

DUNDEE UNIVERSITY UTILITY SUPPLY COMPANY LIMITED

Registered No SC 124982

Directors' Report and Financial Statements

For year ended 31 July 2018



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COMPANY INFORMATION

DIRECTORS

P B P Copeland

J McGeorge

R Jenkins

C Prokopyczyn

C McNally

A Hewett

- appointed 24 October 2018

- appointed 25 October 2018

- resigned 15 September 2017

- resigned 27 February 2018

SECRETARY

S Young

BANKERS

The Royal Bank of Scotland

3 High Street

Dundee

DD1 9LY

INDEPENDENT AUDITORS

Ernst & Young LLP

Atria One

144 Morrison St

Edinburgh

EH3 8EB

REGISTERED OFFICE

The University of Dundee

Dundee

DD1 4HN

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year to 31 July 2018.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. Additionally, the Company has taken advantage of the exemption under section 415(b) of the Companies Act 2006 and has not presented a separate Strategic Report in these financial statements.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company was formed to undertake the provision of electricity and heating to the University of Dundee Campus, as part of the Energy Management strategy. To undertake this activity the company owns and operates, on a continuous basis, a 4.2 Mega Watt gas fired combined heat and power installation. The company independently purchases the fuel required to operate the installation together with the relevant service contracts and thereafter monitors all outputs of energy. An appropriate and commercially viable tariff structure is used to raise monthly accounts to the University.

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £57k (2017: £(390)k).

GOING CONCERN

The company is dependent on continuing finance being made available by its parent undertaking, the University of Dundee, to enable it to continue operating and to meet its liabilities as they fall due.

DIRECTORS

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

P B P Copeland
J McGeorge

R Jenkins and C Prokopyszyn were appointed as directors of the company on 24 October 2018 and 25 October respectively prior to the signing of the financial statements.

C McNally was in office during the year and resigned on 15 September 2017. A Hewett was in office during the year and resigned on 27 February 2018.

None of the directors had any interest in the share capital of the company at any point during the year.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report was approved has confirmed that:

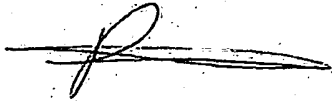
- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the necessary steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (continued)

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The report was approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R Jenkins', written over a horizontal line.

R Jenkins
Director

16 November 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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 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; and
- 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE
UNIVERSITY UTILITY SUPPLY COMPANY LIMITED**

Opinion

We have audited the financial statements of Dundee University Utility Supply Company Limited ('the company') for the year ended 31 July 2018 which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 14, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE UNIVERSITY UTILITY SUPPLY COMPANY LIMITED (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE
UNIVERSITY UTILITY SUPPLY COMPANY LIMITED (continued)**

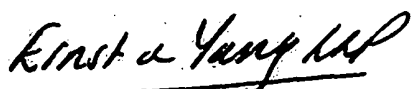
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Stephen Reid (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh**

Date: *22 November* 2018

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2018

	Notes	2018 £	2017 £
Turnover	1.4	1,949,136	1,886,813
Cost of sales		<u>(1,491,408)</u>	<u>(1,313,737)</u>
Gross profit		457,728	573,076
Administrative expenses		<u>(400,683)</u>	<u>(963,078)</u>
Operating profit / (loss)	5	57,045	(390,002)
Tax on result on ordinary activities	6	<u>-</u>	<u>-</u>
Profit / (loss) profit for the year		57,045	(390,002)
Other comprehensive income for the year		-	-
Total comprehensive profit / (loss) for the year		<u>57,045</u>	<u>(390,002)</u>

The company has no recognised gains or losses other than the results for the above two financial years. The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

STATEMENT OF FINANCIAL POSITION
at 31 July 2018

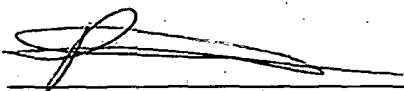
	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	7	1,413,874	1,490,018
Current assets			
Debtors: amounts falling due within one year	8	346,821	350,346
Cash at bank and in hand		<u>379,277</u>	<u>3,079,787</u>
		726,098	3,430,133
Creditors: amounts falling due within one year	9	<u>(1,588,319)</u>	<u>(4,425,543)</u>
Net current liabilities		<u>(862,221)</u>	<u>(995,410)</u>
Total assets less current liabilities		<u>551,653</u>	<u>494,608</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		<u>551,651</u>	<u>494,606</u>
Shareholders' funds		<u>551,653</u>	<u>494,608</u>

These financial statements have been prepared in accordance with the provisions applicable to companies' subject to the small companies regime.

The accompanying accounting policies and notes on pages 11 to 14 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

R Jenkins
Director



P Copeland
Director



Date

16 November 2018

**STATEMENT OF CHANGES IN EQUITY
as at 31 July 2018**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 August 2016	2	884,608	884,610
Comprehensive income for the year			
Loss for the year	-	(390,002)	(390,002)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(390,002)	(390,002)
Balance at 1 August 2017	2	494,606	494,608
Comprehensive income for the year			
Profit for the year	-	57,045	57,045
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	57,045	57,045
Balance at 31 July 2018	2	551,651	551,653

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2018**

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

Dundee University Utility Supply Company Limited is a private company limited by shares incorporated in Scotland.

The financial statements have been prepared under historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.2 Reduced disclosure exemptions

The Company has taken advantage of the following exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- The requirements of Section 33 Related Party Disclosure paragraph 33.1A.

This information is included in the consolidated financial statements of The University of Dundee.

1.3 Going concern

The company is dependent on continuing finance being made available by its parent undertaking, the University of Dundee, to enable it to continue operating and to meet its liabilities as they fall due.

1.4 Revenue

Revenue, all of which derives from continuing operations, is stated net of value added tax, and represents amounts invoiced to third parties. Turnover is achieved from the UK market through the supply of energy. Revenue from the sales of heat and power are recognized in the profit or loss for the year on a monthly receivable basis.

1.5 Tangible fixed assets and depreciation

Buildings and plant are stated in the balance sheet at cost less depreciation. No depreciation is charged on assets under construction. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	-	over 50 years
Plant and machinery	-	over 20 years

1.6 Financial Instruments: Cash and short-term debtors and creditors

Cash in the balance sheet comprises cash at banks and in hand. Debtors and creditors receivable or payable within one year are recorded at transaction price.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2018

1. ACCOUNTING POLICIES (continued)

1.7 Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable. The company undertakes to make an annual payment by Gift Aid to the University of Dundee sufficient to eliminate the profit for corporation tax purposes.

2. JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

It is the view of the Directors that there are no significant or material accounting judgements or estimates that impact on the financial statements.

3. STAFF COSTS

There were no employees during the year (2017: £nil).

4. DIRECTORS EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the company (2017: nil).

5. OPERATING PROFIT / (LOSS)

	2018 £	2017 £
Operating profit stated after charging:		
Auditors' remuneration - audit services	1,900	1,900
Depreciation of owned fixed assets	76,144	99,617

6. TAX ON RESULT ON ORDINARY ACTIVITIES

No tax charge has been incurred in the year (2017: £nil).

	2018 £	2017 £
Profit on ordinary activities before taxation and before donation to parent undertaking	57,045	464,662
Donation to parent undertaking	(87,620)	(514,509)
Loss on ordinary activities before taxation	(30,575)	(49,847)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(5,809)	(9,969)
Effect of:		
Depreciation in excess of capital allowances	5,809	9,969
Relief for losses brought forward	-	-
Total current tax	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2018

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors that may affect future tax charges

Factors that may affect a future tax charge include major refurbishment of the plant, the use of brought forward tax losses and changes in tax legislation and tax rates. Reduction in the UK corporation tax rate from 20% to 19% became effective from 1 April 2017.

7. TANGIBLE FIXED ASSETS

	Buildings £	Plant & Machinery £	Total £
Cost			
At 1 August 2017	559,172	3,181,474	3,740,646
At 31 July 2018	559,172	3,181,474	3,740,646
Accumulated depreciation			
At 1 August 2017	(120,731)	(2,129,897)	(2,250,628)
Charge for the year	(11,314)	(64,830)	(76,144)
At 31 July 2018	(132,045)	(2,194,727)	(2,326,772)
Net book value			
At 31 July 2018	427,127	986,747	1,413,874
At 31 July 2017	438,441	1,051,577	1,490,018

8. DEBTORS

	2018 £	2017 £
Amounts owed by parent undertaking	149,554	297,874
HMRC Debtor	45,651	10,273
Prepayments and accrued Income	151,616	42,199
	346,821	350,346

9. CREDITORS: amounts falling due within one year

	2018 £	2017 £
Trade Creditors	139,351	73,875
Amounts owed to parent undertaking	1,430,556	4,231,447
Accruals and Deferred Income	18,412	120,221
	1,588,319	4,425,543

10. PROVISIONS FOR LIABILITIES AND CHARGES

No provision for deferred tax has been made in respect of capital allowances in advance of depreciation as no corporation tax liability is likely to arise as a result of the company's intention to support the work of the University of Dundee by way of Gift Aid donations. Gift aid for the year 31 July 2018 was £87,620 (2017: £514,509).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 July 2018

11. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2018 No.	2017 No.	2018 No.	2017 No.
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

12. CAPITAL AND RESERVES

Share Capital

Fully paid capital relates to 2 ordinary shares of £1 owned 100% by the University of Dundee.

Reserves

The profit and loss account reserve comprises the profit for the year and the accumulated earnings of the company.

13. PARENT UNDERTAKING

The ultimate parent and controlling undertaking is the University of Dundee, established by grant of a Royal Charter and Statutes in 1967. The University of Dundee is the only organisation to consolidate the financial statements of Dundee University Utility Supply Company Limited. The consolidated financial statements may be obtained from University of Dundee, Dundee, DD1 4HN.

14. RELATED PARTY TRANSACTIONS

The Company has taken an exemption, as allowed by FRS 102 section 33 paragraph 33.1A, not to disclose related party transactions with wholly owned undertakings of the University of Dundee which prepares consolidated accounts.

Key Management Personnel

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be Key Management Personnel. Total remuneration in respect of these individuals is £nil (2017: £nil).