

LANCASTER
UNIVERSITY



Lancaster University Business Enterprises Limited

Annual report and financial statements for the year ended 31 July 2010

Company number: 00968581

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Lancaster University Business Enterprises Limited

Annual report and financial statements for the year ended 31 July 2010

| Contents | <i>Page</i> |
|--|-------------|
| Directors' report for the year ended 31 July 2010 | 2 |
| Statement of directors' responsibilities | 4 |
| Independent auditors' report to the members of Lancaster University Business Enterprises Limited | 5 |
| Profit and loss account for the year ended 31 July 2010 | 7 |
| Balance sheet as at 31 July 2010 | 8 |
| Notes to the financial statements for the year ended 31 July 2010 | 9 |

Lancaster University Business Enterprises Limited

Directors' report for the year ended 31 July 2010

The directors present their annual report and the audited financial statements of the company for the year ended 31st July 2010

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 (2009 £nil)

The company made a loss for the year of £22,691 (2009: £6,739)

Directors

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

T McMillan
S Randall-Paley
R D O'Brien
A J Dix
M Bacon
G Smith

Lancaster University Business Enterprises Limited

Directors' report for the year ended 31 July 2010 (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

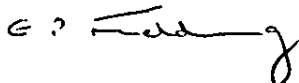
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's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

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006

Independent auditors

The independent 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

By order of the board,



G P Fielding
Company Secretary

Lancaster University Business Enterprises Limited

Directors' responsibilities statement

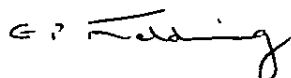
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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,
- 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.

By order of the board,



G P Fielding
Company 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 2010 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Director's 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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its loss 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.

Lancaster University Business Enterprises Limited

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Greg Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

4 February 2011.

Lancaster University Business Enterprises Limited

Profit and loss account for the year ended 31 July 2010

| | <i>Note</i> | 2010 £ | 2009 £ |
|--|-------------|------------------|-----------------|
| Turnover | <i>1</i> | 43,943 | 72,232 |
| Cost of sales | | - | - |
| Gross profit | | <u>43,943</u> | <u>72,232</u> |
| Administrative expenses | | <u>(68,830)</u> | <u>(77,760)</u> |
| Operating loss | <i>3</i> | (24,887) | (5,528) |
| Interest receivable and similar income | <i>2</i> | 3,917 | 3,744 |
| Interest payable and similar charges | <i>2</i> | (1,721) | (4,955) |
| Loss on ordinary activities before taxation | | (22,691) | (6,739) |
| Tax on loss on ordinary activities | <i>5</i> | - | - |
| Loss for the financial year | <i>10</i> | (22,691) | (6,739) |

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 loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

Lancaster University Business Enterprises Limited

Registered company number 00968581

Balance sheet
as at 31 July 2010

| | <i>Note</i> | 2010 | 2009 |
|--|-------------|------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investments | | | |
| Loans | 6 | 45,752 | 55,752 |
| Current assets | | | |
| Debtors | 7 | 20,258 | 65,188 |
| Creditors: amounts falling due within one year | 8 | <u>(224,157)</u> | <u>(256,396)</u> |
| Net current liabilities | | (203,898) | (191,208) |
| Total Assets less current liabilities & Net liabilities | | <u>(158,147)</u> | <u>(135,456)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 56 | 56 |
| Profit and loss account | 10 | <u>(158,203)</u> | <u>(135,512)</u> |
| Total shareholders' deficit | 10 | <u>(158,147)</u> | <u>(135,456)</u> |

The financial statements on pages 7 to 12 were approved by the board of directors on 01-02-2011 and were signed on its behalf by



R D O'Brien
Director

Lancaster University Business Enterprises Limited

Notes to the financial statements for the year ended 31 July 2010

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 2006 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 £203,898 (2009 £191,208). 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 (revised 1996), to prepare a cash flow statement, as it is a greater than 90% owned subsidiary undertaking of the University of Lancaster and its cash flows are included within the consolidated cash flow statement of that entity.

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 2010 (continued)

2 Interest payable and receivable

| | 2010 £ | 2009 £ |
|---|--------------|--------------|
| Interest payable on inter-company account with Lancaster University | (1,721) | (4,955) |
| Interest receivable on loans to spin-out companies (note 6) | <u>3,917</u> | <u>3,744</u> |

3 Operating loss

| | 2010 £ | 2009 £ |
|---|--------------|--------------|
| <i>Operating loss is stated after charging:</i> | | |
| Auditors' remuneration | <u>1,050</u> | <u>1,050</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 (2009 £nil) During the year the company made payments of £5,170 to Lancaster University for the services of Directors (2009 £6,100)

5 Taxation

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

6 Loans

| | 2010 £ | 2009 £ |
|-------|---------------|---------------|
| Loans | <u>45,752</u> | <u>55,752</u> |

Lancaster University Business Enterprises Limited

Notes to the financial statements for the year ended 31 July 2010 (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.

Of these loans, £10k was repaid in June 2010 and the company expects that the balance of the loans will be repaid in full.

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

| | 2010 £ | 2009 £ |
|-----------------|---------------|---------------|
| Trade debtors | 4,200 | 22,340 |
| Accrued income | 14,316 | 40,576 |
| Value added tax | 1,742 | 2,272 |
| | <u>20,258</u> | <u>65,188</u> |

8 Creditors: amounts falling due within one year

| | 2010 £ | 2009 £ |
|---------------------------------------|----------------|----------------|
| Amounts owed to Lancaster University* | 214,070 | 247,665 |
| Accruals | 4,560 | 6,095 |
| Trade Creditors | 5,527 | 2,636 |
| | <u>224,157</u> | <u>256,396</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 2010 (continued)

9 Called up share capital

| | 2010 £ | 2009 £ |
|---------------------------------------|-----------|-----------|
| <i>Authorised</i> | | |
| 100 (2009: 100) Ordinary shares of £1 | 100 | 100 |
| <i>Allotted and fully paid</i> | | |
| 56 (2009: 56) Ordinary shares of £1 | 56 | 56 |

10 Reconciliation of movements in shareholders' deficit and movement in reserves

| | Called up share capital £ | Profit and loss account £ | Total shareholders' deficit £ |
|-----------------------------|------------------------------------|------------------------------------|--|
| As at 1 August 2009 | 56 | (135,512) | (135,456) |
| Loss for the financial year | - | (22,691) | (22,691) |
| As at 31 July 2010 | 56 | (158,203) | (158,147) |

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. The directors deem Lancaster University to be the ultimate controlling party. Copies of the consolidated accounts may be obtained from

The Director of Finance
Lancaster University
Bailrigg
Lancaster
LA1 4YW