020 £'000
Less than one year	-	-
Between one and two years	-	-
Between two and five years	(6,975)	(2,287)
After five years	(224,525)	(229,213)
Total	<u>(231,500)</u>	<u>(231,500)</u>

#### Statement of financial position

Financial assets that are debt instruments measured at amortised cost:

	2021 £'000	2020 £'000
Amounts owed by group undertakings	231,890	231,884

Financial Liabilities measured at amortised cost:

	2021 £'000	2020 £'000
Accruals	(1,286)	(1,287)
Bond	(230,626)	(230,599)

# Waterside Campus Development Company Plc

## Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

### Financial Instruments (continued)

#### Statement of financial position

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.

#### 11. Called up Share Capital

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

	2021 £'000	2020 £'000
<b>Authorised</b>		
Ordinary shares of £1 each	50	50
<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	50	50

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.

#### 12. Related Party Transactions

In line with the exemption in FRS 102, no disclosure has been made of the transactions between the Company and other wholly owned group companies.

There are no other related party transactions to disclose.

#### 13. 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