

**Lancaster University Business Enterprises Ltd**

**Company Registration Number: 00968581**

**Annual Report and Financial Statements**

**For the Year Ended 31 July 2016**

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# **Lancaster University Business Enterprises Ltd**

## **Annual Report and Financial Statements for the year ended 31 July 2016**

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## **Lancaster University Business Enterprises Ltd**

### **Directors' report for the year ended 31 July 2016**

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2016.

#### **Principal activities**

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

#### **Business review and future developments**

The company continued to invest in patent applications throughout the year, and earned royalties in the year in respect of intellectual property. The company made a loss for the year ended 31 July 2016 only due to the need to make a bad debt provision against a loan to a spin-out company, following which there is no longer any exposure on loans to spin-outs.

The company is expected to continue at a similar level of operation for the foreseeable future.

#### **Results and dividends**

The company made a loss for the financial year of £15,763 (2015: £34,770 profit).

The directors do not recommend the payment of a dividend (2015: £nil).

#### **Risks, uncertainties & key performance indicators**

The company's directors believe that the analysis of KPIs and risks and uncertainties are consistent with those of its parent Lancaster University. These are adequately set out and described in the Lancaster University group financial statements, and as such, they have not made any further disclosure within these financial statements.

#### **Directors**

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

N Banfield	(resigned 10 March 2016)
S Decent	
I Lyne	(appointed 10 March 2016)
S Randall-Paley	
G Smith	
D Williams	(appointed 10 March 2016)

#### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself and its directors.

#### **Small company provisions**

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

## **Lancaster University Business Enterprises Ltd**

### **Directors' report for the year ended 31 July 2016 (continued)**

#### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Lancaster University. The directors have received confirmation that Lancaster University intend to support the company for at least one year after these financial statements are signed.

#### **Statement of disclosure of information to auditor**

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

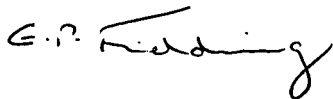
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's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

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

#### **Independent auditor**

The independent auditor, Deloitte LLP, has indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board and signed by its order by



G P Fielding  
**Company Secretary**  
15 November 2016

## **Lancaster University Business Enterprises Ltd**

### **Statement of Directors' Responsibilities**

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 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), 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF LANCASTER UNIVERSITY BUSINESS ENTERPRISES LTD**

We have audited the financial statements of Lancaster University Business Enterprises Ltd for the year ended 31 July 2016 which comprise the Statement of income and retained earnings, Statement of financial position and the related notes 1 to 11. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on 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.

### **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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2016 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Paul Thomson ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, United Kingdom  
13 December 2016

## Lancaster University Business Enterprises Ltd

### Statement of income and retained earnings for the year ended 31 July 2016

	Note	2016 £	2015 £
Turnover		235,172	227,003
Gross profit		<u>235,172</u>	<u>227,003</u>
Administrative expenses		(251,808)	(193,112)
Operating (loss)/profit	4	<u>(16,636)</u>	<u>33,891</u>
Interest receivable and similar income	3	1,674	2,168
Interest payable and similar charges	3	(801)	(1,289)
(Loss)/profit on ordinary activities before taxation		<u>(15,763)</u>	<u>34,770</u>
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year		<u>(15,763)</u>	<u>34,770</u>
Retained losses as at 1 August		(121,513)	(156,283)
Retained losses as at 31 July		<u>(137,276)</u>	<u>(121,513)</u>

All amounts relate to continuing operations.

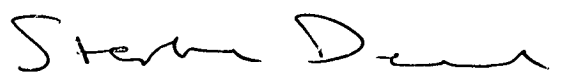
The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of other comprehensive income has been presented.

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

**Lancaster University Business Enterprises Ltd***Company Registration Number: 00968581***Statement of financial position  
as at 31 July 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
<b>Loans</b>			
Other loans	7	18,100	36,932
<b>Current assets</b>			
Debtors	8	28,622	25,163
<b>Creditors: amounts falling due within one year</b>	9	(183,942)	(183,552)
<b>Net current liabilities</b>		<u>(155,320)</u>	<u>(158,389)</u>
<b>Total assets less current liabilities</b>		<u>(137,220)</u>	<u>(121,457)</u>
<b>Net liabilities</b>		<u>(137,220)</u>	<u>(121,457)</u>
<b>Capital and reserves</b>			
Called up share capital	10	56	56
Profit and loss account		(137,276)	(121,513)
<b>Total shareholders' deficit</b>		<u>(137,220)</u>	<u>(121,457)</u>

The financial statements on pages 5 to 10 were approved by the board of directors and signed on its behalf by:



S Decent  
Director  
15 November 2016



# **Lancaster University Business Enterprises Ltd**

## **Notes to the financial statements for the year ended 31 July 2016**

### **1 Company information**

Lancaster University Business Enterprises Ltd is a private company limited by shares, registered in England under registration number 00968581. The registered office is University House, Bailrigg, Lancaster, Lancashire, LA1 4YW.

### **2 Accounting policies**

#### ***Basis of preparation***

These financial statements are prepared on the going concern basis, under the historic cost convention, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company has net current liabilities of £155,320 (2015: £158,389). 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 financial statements on the going concern basis.

#### ***Significant accounting estimates and judgements***

Management has not made any accounting estimates or judgements that would have a significant effect on the amounts recognised in the financial statements.

#### ***Transition to FRS102***

These financial statements for the year ended 31 July 2016 are the first financial statements prepared in accordance with FRS 102. The date of transition is 1 August 2014. The transition to FRS 102 has not had any impact on opening equity and profit for the comparative year.

#### ***Cash flow statement***

Under FRS 102, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Lancaster University, and its cash flows are included within the consolidated cash flow statement of that entity which are publicly available.

#### ***Related party transactions exemption***

The directors have taken advantage of the exemption permitted by FRS 102 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 upon the provision of intellectual property as royalty receipts during the year, and all arises in the United Kingdom.

## Lancaster University Business Enterprises Ltd

### Notes to the financial statements for the year ended 31 July 2016 (continued)

#### **Loans**

Loans are made to spin-out companies where appropriate and are shown in the balance sheet at cost. Interest receivable on such loans is shown in the statement of income and retained earnings and, to the extent that it has not been paid, is included within debtors.

#### **Interest receivable**

Interest receivable wholly comprises amounts receivable in relation to the loans disclosed in note 7. Interest is calculated in accordance with the terms of those loan agreements.

#### **Interest payable**

Interest payable wholly comprises amounts payable to its parent, Lancaster University. Interest is paid on the inter-company balance at a rate of Base Rate plus 0.25%.

### **3 Interest payable and similar charges and interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest payable and similar charges *	(801)	(1,289)
Interest receivable and similar income (note 7)	1,674	2,168

\* Interest payable wholly comprises amounts payable to its parent, Lancaster University. Interest is paid on the inter-company balance at a rate of Base Rate plus 0.25%.

<b>4 Operating profit or loss</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<i>Operating profit or loss is stated after charging:</i>		
Auditor's remuneration for the auditing of the financial statements	2,000	1,905

### **5 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 (2015: £nil). During the year the company made payments of £3,811 to Lancaster University for the services of Directors (2015: £2,637).

# Lancaster University Business Enterprises Ltd

## Notes to the financial statements for the year ended 31 July 2016 (continued)

<b>6 Tax on profit or loss on ordinary activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before taxation	(15,763)	34,770
Tax on (loss)/profit on ordinary activities at the standard rate of 20% (2015: 20%)	(3,153)	6,954
Non-taxable income	(5)	(5)
Plant & machinery WDA	-	(199)
Utilisation of tax losses brought forward	-	(100)
Group loss surrender/(claim)	3,158	(6,650)
Tax charge for the year	-	-

<b>7 Other loans</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loans	18,100	36,932

Loans of £27,652 and £23,600 were made to spin-out companies in July 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. Of these loans, £37,652 has been repaid, together with £29,180 in accumulated interest.

It is unlikely that the remaining loan capital of £18,100 will be repaid, so a bad debt provision has been made against this, as well as the remaining interest accrued of £12,327 which is disclosed in note 8.

<b>8 Debtors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	16,126	9,598
Value Added Tax	-	412
Prepayments and accrued income	12,496	15,153
	<u>28,622</u>	<u>25,163</u>

<b>9 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	3,416	2,245
Amounts owed to group undertakings *	128,622	169,752
Bad debt provision	30,427	-
Accruals and deferred income	21,448	11,555
Value Added Tax	29	-
	<u>183,942</u>	<u>183,552</u>

The company does not have any debts on which security has been given.

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

## Lancaster University Business Enterprises Ltd

### Notes to the financial statements for the year ended 31 July 2016 (continued)

10 Called up share capital	2016 £	2015 £
<i>Authorised</i>		
100 (2015: 100) ordinary shares of £1 each	100	100
<i>Allotted and fully paid</i>		
56 (2015: 56) ordinary shares of £1 each	56	56

#### 11 Ultimate parent company

The immediate parent undertaking is Lancaster University Enterprises Ltd. The ultimate parent undertaking and controlling party is Lancaster University.

Lancaster University is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 July 2016. The consolidated financial statements can be obtained from:

Lancaster University  
University House  
Bailrigg  
Lancaster  
Lancashire  
LA1 4YW

This address is also the registered office of the company.