

LANCASTER
UNIVERSITY



**UNIVERSITY BUSINESS ENTERPRISES
LTD**

Company Number: 00968581

**Financial Statements
Year-ended 31st July 2008**

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Lancaster University Business Enterprises Limited

Directors' report and financial statements for the year ended 31 July 2008

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Lancaster University Business Enterprises Limited

Directors' report for the year ended 31 July 2008

The directors present their report and the audited financial statements of the company for the year ended 31 July 2008.

Principal activities

The company's principal activity is the exploitation of intellectual property for Lancaster University.

Business review

The company continued to invest in patent applications throughout the year, and earned royalties in the year in respect of intellectual property.

Results and dividends

The directors do not recommend the payment of a dividend.

The company made a profit for the year of £22,341 (2007: profit £13,428)

Directors

The directors who held office during the year and up to the date of signing the accounts were as follows:

Professor T McMillan
Mr A Neal (resigned 1st April 2009)
Mr R D O'Brien
Professor A J Dix
Dr M Bacon
Dr G Smith

Lancaster University Business Enterprises Limited

Directors' report for the year ended 31 July 2008 (continued)

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

G.P. Fielding
27th April 2009

Mr G P Fielding
Secretary

Lancaster University Business Enterprises Limited

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual 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 the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

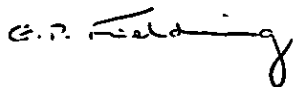
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



Mr G P Fielding
Secretary

Lancaster University Business Enterprises Limited

Independent auditors' report to the members of Lancaster University Business Enterprises Limited

We have audited the financial statements of Lancaster University Business Enterprises Limited for the year ended 31 July 2008 which comprise the primary financial statements such as the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements

Lancaster University Business Enterprises Limited

Independent auditors' report to the members of Lancaster University Business Enterprises Limited (continued)

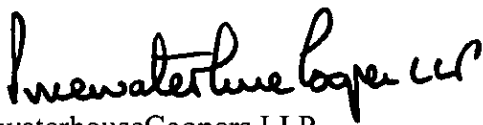
made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester

28 April 2009

Lancaster University Business Enterprises Limited

Profit and loss account for the year ended 31 July 2008

	<i>Note</i>	2008 £	2007 £
Turnover	<i>1</i>	44,391	27,281
Cost of sales		-	-
Gross profit		44,391	27,281
Administrative expenses		(14,395)	(5,733)
Operating profit	<i>3</i>	29,996	21,548
Interest payable	<i>2</i>	(11,000)	(11,430)
Interest receivable	<i>2</i>	3,345	3,310
Profit on ordinary activities before taxation		22,341	13,428
Tax on profit on ordinary activities	<i>5</i>	-	-
Profit for the financial year	<i>10</i>	22,341	13,428

All amounts relate to continuing operations.

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

Lancaster University Business Enterprises Limited

Balance sheet
at 31 July 2008

	<i>Note</i>	2008	2007
		£	£
Fixed assets			
Investments			
Loans	6	55,752	55,752
Current assets			
Debtors	7	15,273	15,178
Creditors: amounts falling due within one year	8	(199,742)	(221,988)
Net current liabilities		(184,469)	(206,810)
Net liabilities		(128,717)	(151,058)
Capital and reserves			
Called up share capital	9	56	56
Profit and loss reserve	10	(128,773)	(151,114)
Total shareholder's deficit	10	(128,717)	(151,058)

The financial statements on pages 6 to 11 were approved by the board of directors on 27th April 2009 and were signed on its behalf by:



Mr R D O'Brien
Director

Lancaster University Business Enterprises Limited

Notes to the financial statements for the year ended 31 July 2008

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historic cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company has net current liabilities of £128,717 (2007: £151,058). The parent company has confirmed its intention to continue to provide financial support to the company. The directors consider it appropriate therefore to prepare the accounts on the going concern basis.

Cash flow

The company is exempt from the requirement of FRS 1, to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of the University of Lancaster and its cash flows are included within the consolidated cash flow statement of that entity.

Related party transactions exemption

The directors have taken advantage of the exemption in FRS 8 and have not disclosed related party transactions with parent and fellow subsidiary undertakings. There are no other related party transactions which require specific disclosure.

Current taxation

Corporation tax payable is provided on taxable profits at the current rate.

Turnover

Turnover represents the amounts (excluding value added tax) earned in royalty receipts during the year, and all arises in the United Kingdom.

Lancaster University Business Enterprises Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

2 Interest payable and receivable

	2008 £	2007 £
Interest payable on inter-company account with Lancaster University	(11,000)	(11,430)
Interest receivable on loans to spin-out companies (note 6)	<u>3,345</u>	<u>3,310</u>

3 Operating profit

	2008 £	2007 £
<i>Operating profit is stated after charging:</i>		
Auditors' remuneration	<u>1,207</u>	<u>1,150</u>

4 Employees and directors

The company has no employees other than its directors who did not receive any remuneration for their services as directors of this company. During the year the company made payments of £5,350 to Lancaster University for the services of Directors (2007: £3,500).

5 Taxation

No charge to taxation arises on the profit for the financial year due to cumulative tax losses brought forward.

6 Loans

	2008 £	2007 £
Loans	<u>55,752</u>	<u>55,752</u>
	<u>55,752</u>	<u>55,752</u>

Lancaster University Business Enterprises Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

6 Loans (continued)

Loans of £27,652 and £23,600, plus accumulated accrued interest of £6,655 disclosed in note 7, were made to spin-out companies in April 2005 and May 2005 respectively. In September 2006 a further loan of £4,500 was made to one of the companies. The three loans had an initial duration of two years which was extended during the year. They attract interest at six percent per annum.

The repayment of capital and accumulated interest included below as accrued income, is due on repayment of the loan. The University has guaranteed any shortfall on the loans in the event that they become irrecoverable.

7 Debtors: amounts falling due within one year

	2008 £	2007 £
Trade debtors	8,618	11,750
Accrued income	6,655	3,310
Value Added Tax	-	118
	<u>15,273</u>	<u>15,178</u>

8 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to Lancaster University*	196,087	203,673
Accruals	2,307	10,350
Creditors	-	7,965
Value Added Tax	1,348	-
	<u>199,742</u>	<u>221,988</u>

*The University has confirmed that it will not seek repayment of this amount for the foreseeable future.

Lancaster University Business Enterprises Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

9 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
100 (2007: 100) Ordinary shares of £1	100	100
<i>Allotted and fully paid</i>		
56 (2007: 56) Ordinary shares of £1	56	56

10 Reconciliation of movement in shareholder's deficit

	Share capital £	Profit and loss reserve £	Total shareholder's deficit £
As at 1 August 2007	56	(151,114)	(151,058)
Profit for the financial year	-	22,341	22,341
As at 31 July 2008	56	(128,773)	(128,717)

11 Ultimate parent company

The company is a subsidiary undertaking of Lancaster University Enterprises Ltd, which is in turn a subsidiary of Lancaster University.

The largest and smallest group in which the results of the company are consolidated is that headed by Lancaster University. Copies of the consolidated accounts may be obtained from:

The Director of Finance
Lancaster University
Bailrigg
Lancaster
LA1 4YW