

WEST AND NORTH-WEST CAMBRIDGE ESTATES SYNDICATE

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012

Members of Syndicate

Mr Alexander Johnston (Chair),
Professor Jeremy Sanders (Deputy Chair),
Dr Richard Foster,
Professor Robert Kennicutt,
Dame Mavis McDonald,
Mr Jeremy Newsum, and
Dr Jonathan Nicholls

Professor Ian White joined the Syndicate post year end.

Directors

Mr Roger Taylor, Project Director
Mr Gavin Heaphy, Construction Director
Mr Kerry Sykes, Finance Director

Secretary

Mr Graham Morrison

Nominated Officer

Dr J W Nicholls

REPORT OF THE SYNDICS

The Syndics present their report and unaudited financial statements of the Syndicate for the year ended 31 July 2012.

Principal activities

The Syndicate's principal activity, which is set out in a University ordinance, is to be responsible for:

- (i) the management, development, and stewardship of the North West Cambridge Estate (being the University's land and property holdings in the area between Madingley Road, Huntingdon Road, and the M11 motorway); and
- (ii) the development and stewardship of the West Cambridge Estate (being the University's land and property holdings in the area bounded by Madingley Road, Clerk Maxwell Road, the Coton Footpath, and the M11).

Business review

During the year under review, the focus of activity has been on gaining outline planning permission for development of the site known as North West Cambridge. The planning permission envisages that the site will include 1,500 homes for key University and College employees, 1,500 homes for sale, accommodation for 2,000 students, 100,000 square metres of research facilities and a wide range of community facilities. Around one third of the site will be used as public open space for sports, informal recreation and ecological use. Immediately after the year end, the Cambridge Joint Development Control Committee granted outline planning permission for the site subject to settlement of a section 106 agreement which sets out the extent to which the development will be required to contribute to community facilities.

The executive team has been strengthened during the year with the appointments of Construction and Finance Directors and a Commercial Manager. Substantial work has been undertaken on reviewing and refining the financial case for phase one of the development and the process of designing the site in detail commenced in July with the appointment of ten architects allocated to different 'lots' within the site.

Future developments

Following year end, approval has been given by both the University's Finance Committee and its Council to the first phase of the development. The matter now proceeds to a vote of the University's Regent House which is expected to take place in January 2013.

Phase one of the development will comprise:

- around 530 units for rental to qualifying staff on a subsidised basis;
- around 300 units of postgraduate student accommodation;

- some 700 units for sale on a market basis by residential developers under land sale agreements:
- food store and other shops;
- primary school, nursery and community centre;
- other community facilities including a care home;
- hotel; and
- playing fields, informal open space and landscaping.

The total construction cost of this phase to the University will be approximately £250m which will be met from land sales and an internal loan provided by the University. The loan and associated interest will be repaid from rental income generated on the site. Some preparatory works, such as archaeological investigation and ecology work, will commence in late autumn in readiness for a start on site in 2013, subject to approvals being granted. The first units for occupation are expected to be ready from July 2015.

Financial Review

The profit and loss account shows that the Syndicate received no income in the period. This is entirely in line with expectations which anticipate that income will not arise in any substantial form until 2014 with the first significant land disposals.

All expenditure incurred to date has been capitalised as it relates to the creation of an asset or assets. In the financial year ending 31 July 2012, the Syndicate incurred £4.6m of expenditure in the form of professional fees and salaries relating to the preparation of submissions for planning permission and design of the development site.

The activities of the Syndicate have to date been entirely through monies made available by the University of which the Syndicate is part.

Governance and risk management

The Syndicate is a department of the University, established by Ordinance. The Syndics are a quasi-board, meeting monthly, responsible for the strategic direction of the development. The Syndics are supported by an Executive team who are responsible for operational matters within the strategic context set by the Syndics. The Syndicate operates within budgets which are approved by the University's Finance Committee and is required by Ordinance to produce an annual report and accounts covering its activities.

The Syndicate receives, at each of its meetings, reports highlighting risks to the delivery and operation of the North West Cambridge Development. A risk register is maintained by the executive with support from professional advisers.

Scope of accounts and audit status

The accounts include only income and expenditure arising on the development of the North West Cambridge site. Income arising from existing buildings on the West and North West Cambridge sites is reported separately to the University via the department of Estate Management. Similarly income and expenditure associated with the University

Farm in this area is included in the accounts of the University farm. There is no requirement to report income and expenditure associated with academic departments as this lies outside the ambit of the Syndicate. All of the income and expenditure mentioned above, including that attributable to the Syndicate, is included within the audited accounts of the Chancellor Masters and Scholars of the University of Cambridge.

There is no requirement to undertake a formal external audit of these accounts which do not constitute statutory accounts. However, as indicated above, the sums included in these accounts are audited as a constituent part of the University's audited accounts.

ON BEHALF OF THE SYNDICATE

Mr A Johnston
Chair

NORTH WEST CAMBRIDGE DEVELOPMENT
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2012

	Note	2012 £	2011 £
Turnover	2	0	0
		<hr/>	<hr/>
Total Income		0	0
		<hr/>	<hr/>
Expenditure	3 & 4	0	0
		<hr/>	<hr/>
Total expenditure		0	0
		<hr/>	<hr/>
Profit/Loss on ordinary activities before tax	5	0	0
		<hr/> <hr/>	<hr/> <hr/>

All results derive from continuing operations.

There are no material differences between the result for the financial year and its historical cost equivalent.

There are no recognised gains and losses other than those passing through the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

All expenditure to date has been capitalised.

NORTH WEST CAMBRIDGE DEVELOPMENT

BALANCE SHEET AS AT 31 JULY 2012

	Note	2012 £	2011 £
Fixed Assets			
Tangible Assets	6	15,086,100	10,446,582
Current Assets			
Debtors	7	0	0
Cash in bank <i>(held by Parent Company)</i>		687,200	0
		687,200	0
Creditors: amounts falling due within one year	8	(927,300)	(1,349,582)
		(240,100)	(1,349,582)
Net Current Liabilities			
		(240,100)	(1,349,582)
Net Assets		14,846,000	9,097,000
Financed By			
Loan <i>(from Parent Company)</i>		14,846,000	9,097,000
Total loan		14,846,000	9,097,000

The financial statements on pages 4 – 8 were approved by the Syndicate on 17th December 2012 and were signed on its behalf by:

Mr A Johnston
Chair

NORTH WEST CAMBRIDGE DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

1. ACCOUNTING POLICIES

a) Basis of accounting

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements except as noted below.

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

b) Fixed Assets and Depreciation

Depreciation will be charged to write off the cost of tangible fixed assets over their estimated useful economic lives:

Freehold buildings 2% - 5% per annum on a straight line basis;

Freehold land is not depreciated.

No fixed asset depreciation has been applied as costs have capitalised as a pre-development asset.

Where there is an indication that the carrying amount of a fixed asset may not be recoverable, an impairment review will be carried out in accordance with the requirements of FRS11, "Impairment of Assets". If the carrying amount is higher than the recoverable amount, the asset will be written down accordingly.

2. TURNOVER

No income has been received to date

3. STAFF COSTS

The average number of persons employed by the Syndicate during the year, expressed as full time equivalents, was 4 (2011: 2).

Staff costs for the above persons comprise

	2012	2011
	£	£
Salaries and wages	464,340	175,086
Social Security costs	55,492	20,218
Pension Costs	93,677	28,834
Total	<u>613,509</u>	<u>224,138</u>

Of the above costs, £544,493 was capitalised as pre-development costs

NORTH WEST CAMBRIDGE DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

4. OTHER OPERATING EXPENSES

All expenses incurred to date have been capitalised as pre-development costs

5. SURPLUS/DEFICIT ON CONTINUING OPERATIONS

Neither a surplus nor deficit has arisen on activities to date, due to the capitalisation of expenditure and absence of income.

6. TANGIBLE FIXED ASSETS

	Land and Buildings	Assets in Construction	Grand Total
	£	£	£
Cost			
At 1st August 2011	870,000	9,576,582	10,446,582
Additions at cost	0	4,639,518	4,639,518
Disposals	0	0	0
At 31 July 2012	870,000	14,216,100	15,086,100
Accumulated Depreciation			
At 1st August	0	0	0
Charge for the year	0	0	0
Elimination on disposal	0	0	0
At 31 July 2012	0	0	0
Net Book Value			
At 31 July 2012	870,000	14,216,100	15,086,100
At 31 July 2011	870,000	9,576,582	10,446,582

7. DEBTORS

There were no debtors at the year end

NORTH WEST CAMBRIDGE DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade Creditors	509,807	252,470
Other Creditors	417,493	462,482
Amounts owed to group undertakings	0	634,630
	<u>927,300</u>	<u>1,349,582</u>

9. CAPITAL COMMITMENTS

The Syndicate does not presently have capital commitments beyond various consultancy agreements, but expects to enter into substantial commitments in the forthcoming financial year.

10. ULTIMATE PARENT UNDERTAKING

The Syndicate is a constituent part of the University of Cambridge. It is governed by the Statutes and Ordinances of the University. The results of the Syndicate are consolidated into the financial statements of the University of Cambridge, which may be obtained from the Cambridge University Reporter, Cambridge University Press Bookshop, 1 Trinity Street, Cambridge, CB2 1SZ.