

**UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST JULY 2019**

Registered Number: 02331936



# **UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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# **UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31ST JULY 2019**

The Directors present their annual report and the audited financial statements of the Company for the year ended 31st July 2019.

### **PRINCIPAL ACTIVITIES**

The Company acted as a holding company for wholly owned subsidiaries, associates and investments which arose from original research work at the University of Southampton, with the exception of Southampton Education Consulting Beijing Ltd. Southampton Education Consulting Beijing Ltd is a wholly owned subsidiary providing consultancy services.

### **RESULTS**

The Company's loss after tax for the year was £18,940 (2018: £50,393 profit). The cumulative profit and loss surplus is £28,556 (2018: £47,496). During the year there were no new trade investments (2018: £57,600).

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

At the end of the financial year investments were held in a number of companies as set out in note 7 to the accounts. The Company will continue to act as an investment holding company, and seek new investments where appropriate.

### **GOING CONCERN**

The Company considers the going concern basis appropriate for the preparation of the financial statements as the operations of the Company will continue to be supported by its Ultimate Parent Undertaking, the University of Southampton for a minimum of 12 months from the approval of the financial statements.

### **BREXIT RISK**

The Company has considered the potential impact of the UK leaving the European Union on 31st January 2020. The Company considers there is unlikely to be an impact on its day to day activities but there could be some risk to the value of its investments if investee entities are adversely affected by Brexit. The maximum impact would be limited to the carrying value of that investment which totals £57,600. A potential impairment as a detrimental affect of Brexit is currently considered low risk but the Board will continue to monitor this risk at the appropriate time.

### **EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There are no events subsequent to 31st July 2019 impacting the Company's financial statements.

### **RISK MANAGEMENT OBJECTIVES**

The company believes there is limited exposure to liquidity, cash flow, Credit and price risks as the company does not actively trade and receives support from its ultimate parent, University of Southampton. Its main business risk is from a decline in the value of its investment portfolio in companies spun out of University of Southampton. The portfolio of investments in spinouts companies for the group is monitored by the Southampton Enterprise Board which comprises of the directors of the holding companies and other relevant personnel from the University of Southampton. This board is a University committee which ultimately reports to the University Executive Board and Council on an annual basis.

### **DIRECTORS AND THEIR INTERESTS**

The Directors who served in the year up to the date of signing were as follows:

Ms S C Pook

Mr I D Dunn

Mrs B H E Halliday

None of the above had any beneficial interest in the shares of the Company, or other group companies.

# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

Registered Number: 02331936

## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST JULY 2019 (continued)

### DIRECTORS' RESPONSIBILITIES STATEMENT

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 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.

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.

### STATEMENT OF DISCLOSURE TO AUDITOR

(a) So far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and

(b) Each Director has taken all the steps that ought to have been taken as a Director in order to make himself aware of any audit information and to establish that the Company's Auditors are aware of that information, and that he has made such enquiries of his fellow Directors and of the Company's Auditors for that purpose, and taken such other steps (if any) for that purpose as are required by his duty as a Director of the Company to exercise due care, skill and diligence.

The Directors prepared this report in accordance with the provisions of Section 415A of the Companies Act 2006 relating to small companies, and accordingly no separate Strategic Report is presented. In preparing the Directors' Report the Directors have taken advantage of the relevant exemptions available to small companies under the Companies Act 2006.

This report was approved by the Board of Directors on 26th November 2019 and signed on their behalf by:



Mrs Juliette M Baker  
Company Secretary  
Building 37, Finance Department  
University of Southampton  
Highfield, Southampton  
SO17 1BJ

# **UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

In our opinion the financial statements of University of Southampton Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st July 2019 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 which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 13.

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 Financial Reporting Council's (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 the 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.

## **UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED (continued)**

#### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED (continued)**

**Report on other legal and regulatory requirements**

**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**

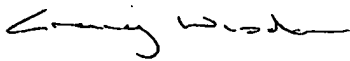
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
- the directors' were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**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.



**Craig Wisdom (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans, United Kingdom

Date: 17 December 2019

**UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

**INCOME STATEMENT FOR THE YEAR ENDED 31ST JULY 2019**

	<b>Note</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Other Income		-	57,600
Administrative expenses		( 18,894 )	( 7,207 )
		<hr/>	<hr/>
<b>OPERATING (LOSS)/PROFIT</b>		( 18,894 )	50,393
Impairment of investment		( 46 )	-
		<hr/>	<hr/>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>3</b>	( 18,940 )	50,393
Taxation credit/(charge)	<b>6</b>	-	-
		<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		( 18,940 )	50,393
<b>ACCUMULATED SURPLUS/(DEFICIT) BROUGHT FORWARD</b>		47,496	( 2,897 )
		<hr/>	<hr/>
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>		28,556	47,496
		<hr/>	<hr/>

All activities of the Company are continuing operations. There are no items of other comprehensive income and therefore no such additional statement is provided.

The notes on pages 9 to 12 form part of these financial statements.



**UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

**STATEMENT OF FINANCIAL POSITION AS AT 31ST JULY 2019**

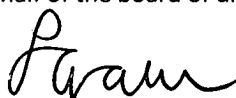
	Note	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Investments	7	166,110	166,156
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,822	130,308
<b>CURRENT LIABILITIES: amounts falling due within one year</b>	8	( 8,376 )	( 113,968 )
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(2,554)	16,340
<b>NET ASSETS</b>		163,556	182,496
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	9	135,000	135,000
Retained Earnings		28,556	47,496
<b>SHAREHOLDER'S FUNDS</b>		163,556	182,496

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 26th November 2019.

Signed on behalf of the board of directors

Ms S C Pook  
Director



The notes on pages 9 to 12 form part of these financial statements.

**UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED**

Registered Number: 02331936

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2019**

	Called-up share capital	Retained earnings	Total Equity
Balance at 1st August 2017	100,000	( 2,897 )	97,103
Issue of Shares	35,000	-	35,000
Profit for the year	-	50,393	50,393
	<hr/>	<hr/>	<hr/>
Balance at 31st July 2018	135,000	47,496	182,496
	<hr/>	<hr/>	<hr/>
Balance at 1st August 2018	135,000	47,496	182,496
Issue of Shares	-	-	-
Loss for the year	-	( 18,940 )	( 18,940 )
	<hr/>	<hr/>	<hr/>
Balance at 31st July 2019	135,000	28,556	163,556
	<hr/>	<hr/>	<hr/>

# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

Registered Number: 02331936

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2019

### 1. STATUTORY INFORMATION

University of Southampton Holdings Limited is a company registered in England and Wales, registration number 2331936. The registered office is Finance Department Building 37, University of Southampton, Southampton, Hampshire, SO17 1BJ. University of Southampton Holdings Limited is a private company limited by shares.

### 2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

#### (a) Critical accounting judgements

The company makes a critical judgement in applying accounting policy (d) in relation to its unquoted equity instruments. The company believes that for the unquoted equity instruments it holds that there is no active market and hence these equity instruments cannot be measured reliably.

#### (b) Key accounting estimates

There are no key accounting estimates in the financial statements.

#### (c) Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards Financial Reporting Standard 102 (FRS102) on a going concern basis and under the historical cost convention. In preparing these financial statements, the directors have taken advantage of the following disclosure exemptions available to qualifying entities;

- the exemption from presenting a statement of cash flows,
- the exemptions in related to financial instruments disclosures, and
- the exemption in relation to disclosure of remuneration of key management personnel

The financial statements are presented in Sterling (£).

#### (d) Trade Investments

Trade investments comprise of investments in unquoted equity instruments. Our unquoted equity instruments cannot be measured reliably, and are carried at cost less impairment.

#### (e) Investments in Associate Undertakings

Associate investments are carried at cost less impairment.

#### (f) Investments in Subsidiary Undertakings

Subsidiary investments are carried at cost less impairment.

#### (g) Taxation

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

Registered Number: 02331936

## NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2019 (continued)

### 3. (LOSS)/PROFIT BEFORE TAXATION

	2019	2018
	£	£
The (loss)/profit before taxation is stated after charging:		
Auditors' remuneration for auditing the financial statements	6,240	4,200

The auditors provided no other services during the financial year.

### 4. DIRECTORS' EMOLUMENTS

The directors of the company are employed by the University of Southampton, 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 (2018: nil).

### 5. EMPLOYEES

There were no employees during the year (2018: none). The University of Southampton charged £1,710 (2018: £1,572) in respect of administrative assistance provided.

### 6. TAXATION

	2019	2018
	£	£
Current tax:		
Total tax per income statement	-	-
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit/(Loss) for the year	( 18,940 )	50,393
Tax on profit/(loss) at standard UK tax rate of 19.00% (2018: 19%)	( 3,599 )	9,575
Effects of:		
Expenses not deductible	9	-
Income not taxable	-	( 10,944 )
Group relief/other reliefs	3,590	1,369
Gains/rollover relief etc	-	-
Total tax for the year	-	-

# UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

Registered Number: 02331936

## NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2019 (continued)

### 7. FIXED ASSET INVESTMENTS

	Other investments £	Total £
<b>Carrying value before impairment</b>		
At 1st August 2018 and 31st July 2019	166,156	166,156
<b>Provisions for impairment</b>		
At 1st August 2018	-	-
Impairment	46	46
At 31st July 2019	46	46
<b>Carrying value</b>	166,110	166,110

Other investments represent investments in unquoted shares. Other investments are held at cost less impairment as their fair value cannot be measured reliably.

At 31st July 2019 the Company had the following subsidiary and associate undertakings and other trade investments. All registered in England and Wales, and operating wholly within the United Kingdom, except Southampton Education Consulting (Beijing) Ltd, registered in China:-

	Proportion of voting rights and share capital held	Financial Year End	Business
<b>Subsidiary undertakings:-</b>			
Z21 Ltd	100.00%	31st July	Dormant
Southampton Education Consulting (Beijing) Ltd	100.00%	31st December	Consultancy services
<b>Associate undertaking:</b>			
Clantect Ltd	33.33%	31st October	Detection Equipment
<b>Other trade investments:-</b>			
Stratophase Ltd	0.01%	31st December	Biotech Services Company
Renovos Biologics Ltd	18.80%	31st March	Orthopaedic Regenerative Medicine

The registered office of the UK subsidiary and associated undertakings is Finance Dept Building 37, University of Southampton, Highfield, Southampton, Hampshire, SO17 1BJ. All shares held in these undertakings are ordinary shares.

The investment in Renovos Biologics Ltd is considered a trade investment as the Company does not exercise significant influence over this investment.

The investment in Stratophase was fully impaired at 31st July 2019 following notification from Stratophase of their cessation of trade.

The consolidated financial statements of the parent undertaking, University of Southampton, reflect a carrying value of the associate undertaking of £138,000 (2018: £191,000) equal to 33.3% of the net assets at 31st July 2019.

## UNIVERSITY OF SOUTHAMPTON HOLDINGS LIMITED

Registered Number: 02331936

### NOTES TO THE FINANCIAL STATEMENTS - 31ST JULY 2019 (continued)

#### 8. LIABILITIES - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Amounts owed to group undertakings	30	108,538
Other creditors and accruals	8,346	5,430
	<u>8,376</u>	<u>113,968</u>

Amounts owed to group undertakings are repayable on demand and do not incur interest charges.

#### 9. CALLED-UP SHARE CAPITAL

	2019	2018
	£	£
Allotted, called up and fully paid:		
135,000 Ordinary shares of £1 each	<u>135,000</u>	<u>135,000</u>

During the year no ordinary shares (2018 - 35,000) of £1 each were issued at par for a consideration of £nil (2018 - £35,000).

#### 10. PARENT UNDERTAKING

The Parent Undertaking is the University of Southampton, a body corporate incorporated by Royal Charter in England, which is the smallest and largest group of which the entity is a member. The group accounts of the University of Southampton and its subsidiary undertakings are available to the public and may be obtained from the registered address, University of Southampton, Highfield, Southampton, SO17 1BJ.

#### 11. CASH FLOW STATEMENT

The financial statements of the University of Southampton for the year ended 31st July 2019 contain a consolidated statement of cash flows. The Company has been given permission by its shareholders to take advantage of the exemption granted by Financial Reporting Standard 102 Section 1.12 (b) whereby it is not required to publish its own cash flow statement.

#### 12. RELATED PARTY TRANSACTIONS

The Company has been given permission by its shareholders to take advantage of the exemption provided by Financial Reporting Standard 102 Section 1.12 (e) not to disclose transactions with entities that are part of the University of Southampton Group.

#### 13. CONSOLIDATED FINANCIAL STATEMENTS

The Company has taken advantage of the exemption from preparing consolidated accounts provided by Financial Reporting Standard 102 Section 9.3 (a), whereby it is a wholly owned subsidiary and its immediate parent, the University of Southampton, is established under the law of an EEA State.