

DURHAM UNIVERSITY DEVELOPMENTS LIMITED

**Directors' Report and Financial Statements
31st July 2018**

Registered Number 02766904



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 2018.

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 £20,348 (2017: £22,399). The directors do not recommend payment of a dividend (2017: nil).

Directors and Directors' Interests

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

Mr I Ramage
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.

Going Concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Durham University. The directors have received confirmation that Durham University intend to support the company for at least one year after these financial statements are signed.

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.

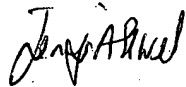
Statement of disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Independent Auditors

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

On behalf of the board



Ms J Sewel
Director
26th April 2019

The Mountjoy Centre
Stockton Road
Durham
DH1 3LE

Durham University Developments Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Durham University Developments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Durham University Developments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2018; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Ian Looker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26 April 2019

Durham University Developments Limited

Statement of Comprehensive Income for the year ended 31st July 2018

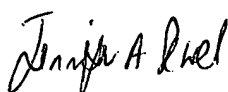
	Note	2018	2017
		£	£
Administrative expenses		<u>(2,530)</u>	<u>(2,530)</u>
Operating loss	2	(2,530)	(2,530)
Interest payable and similar expenses	5	<u>(17,818)</u>	<u>(19,869)</u>
Loss before taxation		(20,348)	(22,399)
Tax on loss	6	-	-
Loss for the financial year		<u>(20,348)</u>	<u>(22,399)</u>

Durham University Developments Limited

Balance Sheet at 31st July 2018

	Note	2018 £	2017 £
Current assets			
Stocks	7	19,540	19,540
Cash at bank and in hand		<u>613</u>	<u>641</u>
		20,153	20,181
Creditors: amounts falling due within one year	8	<u>(124,924)</u>	<u>(122,215)</u>
Net current liabilities		(104,771)	(102,034)
Provisions for liabilities and charges	9	(870,341)	(852,730)
Net liabilities		<u>(975,112)</u>	<u>(954,764)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		(975,113)	(954,765)
Total Shareholders' deficit		<u>(975,112)</u>	<u>(954,764)</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 26th April 2019 and were signed on its behalf by:-



Ms J Sewel
Director

Company Registration Number 02766904

Durham University Developments Limited

Statement of Changes in Equity for the year ended 31st July 2018

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
Balance at 1 August 2016	1	(932,366)	(932,365)
Total comprehensive expense for the year:			
Loss for the financial year	-	(22,399)	(22,399)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	(22,399)	(22,399)
Balance at 31 July 2017	<u>1</u>	<u>(954,765)</u>	<u>(954,764)</u>
 Balance at 1 August 2017	 1	 (954,765)	 (954,764)
Total comprehensive expense for the year:			
Loss for the financial year	-	(20,348)	(20,348)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	(20,348)	(20,348)
Balance at 31 July 2018	<u>1</u>	<u>(975,113)</u>	<u>(975,112)</u>

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 the Companies Act 2006, 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 to the Financial Statements *(continued)*

2. Operating loss

	2018 £	2017 £
This is stated after charging:		
Auditors' 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 (2017: nil).

4. Staff numbers and costs

The company did not directly employ any staff during the year (2017: nil).

5. Interest payable and similar expenses

	2018 £	2017 £
Interest payable	<u>17,818</u>	<u>19,869</u>

Of the above amount £207 was payable to group undertakings (2017: £208).

Durham University Developments Limited

Notes to the Financial Statements *(continued)*

6. Tax on loss

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

	2018 £	2017 £
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

	2018 £	2017 £
Loss for the year	(20,348)	(22,399)
Total tax expense	-	-
Loss before taxation	(20,348)	(22,399)
Tax using the UK corporation tax rate of 19% (2017: 19.67%)	(3,866)	(4,480)
Non deductible expenses for tax purposes	3,346	3,932
Tax losses unutilised in the period	520	548
	-	-
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 £149,000 (2017: £156,000) 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.

Durham University Developments Limited

Notes to the Financial Statements *(continued)*

7. Stocks

	2018 £	2017 £
Long leasehold land	<u>19,540</u>	<u>19,540</u>

8. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertaking	69,906	67,199
Accruals and deferred income	55,018	55,016
	<u>124,924</u>	<u>122,215</u>

£69,906 of the above amount related to group undertakings (2017: £67,199)

9. Provisions for liabilities and charges

	2018 £	2017 £
Infrastructure loan:		
Opening balance	852,730	833,069
Movement in the year	<u>17,611</u>	<u>19,661</u>
Closing balance	<u>870,341</u>	<u>852,730</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 to the Financial Statements *(continued)*

10. Called up share capital

	2018 £	2017 £
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.