

**Lancaster University Business Enterprises Ltd**

**Company Registration Number: 00968581**

**Annual Report and Financial Statements**

**For the Year Ended 31 July 2017**

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# **Lancaster University Business Enterprises Ltd**

## **Annual Report and Financial Statements for the year ended 31 July 2017**

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## **Lancaster University Business Enterprises Ltd**

### **Directors' report for the year ended 31 July 2017**

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2017.

#### **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. Turnover for the year fell to £105,618 (2016: £235,172) due to a sharp decrease in royalty income from a key patent, and the company made a loss in the financial year of £21,345 (2016: loss of £15,763).

The directors will undertake a further review of the company's activities with the University during 2017/18 to ensure that the company achieves a break-even position from 2018/19 onwards.

#### **Results and dividends**

The company made a loss for the financial year of £21,345 (2016: £15,763 loss).

The directors do not recommend the payment of a dividend (2016: £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:

S Decent	
I Lyne	(resigned 10 July 2017)
S Randall-Paley	
G Smith	(resigned 9 June 2017)
D Williams	

#### **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.

## **Lancaster University Business Enterprises Ltd**

### **Directors' report for the year ended 31 July 2017 (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.

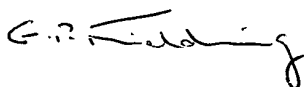
#### **Independent auditor**

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.

#### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board and signed by its order by



G P Fielding  
**Company Secretary**  
28 November 2017

## **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 elected to prepare 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 members of Lancaster University Business Enterprises Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> July 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lancaster University Business Enterprises Limited (the 'company') which comprise:

- the statement of income and retained earnings;
- the statement of financial position;
- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Paul Thomson (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, UK  
29 November 2017

**Lancaster University Business Enterprises Ltd**

**Statement of income and retained earnings  
for the year ended 31 July 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Turnover</b>		105,618	235,172
<b>Gross profit</b>		<u>105,618</u>	<u>235,172</u>
Administrative expenses		(126,224)	(251,808)
<b>Operating loss</b>	3	<u>(20,606)</u>	<u>(16,636)</u>
Interest receivable and similar income	4	-	1,674
Interest payable and similar charges	4	(739)	(801)
<b>Loss before taxation</b>		<u>(21,345)</u>	<u>(15,763)</u>
Tax on loss	6	-	-
<b>Loss for the financial year</b>		<u>(21,345)</u>	<u>(15,763)</u>
Retained losses as at 1 August		(137,276)	(121,513)
<b>Retained losses as at 31 July</b>		<u>(158,621)</u>	<u>(137,276)</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 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 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
<b>Loans</b>			
Other loans	7	-	18,100
<b>Current assets</b>			
Debtors	8	41,775	28,622
<b>Creditors: amounts falling due within one year</b>	9	(200,340)	(183,942)
<b>Net current liabilities</b>		(158,565)	(155,320)
<b>Total assets less current liabilities</b>		(158,565)	(137,220)
<b>Net liabilities</b>		(158,565)	(137,220)
<b>Capital and reserves</b>			
Called up share capital	10	56	56
Profit and loss account		(158,621)	(137,276)
<b>Total shareholders' deficit</b>		(158,565)	(137,220)

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



S Decent  
**Director**  
 28 November 2017

# **Lancaster University Business Enterprises Ltd**

## **Notes to the financial statements for the year ended 31 July 2017**

### **1 Company information**

Lancaster University Business Enterprises Ltd is a private company limited by shares, registered in England & Wales under registration number 00968581. The registered office is University House, Bailrigg, Lancaster, 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 and the prior year are as follows

#### ***Going concern***

The company has net current liabilities of £158,565 (2016: £155,320). 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***

The Directors discuss accounting estimates and judgements in the context of the budget setting process and during its periodic review of the management accounts at Board meetings.

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

#### ***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 2017 (continued)

#### 2 Accounting policies (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%.

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

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

##### **Bad debt provision**

Full provision is made where management considers the recoverability of debts to be low.

<b>3 Operating loss</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Operating loss is stated after charging:</i>		
Auditor's remuneration for the auditing of the financial statements	2,070	2,000

#### 4 Interest payable and similar charges and interest receivable and similar income

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest payable and similar charges *	(739)	(801)
Interest receivable and similar income (note 7)	-	1,674

\* 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%.

## Lancaster University Business Enterprises Ltd

### Notes to the financial statements for the year ended 31 July 2017 (continued)

#### 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 (2016: £nil). During the year the company made payments of £4,193 to Lancaster University for the services of Directors (2016: £3,811).

6 Tax on loss	2017 £	2016 £
Loss before taxation	(21,345)	(15,763)
Tax on loss at the standard rate of 19.67% (2016: 20%)	(4,199)	(3,153)
Non-taxable income	(205)	(5)
Group loss surrender	4,404	3,158
Tax charge for the year	-	-

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantively enacted on 6th September 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 31 July 2017.

There is no expiry date on timing differences, unused tax losses or tax credits.

7 Other loans	2017 £	2016 £
Loans	-	18,100

A bad debt provision for the £18,100 loan was made in the 2015/16 financial statements when it became evident that its repayment was uncertain. The debt was written off in the 2016/17 financial statements when the company that owed the money was liquidated.

8 Debtors: amounts falling due within one year	2017 £	2016 £
Trade debtors	21,003	16,126
Accrued income	20,772	12,496
	41,775	28,622

## Lancaster University Business Enterprises Ltd

### Notes to the financial statements for the year ended 31 July 2017 (continued)

<b>9 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,932	3,416
Amounts owed to group undertakings *	166,419	128,622
Bad debt provision	-	30,427
Accruals	26,648	17,847
Deferred income	2,619	3,601
Value Added Tax	1,722	29
	<u>200,340</u>	<u>183,942</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.

<b>10 Called up share capital</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Authorised</i>		
100 (2016: 100) ordinary shares of £1 each	100	100
<i>Allotted and fully paid</i>		
56 (2016: 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, which is incorporated by Royal Charter in Great Britain.

Lancaster University is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 July 2017. 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.