

NEWCASTLE UNIVERSITY HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2018
(Registered Number: 3068111)

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NEWCASTLE UNIVERSITY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2018

The directors present their report and the audited financial statements for the year ended 31 July 2018.

REGISTERED OFFICE

c/o Finance & Planning, Newcastle University, King's Gate, Newcastle upon Tyne NE1 7RU
United Kingdom.

PRINCIPAL ACTIVITIES

The Company is a wholly-owned subsidiary of The University of Newcastle upon Tyne and has been established to act as a holding Company.

Details of the Company's investments are given in note 3 to the financial statements.

RESULTS

The profit for the financial year after taxation amounts to £13,649 (2017: loss of £2,228,640)..

DIRECTORS

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

A L Tobin
A C Stevenson (resigned 30 September 2017))
S Wilmot
R C Dale
A Wright Watkinson
N Wright (resigned 1 October 2018)
J Callaghan (resigned 11 September 2017)
S J Lightley (appointed 1 August 2017)

None of the directors has a beneficial interest in the shares of the Company. None of the directors received any remuneration in respect of their services to the company during the year (2017: £nil). Certain other remunerations are paid by other related companies in connections with duties as an officer of those related companies.

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors' report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By Order of the Board



R C Dale
Director
24 September 2018

NEWCASTLE UNIVERSITY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWCASTLE UNIVERSITY HOLDINGS LIMITED

Opinion

We have audited the financial statements of Newcastle University Holdings Limited (the 'company') for the year ended 31 July 2018 the Income Statement, the Statement of Comprehensive Income, the Statement of changes in equity, the Statement of Financial Position and the related notes 1 to 10, 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 the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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.

NEWCASTLE UNIVERSITY HOLDINGS LIMITED

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

NEWCASTLE UNIVERSITY HOLDINGS LIMITED

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.

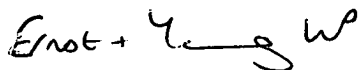
Auditor's responsibilities for the audit of the financial statements

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.

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.



Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

1 OCTOBER 2018

**INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2018**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		£	£
Administrative expenses		(7,000)	(7,000)
OPERATING LOSS		(7,000)	(7,000)
Profit on disposal of investment		-	31,161
Impairment of investment in joint ventures		-	(2,288,812)
Interest receivable and similar income		294	11
Dividends received		20,355	36,000
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	13,649	(2,228,640)
Tax on profit / (loss) on ordinary activities	5	-	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		13,649	(2,228,640)

All activities relate to continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018**

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £13,649 in the year ended 31 July 2018 (2017: loss of £2,228,640).

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018**

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£	£
At 1 August 2016	200,000	-	(14,866)	185,134
Issue of shares	100,000	15,363,424	-	15,463,424
Loss for the financial year	-	-	(2,228,640)	(2,228,640)
At 1 August 2017	300,000	15,363,424	(2,243,506)	13,419,918
Profit for the financial year	-	-	13,649	13,649
At 31 July 2018	300,000	15,363,424	(2,229,857)	13,433,567

(Registered Number: 3068111)

**STATEMENT OF FINANCIAL POSITION
AT 31 JULY 2018**

	<u>Note</u>	<u>2018</u> £	<u>2017</u> £
NON-CURRENT ASSETS			
Investments	3	257,384	257,384
Investments in joint ventures	4	<u>15,967,945</u>	<u>13,174,612</u>
		16,225,329	13,431,996
CURRENT ASSETS			
Cash at bank and in hand		<u>257,695</u>	<u>237,046</u>
		257,695	237,046
CREDITORS amounts falling due within one year	6	<u>(3,049,457)</u>	<u>(249,124)</u>
NET CURRENT LIABILITIES		<u>(2,791,762)</u>	<u>(12,078)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,433,567</u>	<u>13,419,918</u>
CAPITAL AND RESERVES			
Called up share capital	7	300,000	300,000
Share premium	8	15,363,424	15,363,424
Profit and loss account	9	<u>(2,229,857)</u>	<u>(2,243,506)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>13,433,567</u>	<u>13,419,918</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the Board of Directors on 24 September 2018 and signed on its behalf by:



R C Dale
Director

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 JULY 2018

1 ACCOUNTING POLICIES

(a) Statement of Compliance

Newcastle University Holdings Limited is a limited liability company incorporated in England. The Registered Office is c/o Finance and Planning Office, Newcastle University, King's Gate, Newcastle upon Tyne, NE1 7RU. The Company's financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A small entities as it applies to the financial statements of the Company for the year ended 31 July 2018.

(b) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in GBP sterling which is the functional currency of the Company and rounded to the nearest £. The financial statements contain information about Newcastle University Holdings Limited as an individual company and do not contain group financial information as the parent of a group. The company qualifies as a small company and group in accordance with section 382 of the Companies Act 2006 and is therefore exempt under section 399 of the Companies Act 2006 from the requirement to prepare group financial statements.

(c) Judgements 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. The Directors consider there to be no significant judgements or sources of estimation uncertainty.

(d) Going concern

The directors have prepared the financial statements on a going concern basis which assumes that the company will continue in operating existence for the foreseeable future and meet its liabilities as they fall due. At the balance sheet date the company had net current liabilities of £2,791,762 (2017 – £12,078).

The company is dependent on continuing financial support being available from its parent undertaking. The directors have received confirmation that financial support will continue to be available to the company in the foreseeable future by way of support from its parent undertaking and believe that forecasts have been prepared on the best available current information. Accordingly, the directors of the company believe that it is appropriate to prepare the financial statements on a going concern basis.

(e) Investment Income

Income from non-current asset investments is accounted for when received.

(f) Non-current asset investments

Non-current asset investments are held on the Balance Sheet at cost less impairment.

(g) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 JULY 2018

1 ACCOUNTING POLICIES (CONTINUED)

(h) Short term creditors

Creditors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

2 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit / (loss) on ordinary activities is stated after charging:

	<u>2018</u>	<u>2017</u>
	£	£
Auditor's remuneration	5,230	5,230

The Company has no employees (2017: nil). None of the directors received any remuneration during the year in respect of their service to the company (2017: £nil).

3 NON-CURRENT INVESTMENTS

	<u>2018</u>	<u>2017</u>
	£	£
<u>Cost and net book value</u>		
At 1 August	257,384	257,466
Other movements in year		(82)
At 31 July	<u>257,384</u>	<u>257,384</u>

SHARES IN SUBSIDIARY UNDERTAKINGS

Name of Company	Percentage Holding of Ordinary Shares	Nature of Business
Newcastle University Ventures Limited	100	Provides support for the commercial development of research and consultancy.
University of Newcastle upon Tyne Supply Company Limited	100	Leases assets to the University.
Newcastle University Pension Trustee (1971) Limited	100	Provides a corporate trusteeship for the University Retirement Benefits Plan.
Newcastle ISC Limited	100	Acts as a holding company for the joint ventures with INTO University Partnerships LLP.
Newcastle University Enterprises Limited	100	This company is not yet trading.
NUINTO Limited	51	Provides the teaching of English language skills.
NU International Singapore pte Limited	100	In country subsidiary for Undergraduate teaching in Singapore.

NEWCASTLE UNIVERSITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 JULY 2018

3 NON-CURRENT INVESTMENTS (continued)

SHARES IN SUBSIDIARY UNDERTAKINGS (continued)

Name of Company	Percentage Holding of Ordinary Shares	Nature of Business
Newcastle Research & Innovation Institute pte Limited	100	In country subsidiary for training, research, consultancy and postgraduate teaching in Singapore.

SHARES IN ASSOCIATED UNDERTAKINGS

Name of Company	Percentage Holding of Ordinary Shares
Dymeryx Limited	49
Apix Nutrition Limited	40
NewGene Limited	45
Demuris Limited	39
PB Biosciences Limited	40
Atelerix Limited	26
Alcyomics Limited	32
Advanced Electric Machines Research Limited	25
Limbs Alive Limited	25
Newcell Technologies Limited	25
Profero Energy Inc	24
INEX Microtechnology Limited	20
AMLo Biosciences Limited	20
Advanced Electric Machines Limited	19
Video Enhanced Observations Limited	16
Newcells Biotech Limited	16
Healthylife Sim CIC	13
Five-Quarter Group Limited	12
Axivity Limited	10
Electrokinetic Limited	9
Changi ng Health Limited	5
E-therapeutics Limited	3

NEWCASTLE UNIVERSITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2018

Hotspur Geothermal Limited	<1
Orla Protein Technologies Limited	<1
QuantuMDx Group Limited	<1

All investments are stated at cost.

4 INVESTMENT IN JOINT VENTURES

During the year ended 31st July 2017, the Company acquired Newcastle University's interest in the development known as Science Central in Newcastle upon Tyne. This was transferred at book value and in return, the Company issued equity capital to the University of £15,463,424.

This interest was originally held wholly within the joint venture Newcastle Science Central LLP but at the transaction date, it was split into two joint ventures, Newcastle Science Central Management LLP and Newcastle Science Central LLP. During the year ended 31st July 2018 the Company entered in to a new joint venture known as Newcastle Science Central Developments LLP and continued to invest in its other joint ventures

	<u>2018</u> £	<u>2017</u> £
<u>Cost</u>		
At 1 August	15,463,424	-
Newcastle Science Central LLP	232,619	2,901,312
Newcastle Science Central Management LLP	2,260,714	12,562,112
Newcastle Science Central Developments LLP	300,000	-
At 31 July	<u>18,256,757</u>	<u>15,463,424</u>
<u>Impairment</u>		
At 1 August	(2,288,812)	-
Newcastle Science Central LLP	-	(2,288,812)
At 31 July	<u>(2,288,812)</u>	<u>(2,288,812)</u>
<u>Net Book Value</u>		
Newcastle Science Central Developments LLP	300,000	-
Newcastle Science Central LLP	845,119	612,500
Newcastle Science Central Management LLP	14,822,826	12,562,112
At 31 July	<u>15,967,945</u>	<u>13,174,612</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 JULY 2018

5 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Factors affecting tax charge for the year

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	<u>2018</u> £	<u>2017</u> £
Profit/ (loss) on ordinary activities before taxation	<u>13,649</u>	<u>(2,228,640)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	2,590	(445,728)
Income not taxable	(3,864)	(7,083)
Deferred tax not recognised	18,273	(4,750)
Adjustments relating to deferred tax	(16,999)	-
Disallowable expenses	-	457,561
	<u> </u>	<u> </u>
Total tax charge for the year	<u> </u>	<u> </u>

(b) Factors that may affect future tax charges.

The company has a non-trade loan relationship deficit carried forward of £12,078 (2017: £12,372) and management expenses of £14,000 (2017: £7,000).

(c) Deferred tax

The company has an unrecognised deferred tax asset of £21,566 (2017: £3,293) relating to non-trade loan relationship deficits and management charges. This has not been recognised in the financial statements as the company does not expect to generate sufficient future taxable profits to realise the deferred tax asset.

6 CREDITORS amounts falling due within one year

	<u>2018</u> £	<u>2017</u> £
Amounts owed to ultimate parent undertaking	3,042,427	242,094
Accruals and deferred income	7,030	7,030
	<u> </u>	<u> </u>
	<u>3,049,457</u>	<u>242,124</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 JULY 2018

7 CALLED UP SHARE CAPITAL	<u>2018</u>	<u>2017</u>
	£	£
Ordinary shares of £1 each		
Authorised	500,000	500,000
	<hr/>	<hr/>
Allotted and fully paid as at 31 July	300,000	300,000
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8 SHARE PREMIUM ACCOUNT

During the year ended 31st July 2017 the company issued 100,000 ordinary £1 shares as consideration for the land owned by Newcastle University in the development known as Science Central, which was held at a book value and fair value of £15,463,424. The difference between the nominal value of the shares issued and the land value of £15,363,424 has been credited to the share premium account.

9 RESERVES

Profit and loss account

This reserve represents the cumulative comprehensive income recognised in the company, less any dividends paid.

10 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is The University of Newcastle upon Tyne which has prepared group financial statements incorporating the results of Newcastle University Holdings Limited.

Financial statements of The University of Newcastle upon Tyne can be obtained from:

Executive Director of Finance
The University of Newcastle upon Tyne
King's Gate
Newcastle upon Tyne
NE1 7RU

Transactions with The University of Newcastle upon Tyne are not disclosed, as the company has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that the company is a wholly owned subsidiary.