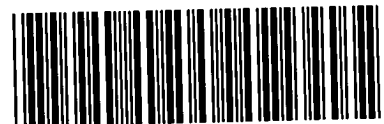


DURHAM UNIVERSITY DEVELOPMENTS LIMITED

Directors' Report and Financial Statements 31st July 2017

Registered Number 02766904

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Durham University Developments Limited

Directors' Report and Financial Statements

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Durham University Developments Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st July 2017.

Principal Activities, Business Review and Future Developments

The company's principal activity is that of property trading. The company has no current contracts.

There are no plans to change the purpose of the company or the nature of the business in the next twelve months. There are no risks or uncertainties facing the company at present that are not being actively managed.

Results

The loss for the year retained in the company is £22,399 (2016: £13,112). The directors do not recommend payment of a dividend (2016: nil).

Directors and Directors' Interests

The directors who held office during the year were as follows:-

Mr T Armour (resigned 31st July 2017)
Mr I Ramage (appointed 31st July 2017)
Ms J Sewel

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Durham University Developments Limited

Directors' Report (continued)

Employees

The company does not directly employ any staff.

Political contributions

The company made no political donations during the year.

Registered office

The Mountjoy Centre, Stockton Road, Durham DH1 3LE.


Statement of disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Ms J Sewel
Director
1st November 2017

The Mountjoy Centre
Stockton Road
Durham
DH1 3LE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Durham University Developments Limited

Opinion

We have audited the financial statements of Durham University Developments Limited ("the company") for the year ended 31 July 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

M. R. Thompson

Mick Thompson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
 Chartered Accountants
 Quayside House
 110 Quayside
 Newcastle Upon Tyne
 NE1 3DX

8 November 2017

Durham University Developments Limited

Profit and Loss Account and Other Comprehensive Income for the year ended 31st July 2017

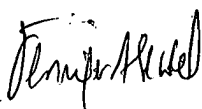
	Note	2017	2016
		£	£
Administrative expenses		<u>(2,530)</u>	<u>(2,527)</u>
Operating loss	2	(2,530)	(2,527)
Interest payable and similar charges	5	<u>(19,869)</u>	<u>(10,585)</u>
Loss on ordinary activities before taxation		(22,399)	(13,112)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year and total comprehensive expense for the year		<u>(22,399)</u>	<u>(13,112)</u>

Durham University Developments Limited

Balance Sheet at 31st July 2017

	Note	2017 £	2016 £
Current assets			
Stock	7	19,540	19,540
Cash at bank and in hand		641	671
		<u>20,181</u>	<u>20,211</u>
Creditors: amounts falling due within one year	8	<u>(122,215)</u>	<u>(119,507)</u>
Net current liabilities		(102,034)	(99,296)
Provisions for liabilities and charges	9	(852,730)	(833,069)
Net liabilities		<u>(954,764)</u>	<u>(932,365)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		(954,765)	(932,366)
Shareholders' funds		<u>(954,764)</u>	<u>(932,365)</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 1st November 2017 and were signed on its behalf by:-



Ms J Sewel
Director

Company Registration Number 02766904

Durham University Developments Limited

Statement of Changes in Equity at 31st July 2017

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
Balance at 1 August 2015	1	(919,254)	(919,253)
Total comprehensive income for the year:			
Profit and loss	-	(13,112)	(13,112)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(13,112)	(13,112)
Balance at 31 July 2016	1	(932,366)	(932,365)
 Balance at 1 August 2016	 1	 (932,366)	 (932,365)
Total comprehensive income for the year:			
Profit and loss	-	(22,399)	(22,399)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(22,399)	(22,399)
Balance at 31 July 2017	1	(954,765)	(954,764)

Durham University Developments Limited

Notes to the Financial Statements

1. Accounting Policies

Durham University Developments Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Durham University includes the Company in its consolidated financial statements. The consolidated financial statements of Durham University are available to the public and may be obtained from The Palatine Centre, Stockton Road, Durham, DH1 3LE. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Durham University include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The company meets its day to day working capital requirements through operating cash flows and support provided by its parent company.

The company has received assurances that such support will continue to be available, as may be required for the next 12 months from the date of approval of these financial statements and thereafter for the foreseeable future to allow the company to meet its liabilities as they fall due. The company has received assurances from the University of Durham that this support will continue to be made available to the company should this be required.

After making enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Durham University Developments Limited

Notes to the Financial Statements

1. Accounting Policies - continued

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b. where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Stocks

Long leasehold land is held as stock at the lower of historic cost and net realisable value and is intended to be used for property trading.

Amounts relating to the development of the long leasehold land are stated at the lower of historic cost and net realisable value.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Durham University Developments Limited

Notes (continued)

2. Operating loss

	2017 £	2016 £
This is stated after charging:		
Auditor's remuneration: Audit services	<u>2,000</u>	<u>2,000</u>

3. Remuneration of directors

The directors did not receive any remuneration during the year (2016: nil).

4. Staff numbers and costs

The company did not directly employ any staff during the year (2016: nil).

5. Interest payable and similar charges

	2017 £	2016 £
Interest payable	<u>19,869</u>	<u>10,585</u>

Of the above amount £208 was payable to group undertakings (2016: £208).

Durham University Developments Limited

Notes (continued)

6. Taxation

a) Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £	2016 £
Current tax		
UK Corporation tax on profits for the period	-	-
Adjustments in respect of prior periods	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
	-	-
	-	-
Total tax	-	-

b) Reconciliation of effective tax rate

	2017 £	2016 £
Loss for the year	(22,399)	(13,112)
Total tax expense	-	-
Loss excluding taxation	(22,399)	(13,112)
Tax using the UK corporation tax rate of 20% (2016: 20%)	(4,480)	(2,622)
Non deductible expenses for tax purposes	3,932	2,075
Tax losses unutilised in the period	548	547
	-	-
Total tax expense included in profit or loss	-	-

c) Factors affecting future tax charge

Trading losses carried forward may be available to reduce future taxable profits. There is an unprovided deferred tax asset of £156,000 (2016: £160,000) relating to trading losses carried forward. In accordance with the accounting policy, no provision has been made for the deferred tax asset. Relief may be available in future periods to offset against taxable profits.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

Durham University Developments Limited

Notes (continued)

7. Stock

	2017 £	2016 £
Long leasehold land	<u>19,540</u>	<u>19,540</u>

8. Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to ultimate parent undertaking	67,199	64,491
Accruals and deferred income	55,016	55,016
	<u>122,215</u>	<u>119,507</u>

£67,199 of the above amount related to group undertakings (2016: £64,491)

9. Provisions for liabilities and charges

	2017 £	2016 £
Infrastructure loan:		
Opening balance	833,069	822,692
Movement in the year	<u>19,661</u>	<u>10,377</u>
Closing balance	<u>852,730</u>	<u>833,069</u>

The company entered into an agreement during the year ended 31/7/98 with the developer, Dysart Developments Limited, to carry out infrastructure works costing a maximum of £1m funded by English Partnerships (now the Homes and Communities Agency). Of this funding £600k is a loan which is interest free and unsecured although the balance is index linked to the RPI. Repayments to the Homes and Communities Agency are triggered by the sale or occupation of a serviced plot with the amount dependent on the deemed disposal value. At the end of 10 years the proportion of the loan relating to any undeveloped plots was due to be repaid. Responsibility for repayment of the loan rests with the company although this will be recovered from the developer upon the future sale or occupation of such plots.

Durham University Developments Limited

Notes (continued)

10. Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid Ordinary shares of £1 each	<u>1</u>	<u>1</u>

11. Ultimate parent undertaking

The company is a subsidiary undertaking of Durham University Investments Limited incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by the University of Durham which is incorporated in England by Royal Charter and is an Exempt Charity. The smallest group in which they are consolidated is that headed by Durham University Investments Limited incorporated in England and Wales.

Copies of the accounts of the University of Durham and of Durham University Investments Limited are available from The Palatine Centre, Stockton Road, Durham, DH1 3LE.