

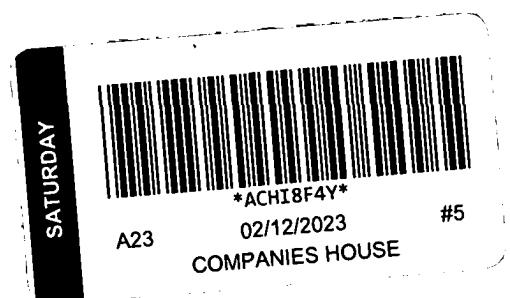


Lancaster University Business Enterprises Ltd

Company Registration Number: 00968581

Annual Report and Financial Statements

For the Year Ended 31 July 2023



Lancaster University Business Enterprises Ltd

Annual Report and Financial Statements for the year ended 31 July 2023

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Lancaster University Business Enterprises Ltd

Company Information for the Year Ended 31 July 2023

Directors:	A L Heathwaite S J Randall-Paley D M Williams
Secretary:	M L Green
Registered office:	University House Lancaster University Lancaster LA1 4YW
Company number	00968581 (England and Wales)
Auditors	BDO Two Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Barclays Business Centre 51 Mosley Street Manchester City Office Manchester M60 2AU

Lancaster University Business Enterprises Ltd

Directors' report for the year ended 31 July 2023

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2023.

Principal activities

The company's principal activity is the management and commercialisation of intellectual property on behalf of 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.

Results and dividends

The company made a profit for the financial year of £nil (2022: £nil).

The directors do not recommend the payment of a dividend (2022: £nil).

Risks, uncertainties & key performance indicators

The key financial performance indicators of the company is to achieve an annual break-even position by ensuring that the costs of all existing and new commercialised patent applications are met from current and anticipated revenue streams.

Directors

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

A Heathwaite
S Randall-Paley
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.

Going concern -see also Note 2 (Accounting Policies)

Following the future novation of all commercialised patents to Lancaster University within the next 12 months, the company will cease trading. Therefore, the directors of the company do not consider the company to be a going concern. Accordingly, the financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in the financial statements.

The company continues to have significant net liabilities and however it will look to its parent, Lancaster University, for support as the novation of existing patents continues.

Lancaster University Business Enterprises Ltd

Directors' report for the year ended 31 July 2023 (continued)

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

In early 2020, Lancaster University's Audit Committee led a procurement exercise for the tendering of external audit services for the University and all of its subsidiary companies. The Council at its meeting of 13 March 2020, appointed BDO LLP to be the University's independent external auditors for three years, which began with the accounts for 2020/21. This has since been extended for an additional two year period, as approved by Council. The auditor, BDO LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies' provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Accordingly, no separate strategic report is required or presented.

Approved by the Board and signed by its order by



M L Green
Company Secretary
24 November 2023

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;
- 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. As noted in Note 2, the directors do not consider the company to be a going concern and have prepared the financial statements on a basis other than that of a going concern.

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.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity

Lancaster University Business Enterprises Ltd

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LANCASTER UNIVERSITY BUSINESS ENTERPRISES LIMITED**

Opinion on the 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 2023 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.

We have audited the financial statements of Lancaster University Business Enterprises Ltd ("the Company") for the year ended 31 July 2023 which comprise Statement of income and retained earnings, statement of financial position and statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 2 to the financial statements which explains that following the future novation of all commercialised patents to Lancaster University within the next 12 months, the Company will cease trading. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 2. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Other Companies Act 2006 reporting

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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on;

- Our understanding of the Company and the sector in which it operates;
- Discussion with management and those charged with governance and;
- Obtaining and understanding of the company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Financial Reporting Standard 102, and the Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, internal audit and audit and risk committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journals to manipulate financial results, management bias in accounting estimates and recognition of income at the end of the period.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation,
- Reviewed the financial statements for any significant estimates and judgements and agreeing as per Note 2, there are no significant estimates and judgements
- Testing a sample of income around the period end by agreeing to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

Kyla Bellingall

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Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

27 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lancaster University Business Enterprises Ltd

Statement of income and retained earnings for the year ended 31 July 2023

	Note	2023 £	2022 £
Turnover	2	119,673	119,180
Gross profit		<u>119,673</u>	<u>119,180</u>
Administrative expenses		(119,673)	(119,180)
Operating profit / (loss)	3	<u>-</u>	<u>-</u>
Profit / (loss) before taxation		<u>-</u>	<u>-</u>
Tax on profit		-	-
Profit / (loss) for the financial year		<u>-</u>	<u>-</u>
Retained losses as at 1 August		(138,409)	(138,409)
Retained losses as at 31 July		<u>(138,409)</u>	<u>(138,409)</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.

The notes on pages 11 to 13 form part of these financial statements.

Lancaster University Business Enterprises Ltd
Company Registration Number: 00968581

Statement of financial position
as at 31 July 2023

	Note	2023 £	2022 £
Current assets			
Debtors	5	22,385	23,378
Creditors: amounts falling due within one year	6	(160,738)	(161,731)
Net current liabilities		<u>(138,353)</u>	<u>(138,353)</u>
Total assets less current liabilities		<u>(138,353)</u>	<u>(138,353)</u>
Net liabilities		<u>(138,353)</u>	<u>(138,353)</u>
Capital and reserves			
Called up share capital	7	56	56
Profit and loss account		(138,409)	(138,409)
Total shareholders' deficit		<u>(138,353)</u>	<u>(138,353)</u>

These financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime, were approved by the board of directors and signed on its behalf by:

The notes on pages 11 to 13 form part of these financial statements.



S Randall-Paley
Director
24 November 2023

Lancaster University Business Enterprises Ltd

**Statement of changes in equity
for the year ended 31 July 2023**

	Note	Share capital £	Retained earnings £	Total £
At 1 August 2021		56	(138,409)	(138,353)
Loss and total comprehensive income for the year		-	-	-
At 1 August 2022		56	(138,409)	(138,353)
Profit and total comprehensive income for the year		-	-	-
At 31 July 2023		56	(138,409)	(138,353)

Lancaster University Business Enterprises Ltd

Notes to the financial statements for the year ended 31 July 2023

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 presented in the company's functional currency, Pound Sterling (GBP).

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

Following the future novation of all commercialised patents to Lancaster University within the next 12 months, the company will cease trading. Therefore, the directors of the company do not consider the company to be a going concern. Accordingly, the financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in the financial statements.

The company continues to have significant net liabilities and however it will look to its parent, Lancaster University, for support as the novation of existing patents continues.

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 in the 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

Patent applications

The cost of all patent applications are charged to the Statement of Income and Retained Earnings in the period to which they relate.

Intellectual property

The University owns the IP created by its staff during their normal course of employment. If such IP requires formal protection e.g. patenting, the University pays for this.

All IP belonging to the University, that will be commercialised, is first assigned to LUBEL. Thereafter, LUBEL has the responsibility to ensure formal protection of the assigned IP, where applicable, is maintained.

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.

3 Operating profit	2023	2022
	£	£
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration for the auditing of the financial statements	4,053	3,240

4 Employees and directors

In the current and prior period, no remuneration was paid to the directors in respect of services to the company. The directors of the company are employed by Lancaster University, which pays them for services they provide to the University. The services they provide for the company are incidental to this role, and as such the remuneration receivable by the directors in respect of qualifying services to the company is £nil (2022: £nil)

5 Debtors: amounts falling due within one year	2023	2022
	£	£
Trade debtors	10,000	22,558
Accrued income	-	820
Value Added Tax	12,385	-
	<u>22,385</u>	<u>23,378</u>

6 Creditors: amounts falling due within one year	2023	2022
	£	£
Trade creditors	1,650	6,591
Amounts owed to group undertakings*	117,588	57,251
Accruals	41,500	97,418
Value Added Tax	-	471
	<u>160,738</u>	<u>161,731</u>

* The balance is repayable on demand however, the University will not seek repayment of this amount from Lancaster University Business Enterprises Limited in the foreseeable future and no interest is charged on the balance.

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

Lancaster University Business Enterprises Ltd

Notes to the financial statements for the year ended 31 July 2023 (continued)

7	Called up share capital	2023 £	2022 £
	<i>Authorised</i>		
	100 (2022: 100) ordinary shares of £1 each	100	100
	<i>Allotted and fully paid</i>		
	56 (2022: 56) ordinary shares of £1 each	56	56

8 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 2023. The consolidated financial statements can be obtained from:

Lancaster University
University House
Ballrigg
Lancaster
Lancashire
LA1 4YW

This address is also the registered office of the company.