

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2022  
REGISTERED NUMBER 08001042**

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***UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED***

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## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the financial statements of the company for the year ended 31 July 2022.

#### **Principal activities**

The principal purpose and activity of the business is to manage the University's London Campus in Canary Wharf. University of Sunderland London Campus Limited is a wholly owned subsidiary of the University of Sunderland.

#### **Directors and directors' interests**

The directors who held office during the year and subsequent to the year-end were as follows:

Mr S. C. Knight (resigned 3 March 2023)

Mr A. Hardie

Mr B. Dale

The directors had no disclosable interest in the shares of the company during the year.

#### **Business Review**

The company continues to provide a fully serviced campus for the University of Sunderland London Campus operation in Canary Wharf. The key aspiration for the Campus is to offer a high-quality student experience, in an efficient operating model, across a small number of defined professional programmes to international students.

#### **Distributions**

The company has made a Gift Aid payment to the University of Sunderland of £865,000 (2021: £2,723,582).

#### **Principal risks and uncertainties**

The is subject to similar risks to the parent entity, the University of Sunderland and will continue to be monitored and mitigated within the University Risk Management Plan.

#### **Key Performance Indicators**

The Board of Governors manage the University of Sunderland's group operations on a consolidated basis. For this reason, the directors believe that analysis using key performance indicators for University of Sunderland London Campus Limited as a standalone company is not meaningful or appropriate. The development, performance and position of the University of Sunderland is explained in the University group accounts.

#### **Political contributions**

The Company made no political contributions or incurred any political expenditure during the current or preceding year.

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

***DIRECTORS' REPORT (Continued)***

**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 aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves 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 directors have confirmed that Ernst Young LLP will not be reappointed and upon termination of the engagement, RSM UK will be appointed.

A handwritten signature in black ink, appearing to read 'B. Dale', with a long horizontal stroke extending to the right.

**Mr B. Dale**  
Director

**Date: 14 April 2023**

University of Sunderland London Campus Limited  
University of Sunderland  
4<sup>th</sup> Floor, Edinburgh Building  
Chester Road  
Sunderland  
SR1 3SD

## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED***

### **Opinion**

We have audited the financial statements of University of Sunderland London Campus Limited for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 18, 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 2022 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. 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 July 2024.

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

### **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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or 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.

## **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.

## **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.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is the Companies Act 2006.
- We understood how University of Sunderland London Campus Limited is complying with those frameworks by understanding the incentives, opportunities and motives for non-compliance, including enquiring of management and those charged with governance and corroborating this to review of Board minutes and our inspection of other documentation.

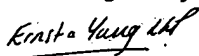
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating how the incentives, opportunities and motives for fraud may manifest. Based on our understanding that the Company's revenue is primarily received under a cost plus reimbursement arrangement with its parent, we identified manipulation of reported financial performance through inappropriate recognition of expenditure and management override of controls as our fraud risks.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing amounts recognised in expenditure to a lower threshold than other balances, testing all individually material transactions to identify any significant or unusual transactions outside of the normal course of business and confirming that revenue had been correctly calculated from the recorded expenditure and contracted reimbursement rate.

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.

DocuSigned by:



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**Stephen Reid (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
20 April 2023



**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2022**

		2022	2021
	Note	£	£
<b>Turnover</b>	2	<b>12,985,441</b>	11,154,935
Cost of sales		<b>(7,800,721)</b>	(6,085,672)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5,184,720</b>	5,069,263
Administrative expenses		<b>(4,370,226)</b>	(3,703,740)
Interest receivable and other similar income	3	<b>1,926</b>	239
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>816,420</b>	1,365,762
Tax (charge)/credit on profit	6	<b>(17,978)</b>	155,926
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>798,442</b>	1,521,688
Other comprehensive expenditure:			
Actuarial gain/(loss) on defined benefit pension scheme		<b>926,000</b>	274,000
Restriction on defined benefit pension scheme surplus		<b>(153,000)</b>	-
Loss on pension liability reimbursement asset		<b>(773,000)</b>	(274,000)
		<hr/>	<hr/>
<b>Total comprehensive income for the financial year</b>		<b>798,442</b>	1,521,688
		<hr/>	<hr/>

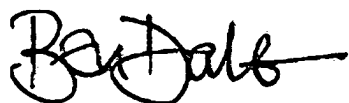
The accompanying notes form part of these financial statements.

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2022**

	Note	£	31 July 2022 £	£	31 July 2021 £
<b>Non-current assets</b>					
Tangible fixed assets	7		944,171		903,215
Pension reimbursement receivable	8		-		603,000
			<u>944,171</u>		<u>1,506,215</u>
<b>Current assets</b>					
Debtors	9		1,280,518		483,708
Deferred tax asset	11		215,934		237,820
Cash at bank and in hand			<u>845,903</u>		<u>3,692,292</u>
			<u>2,342,355</u>		<u>4,413,820</u>
<b>Creditors: Amounts falling due within one year</b>	10		(2,331,511)		(4,367,264)
<b>Net current assets</b>			<b>10,844</b>		<b>46,556</b>
Provision for pension liabilities	12		-		(603,000)
Provision for tax liabilities	13		-		(666,198)
Provision for dilapidations	14		(738,000)		-
<b>Net assets</b>			<u><b>217,015</b></u>		<u><b>283,573</b></u>
<b>Capital and reserves</b>					
Called-up share capital			<b>1</b>		<b>1</b>
Profit and loss account			<b>217,014</b>		<b>283,572</b>
<b>Shareholders' funds</b>			<u><b>217,015</b></u>		<u><b>283,573</b></u>

These financial statements have been approved by the Board of Directors and are signed on their behalf by:



**Mr B. Dale**

*Director*

**Date: 14 April 2023**

The accompanying notes form part of these financial statements.

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2022**

	Called Up Share Capital £	Profit & Loss Reserve £	Pension Reserve £	Total Equity £
Balance at 1 August 2020	1	2,204,466	(719,000)	1,485,467
<b>Comprehensive income for the year</b>				
Profit for the year	-	1,521,688	-	1,521,688
Actuarial gains	-	-	274,000	274,000
Pension reserve transfer	-	(719,000)	719,000	-
Pension liability reimbursement	-	-	(274,000)	(274,000)
Total comprehensive income for the year	-	802,688	(719,000)	(1,521,688)
<b>Transactions recorded directly in equity</b>				
Gift Aid payment	-	(2,723,582)	-	(2,723,582)
Total transactions recorded directly in equity	-	(2,723,582)	-	(2,723,582)
<b>Balance at 31 July 2021</b>	<b>1</b>	<b>283,572</b>	<b>-</b>	<b>283,573</b>

	Called Up Share Capital £	Profit & Loss Reserve £	Pension Reserve £	Total Equity £
Balance at 1 August 2021	1	283,572	-	283,573
<b>Comprehensive income for the year</b>				
Profit for the year	-	798,442	-	798,442
Actuarial gains	-	-	926,000	-
Pension surplus restriction	-	-	(153,000)	-
Pension reserve transfer	-	-	-	-
Pension reimbursement	-	-	(773,000)	-
Total comprehensive income for the year	-	798,442	-	798,442
<b>Transactions recorded directly in equity</b>				
Gift Aid payment	-	(865,000)	-	(865,000)
Total transactions recorded directly in equity	-	(865,000)	-	(865,000)
<b>Balance at 31 July 2022</b>	<b>1</b>	<b>217,014</b>	<b>-</b>	<b>217,015</b>

The accompanying notes form part of these financial statements.

## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Accounting policies**

University of Sunderland London Campus 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 updated in March 2018. The presentation currency of these financial statements is sterling.

The Company’s parent undertaking, University of Sunderland includes the Company in its consolidated financial statements. The consolidated financial statements of University of Sunderland are available to the public and may be obtained from the University of Sunderland’s website or the Director of Finance, Fourth Floor, Edinburgh Building, City Campus, University of Sunderland, Chester Road, Sunderland SR1 3SD. 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 University of Sunderland include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

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

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.2 Going concern**

The financial Statements have been prepared on a going concern basis which the directors consider to be appropriate. The company is profitable for the financial year ended 31 July 2022 and student recruitment has increased.

The company is in a net asset position of £217,015 at the year-end and is in a strong cash position.

The University has also provided a letter of support to the entity which further reinforces the commitment to the company to support it should the need arise.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due until at least 31 July 2024 and consequently have prepared the financial statements on a going concern basis.

## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Accounting policies (continued)**

##### **1.3 Basic financial instruments**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents comprise cash balances and call deposits.

##### **1.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Operating lease payments are accounted for as described at 1.8 below.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and equipment            5 years
- building refurbishment    remaining life of the building lease

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

##### **1.5 Impairment**

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Accounting policies (continued)**

##### **1.5 Impairment (continued)**

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **1.6 Employee benefits**

Employee benefits are in respect of employees directly employed and paid by the University of Sunderland London Campus Limited.

The University of Sunderland London Campus Limited operates two pension schemes: the Local Government Pension Scheme, which is accounted for as a defined benefit scheme; and the NEST pension scheme, which is accounted for as a defined contribution scheme.

##### *Defined contribution plans and other long-term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Under defined benefit plans, the Company's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the Company.

## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1. Accounting policies (continued)**

##### **1.6 Employee benefits (continued)**

The Company should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary (AON Hewitt) using the projected unit credit method.

##### *Reimbursement of the expenditure required to settle the defined benefit obligation*

The Company has a reimbursement agreement in place with its parent entity, the University of Sunderland, which gives the Company the right to be reimbursed for the expenditure required to settle the defined benefit obligations of the Local Government Pension Scheme.

The cost of the defined benefit plan recognised in profit and loss is presented net of the amounts relating to changes in the carrying amount of the right to reimbursement in accordance with FRS 102.

The Company recognises its right to be reimbursed by recognising an asset in the Statement of Financial Position, the fair value of which is assessed as being equal to the fair value of the defined benefit pension liability at the end of the relevant financial year. In the first year of recognition, the value of the asset includes the actuarial gains recognised since the signing of the reimbursement agreement in July 2021.

Changes in the fair value of the asset are recognised in profit and loss and in other comprehensive income, in the same manner as changes in the fair value of the pension liability.

##### **1.7 Turnover**

The turnover shown in the profit and loss account represents amounts receivable during the period, exclusive of Value Added Tax. The turnover consists of income from the University of Sunderland for the provision of a serviced campus at Canary Wharf.

Turnover is recognised in respect of operating activities for which the Company in substance rather than legal form, acting as the Principal rather than Agent in the transaction, has exposure to the significant risks and benefits of the transactions.

##### **1.8 Expenses**

###### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### **1.9 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.

## UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 1. Accounting policies (continued)

##### 1.9 Taxation (continued)

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

#### 2. Turnover

	2022 £	2021 £
Rendering of services	12,985,441	11,154,935
All turnover is derived in the UK.		

#### 3. Interest receivable and other similar income

	2022 £	2021 £
Bank interest receivable	1,926	239

#### 4. Expenses and auditor's remuneration

*Included in profit are the following:*

	2022 £	2021 £
Operating lease rentals	1,224,588	1,123,308



**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Expenses and auditor's remuneration (continued)**

Auditor's remuneration:		
Audit	16,500	14,400

Audit Fees stated are exclusive of VAT for the year ended 31 July 2022 and inclusive of VAT for the year ended 31 July 2021. The change in presentation is due to comply with updated guidance on auditor remuneration.

**5. Particulars of employees**

**Average staff numbers (full time equivalent)**

	2022 Number	2021 Number
Academic and administrative staff	163	142
	<hr/>	<hr/>
	£	£
<b>Staff costs</b>		
Salaries	6,807,993	5,292,479
Social security costs	770,099	606,368
Other pension costs	222,629	186,454
Severance payments	-	371
	<hr/>	<hr/>
	7,800,721	6,085,672
	<hr/>	<hr/>

Other pension costs are shown net of the £169,184 costs (2021: £158,000) of the change in the carrying amount of the defined benefit pension plan, which is reimbursed under the pension reimbursement agreement in place with the University of Sunderland (see note 8).

**Directors' remuneration**

During the year, one (2021: one) director received remuneration from the Company, as follows:

	2022 £	2021 £
Directors' emoluments	99,110	102,541
Social security costs	12,838	12,949
Other pension costs	13,889	14,370
	<hr/>	<hr/>
	125,837	129,860
	<hr/>	<hr/>

There is one director in the Company's defined benefit pension scheme (2021: one).

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Tax on profit on ordinary activities**

*Total tax expense recognised in the profit and loss account, other comprehensive income and equity:*

	2022 £	2021 £
Current tax charge/(credit) on income for the period	(3,908)	-
Deferred tax - adjustment in respect of prior period	88	(34,510)
Deferred tax - origination and reversal of timing differences	96,871	(121,416)
Deferred tax – effect of tax rate change on opening balance	(75,073)	-
<b>Total tax charge/(credit)</b>	<b>17,978</b>	<b>(155,926)</b>

	Current tax £	2022 Deferred tax £	Total tax £	Current tax £	2021 Deferred tax £	Total tax £
Recognised in Profit and loss account	(3,908)	21,886	17,978	(34,510)	(121,416)	(155,926)
Recognised Other Comprehensive income	-	-	-	-	-	-
<b>Total tax charge/(credit)</b>	<b>(3,908)</b>	<b>21,886</b>	<b>17,978</b>	<b>(34,510)</b>	<b>(121,416)</b>	<b>(155,926)</b>

*Reconciliation of effective tax rate*

	2022 £	2021 £
Profit for the year	798,370	1,521,688
Tax expenses/(credit) for the period	17,978	(155,926)

Profit excluding tax	<b>816,348</b>	<b>1,365,762</b>
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Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)	155,106	259,495
Group relief claimed	(3,908)	-
Fixed asset differences	30,637	-
Expenses not deductible for tax purposes	576	-
Adjustments to tax charge in respect of previous periods	-	(34,510)
Adjustments to tax charge in respect of previous periods – deferred tax	88	-
Remeasurement of deferred tax for changes in tax rates	(51,824)	-
Tax relief on Gift Aid payment	(164,350)	(517,481)
Income not taxable for tax purposes	(3)	(40)
Other permanent differences	51,656	-

Total tax (credit)/expense included in the income statement

17,978 (155,926)

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. Tangible fixed assets**

	Leasehold improvements £	Plant and equipment £	Assets under construction £	Total £
<b>Cost</b>				
At 1 August 2021	464,186	447,021	431,854	1,343,061
Additions	-	291,242	-	291,242
Transfers from AUC	431,854	-	(431,854)	-
At 31 July 2022	<b>896,040</b>	<b>738,263</b>	<b>-</b>	<b>1,634,303</b>
<b>Accumulated depreciation</b>				
At 1 August 2021	242,407	197,439	-	439,846
Charge for the year	171,556	78,730	-	250,286
At 31 July 2022	<b>413,963</b>	<b>276,169</b>	<b>-</b>	<b>690,132</b>
<b>Net book value</b>				
As at 31 July 2021	221,779	249,582	431,854	903,215
As at 31 July 2022	<b>482,077</b>	<b>462,094</b>	<b>-</b>	<b>944,171</b>

**8. Pension reimbursement receivable**

In July 2021, the company entered into pension reimbursement agreement with the parent company, the University of Sunderland, in respect of the defined benefit obligation relating to the Local Government Pension Scheme.

The reimbursement agreement guarantees that the University is committed to meeting the future costs of the existing pension liabilities. In the current financial year, the pension liability has been reduced to £nil, as disclosed in note 12 and therefore the pension reimbursement receivable is also £nil.

	31 July 2022 £	31 July 2021 £
Pension liability reimbursement receivable	-	603,000

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Debtors**

	31 July 2022 £	31 July 2021 £
Trade debtors	500	-
Amounts owed by group undertakings	712,203	137
Other debtors	277,174	277,417
Prepayments	290,641	206,154
	<u>1,280,518</u>	<u>483,708</u>

**10. Creditors: Amounts falling due within one year**

	31 July 2022 £	31 July 2021 £
Trade payables	587,009	314,936
Amounts owed to group undertakings	16,079	2,466,565
Accruals	1,355,903	1,496,957
Taxation and social security	317,192	64,879
Other creditors	55,328	23,927
	<u>2,331,511</u>	<u>4,367,264</u>

**11. Provision for deferred tax**

	31 July 2022 £	31 July 2021 £
Provision at beginning of the year	237,820	116,404
Deferred tax credit for the year	(21,886)	121,416
	<u>215,934</u>	<u>237,820</u>

The elements of the provision for deferred tax are as follows:

	31 July 2022 £	31 July 2021 £
Fixed asset timing differences	4,462	(34,772)
Other short-term timing differences	(220,396)	272,592
	<u>215,934</u>	<u>237,820</u>

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Provision for pension liabilities**

	31 July 2022 £	31 July 2021 £
As at 1 August	603,000	719,000
Additions	(64,408)	(59,000)
Utilised in year	233,592	217,000
Actuarial (gain)/loss	(926,000)	(274,000)
Pension surplus restriction	153,000	
<b>As at 31 July</b>	<b>-</b>	<b>603,000</b>

For the twelve months ended 31 July 2022, a defined benefit pension plan surplus of £153k was reported, due to present value of the defined benefit obligation at the reporting date being less than the fair value of plan assets at that date. In accordance with FRS 102, the entity may recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The pension fund has confirmed that this is not the case and therefore management has decided to restrict the surplus by £153k.

**13. Provision for tax liabilities**

	31 July 2022 £	31 July 2021 £
As at 1 August	666,198	666,198
Utilised in year	(666,198)	-
<b>As at 31 July</b>	<b>-</b>	<b>666,198</b>

**14. Provision for dilapidations**

	31 July 2022 £	31 July 2021 £
As at 1 August	-	-
Additions	738,000	-
<b>As at 31 July</b>	<b>738,000</b>	<b>-</b>

**15. Share capital**

	31 July 2022 £	31 July 2021 £
<b>Allotted, called up and fully paid:</b>		
1 ordinary share of £1 each	1	1

## UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 16. Lease obligations

Total rentals payable under non-cancellable operating leases:

	Land & Buildings	
	2022 £	2021 £
<b>Payable during the year</b>	<b>1,216,368</b>	<b>1,123,308</b>
<b>Future minimum lease payments due:</b>		
Not later than 1 year	1,216,199	1,215,147
Later than 1 year and not later than 5 years	4,443,421	4,558,275
Later than 5 years	2,677,185	3,778,845
<b>At 31 July</b>	<b>8,336,805</b>	<b>9,552,267</b>

The company's lease of the campus building at 197 Marsh Wall, Thames Quay, London, began on 5 January 2020 for a term of ten years. The disclosure above is based on the 10 year term however there is a rolling break option at 18 months' notice.

The company's lease of the 3<sup>rd</sup> Floor of Harbour Exchange 4, Canary Wharf, London commenced on 27 May 2021 for a term of two and a half years.

#### 17. Related party disclosures

The company is controlled by and is a wholly owned subsidiary of the University of Sunderland and therefore takes advantage of the exemption under section 33.1A of FRS 102, which exempts the company from disclosing transactions entered into between two or more members of the group, which are also wholly owned by the parent entity. There are no other related party transactions.

#### 18. Pension schemes

The company's employees belong to two pension schemes:

- the Local Government Pension Scheme (LGPS); and
- the National Employment Savings Trust (NEST).

The LGPS is a defined benefit pension scheme; the assets are held in separate trustee administered funds. The Company has accounted for the pension costs in accordance with FRS 102 and the pension liability in relation to this is shown in note 12.

The NEST is a defined contribution pension scheme to which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. All contributions are recognised in expenditure in the period to which they relate.

## UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 18. Pension schemes (continued)

The pension charge to operating profit was as follows:

	31 July 2022 £	31 July 2021 £
Local Government Pension Scheme (LGPS)	233,592	217,000
National Employment Savings Trust (NEST)	155,610	117,050
	<u>389,202</u>	<u>334,050</u>

#### Local Government Pension Scheme (LGPS)

The LGPS is a defined benefit scheme, with the assets held in separate trustee administered funds. LGPSs are regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPSs are determined nationally by regulation and meet the definition of a defined benefit scheme. South Tyneside Council is the administering authority for the Tyne & Wear Pension Fund (TWPF). The metropolitan councils in Tyne & Wear, and other bodies, for example the University, are employing bodies within the TWPF. In the event that the University closes, and there is no successor establishment, the Secretary of State becomes the compensating authority.

The disclosures below relate to the funded liabilities within the Tyne & Wear Pension Fund (the Fund) which is part of the Local Government Pension Scheme (LGPS) and certain related unfunded liabilities which have been separately disclosed.

Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes. This has been included in the actuary's report.

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory.

It was announced in February 2021, that affected members will receive a 'deferred choice' of which pension schemes benefits they would prefer to take at the point they retire, and this will apply across the majority of the main public service pension schemes. Where members are already receiving pensions, they will be given a choice as soon as practicable. The government is now legislating to make the changes as set out in this consultation response.

## **UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **18. Pension schemes (continued)**

This means members will be able to choose to receive legacy pension scheme benefits or benefits equivalent to those available under the reformed pension scheme for service between 2015 and 2022. Not all members are better off in the legacy schemes, so it is important that individual members can choose which scheme benefits they want to receive.

From 1 April 2022, all those who continue in service will do so as members of the reformed schemes, regardless of age, meaning all members will be treated equally in terms of which pension scheme they are a member of.

The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

#### *Assets*

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

#### *Risks associated with the fund in relation to accounting*

- **Asset volatility** - The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.
- **Changes in bond yield** - A decrease in corporate bond yield will increase the value placed on the liabilities for accounting purposes, although this will be marginally offset by the increase in the assets as a result.
- **Inflation risk** - The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.
- **Life expectancy** - The majority of the fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in liabilities.
- **Exiting employers** - Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further, the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.



# UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. Pension schemes (continued)

#### Total contributions for the year

	31 July 2022 £	31 July 2021 £
Employer's ordinary contributions	64,408	64,633
Additional employer's contributions to recover the historic deficit	-	-
	<u>64,408</u>	<u>64,633</u>
Employees' contributions	<u>45,908</u>	<u>45,023</u>
Total contributions	<u>110,316</u>	<u>109,656</u>

The agreed contribution rate was set at 14.0% (2021: 14.0%) for employers and this rate is planned to continue for the next year. The employee rate is dependent upon salary and ranges from 5.5% to 12.5% but averages around 6.5%.

#### LGPS Deficit Contributions

A lump sum payment (with inflationary increases) is payable each year to address the pension scheme deficit. In the year ended 31 July 2022, the company was charged a total of £nil (2021: £nil) for the recovery of the scheme deficit identified in the 2019 valuation.

#### Assumptions

The financial assumptions used to calculate the scheme liabilities are:

	31 July 2022 % p.a.	31 July 2021 % p.a.
Discount rate	3.4	1.7
CPI inflation	2.5	2.5
Pension increases	2.5	2.5
Pension accounts revaluation rate	2.5	2.5
Salary increases	4.0	4.0

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	31 July 2022 Years	31 July 2021 Years
<b>Males</b>		
Pensioner member aged 65 at accounting date	21.8	21.9
Active member aged 45 at accounting date	23.5	23.6
<b>Females</b>		
Pensioner member aged 65 at accounting date	25.0	25.1
Active member aged 45 at accounting date	26.7	26.9

# UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. Pension schemes (continued)

#### Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 July 2022 and the projected service cost for the period ending 31 July 2023, is shown in the below table. In each case only the assumption documented is altered; all other assumptions remain the same as summarised above.

	Increase/(decrease) in present value of total obligation		Increase/(decrease) in projected service cost	
	£	%	£	%
Discount rate increased by 0.1% p.a.	(47,000)	(2.6)	(5)	(3.9)
Discount rate decreased by 0.1% p.a.	49,000	2.7	5	4.0
Salary increase rate increased by 0.1% p.a.	11,000	0.6	-	-
Salary increase rate decreased by 0.1% p.a.	(11,000)	(0.6)	-	-
Pension increase rate increased by 0.1% p.a.	38,000	2.1	5	4.0
Pension increase rate decreased by 0.1% p.a.	(36,000)	(2.0)	(5)	(3.9)
Mortality age rate increasing by 1 year*	(53,000)	(2.9)	(5)	(4.1)
Mortality age rate decreasing by 1 year	55,000	3.0	5	4.1

\*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

#### Scheme assets

The assets in the scheme are shown in the table below.

	31 July 2022	31 July 2021
Asset class	£	£
Equities	1,060,000	1,034,000
Property	219,000	145,000
Government bonds	32,000	37,000
Corporate bonds	366,000	360,000
Multi asset credit	87,000	-
Cash	35,000	73,000
Other	171,000	187,000
Total	1,970,000	1,836,000

**UNIVERSITY OF SUNDERLAND LONDON CAMPUS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. Pension schemes (continued)**

**Analysis of pension liability in the Statement of Financial Position**

	<b>31 July 2022</b>	<b>31 July 2021</b>
	<b>£</b>	<b>£</b>
Scheme assets	<b>1,970,000</b>	<b>1,836,000</b>
Scheme liabilities	<b>(1,817,000)</b>	<b>(2,439,000)</b>
Net pension scheme asset/(liability)	<b>153,000</b>	<b>(603,000)</b>
Restriction on pension scheme surplus	<b>(153,000)</b>	<b>-</b>
Net pension scheme liability	<b>-</b>	<b>(603,000)</b>

**Analysis of amounts recognised in the Income Statement**

	<b>31 July 2022</b>	<b>31 July 2021</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>223,592</b>	<b>207,000</b>
Past service cost	<b>-</b>	<b>-</b>
Interest on net defined benefit liability	<b>10,000</b>	<b>10,000</b>
Total operating costs	<b>233,592</b>	<b>217,000</b>

**Analysis of amounts recognised in other comprehensive expenditure**

	<b>31 July 2022</b>	<b>31 July 2021</b>
	<b>£</b>	<b>£</b>
Asset gains/(losses) arising during the period	<b>11,000</b>	<b>281,000</b>
Liability gains/(losses) arising during the period	<b>915,000</b>	<b>(7,000)</b>
Net actuarial gains/(losses)	<b>926,000</b>	<b>274,000</b>
Restriction on pension scheme surplus	<b>(153,000)</b>	<b>-</b>
Total actuarial gains/(losses) after restriction on pension scheme surplus	<b>773,000</b>	<b>274,000</b>