

**LONDON METROPOLITAN UNIVERSITY ENTERPRISES LIMITED**

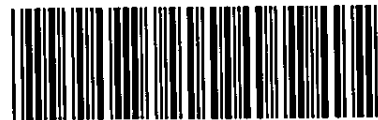
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2009**

Registered in the United Kingdom  
Registration number 2447470

Registered Office  
166-220 Holloway Road  
London  
N7 8DB

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# **London Metropolitan University Enterprises Limited**

## **Directors' Report and Financial Statements for the year ended 31 July 2009**

### **Contents**

	<b>Page</b>
Senior Officers and Advisers	3
Directors' Report	4
Report of the Independent Auditors	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9-15

# **London Metropolitan University Enterprises Limited**

## **Senior Officers and Advisers for the year ended 31 July 2009**

Directors	Mr S John Mr P Lister Mr R Patel Mr B A Roper (Resigned 17 March 2009)
Company Secretary	Mr J P McParland BA (Hons) DMS
External Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Internal Auditors	Kingston City Group Millennium House 21 Eden Street Kingston upon Thames Surrey KT1 1BL
Solicitors	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA  Eversheds Senator House 85 Queen Victoria Street London EC4V 4JL
Bankers	Barclays Bank plc Holloway & Kingsland Business Centre P O Box 3628 London E8 2JK  Bank of China Dongzhimen Branch No 35 Dongzhimenwai Dajie Dongcheng District Beijing 100027 China

# London Metropolitan University Enterprises Limited

## Directors' Report

The directors present their report and audited financial statements for the year ended 31 July 2009

### 1 Review of Activities

The principal activities of the company during the year were the provision of research, short courses, consultancy services, a print centre and the operation of a digital manufacturing centre

Following the fire in June 2008 at the partly completed building, the new Metropolitan Works building at Commercial Road was finally completed in December 2008. The costs of repairing the fire damage are borne by the contractor and its insurers. The fire significantly disrupted Metropolitan Work's trading operations for the first six months of this year.

Turnover for the year is **£3,350k** (2008: £3,736k)

The loss on ordinary activities before taxation for the year amounts to **£98k** (2008: Profit £119k)

The movement in fixed assets is disclosed in note 7

The directors do not recommend the payment of a dividend

### 2 Future Developments

A strategic review of the commercial activities undertaken by the various units within the company is currently underway, to establish both the medium-term financial viability of each and ongoing compliance as a direct result of recent government directives

### 3 Directors

The directors who served during the year were as follows

S John  
P Lister  
R Patel  
B Roper (resigned 17 March 2009)

Mr J P McParland, Company Secretary of London Metropolitan University, holds 1 ordinary share in the company, as nominee for London Metropolitan University. None of the directors had a participating interest in the shares of the company.

### 4 Directors' Responsibilities for preparation of the Financial Statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for the year. The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, prudent judgements and estimates have been made and applicable accounting standards have been followed in preparing the financial statements for the year ended 31 July 2009.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that financial statements comply with the Companies Act.

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.

In so far as the directors are aware

- there is no relevant audit information of which the group's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

# London Metropolitan University Enterprises Limited

## Directors' Report

### 5 Letter of Support

On the basis of the ongoing review of the activity, the company's parent company, London Metropolitan University, has provided a letter of support confirming that the University will provide ongoing financial support to the company until at least one year from the signing of the financial statements, to enable it to continue its operating activities and/or meet any liabilities from completed activities and associated administrative costs

### 6 Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed to be reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Act

### 7 Small Entity Exemptions

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006

By order of the Board



J P McParland

Company Secretary

166-220 Holloway Road  
London N7 8DB

Date 12/4/2010

Registration number 2447470

# London Metropolitan University Enterprises Limited

## Report of the Independent Auditors to the Members of London Metropolitan University Enterprises Limited (Registration Number 2447470)

We have audited the financial statements of London Metropolitan University Enterprises Limited for the year ended 31 July 2009, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### 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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter 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 prepare the financial statements and the directors' report in accordance with the small companies regime.

*Grant Thornton UK LLP*

Carol Rudge BSc FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date 13 April 2010

Note: With respect to the publication of the financial statements on the London Metropolitan University website, arrangements for the maintenance and integrity of the published financial statements are the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# London Metropolitan University Enterprises Limited

## Profit and Loss Account for the year ended 31 July 2009

	NOTE	2009 £'000	2008 £'000
Turnover	2	3,350	3,736
Cost of sales		(2,768)	(2,900)
<b>Gross profit</b>		<b>582</b>	<b>836</b>
Administrative expenditure		(1,460)	(1,098)
Other operating income	3	821	381
<b>(Loss) / Profit on ordinary activities before interest</b>		<b>(57)</b>	<b>119</b>
Interest receivable		5	16
Interest payable to group undertakings		(46)	(16)
<b>(Loss) / Profit on ordinary activities before taxation</b>	4	<b>(98)</b>	<b>119</b>
Taxation	6	0	0
<b>(Loss) / Profit on ordinary activities after taxation for the year</b>		<b>(98)</b>	<b>119</b>
<b>Movement on Profit and Loss account</b>			
(Loss) brought forward		(345)	(464)
(Loss) / Profit for the year		(98)	119
<b>(Loss) carried forward</b>		<b>(443)</b>	<b>(345)</b>

The company has no recognised gains or losses other than those dealt with in the Profit and Loss Account. The notes on pages 9 to 15 form part of the financial statements.

There is no difference between the loss on ordinary activities before taxation and the retained loss reported above, and the historical cost equivalent figures.

# London Metropolitan University Enterprises Limited

## Balance Sheet as at 31 July 2009

	NOTE	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Fixed Assets</b>	7		4,805		5,338
<b>Current Assets</b>					
Stocks	8	46		42	
Debtors	9	734		1 150	
Cash and Short term deposits		646		239	
		<u>1,426</u>		<u>1,431</u>	
<b>Creditors</b>					
Amounts due within one year	10	(1,792)		(2,597)	
		<u></u>		<u></u>	
<b>Net Current (Liabilities)</b>			(366)		(1,166)
			<u></u>		<u></u>
<b>Total Assets Less Current Liabilities</b>			<u>4,439</u>		<u>4,172</u>
			<u></u>		<u></u>
<b>Represented by</b>					
<b>Deferred Capital Grants</b>	11		4,432		4,067
<b>Capital and Reserves</b>					
Called up share capital	12		450		450
Profit and Loss account	16		(443)		(345)
			<u></u>		<u></u>
<b>Shareholders' Funds</b>			<u>4,439</u>		<u>4,172</u>
			<u></u>		<u></u>


These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006

The financial statements on pages 7 to 15 were approved by the Board of Directors on 12/4/2010 and signed on its behalf by

S John  
Director



R Patel  
Director





# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2009

### 1 Principal Accounting Policies

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

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

#### Turnover

Turnover represents the invoiced value of goods and services supplied during the year exclusive of value added tax

#### Income Recognition

Grants for specific purposes, including research grants and contracts, are included in income to the extent that expenditure is incurred during the financial year, together with any related contributions towards overhead costs. Deferred credits, which are attributable to subsequent financial years, are included in creditors under the classification of accruals and deferred income

Non recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and are amortised in line with depreciation over the life of the assets, the grant being released to the profit and loss account over the expected useful life of the related asset

Course fee income is credited to the profit and loss account using a time-apportionment method over the period of the course. It is stated gross of provisions for doubtful debts which are included in administrative expenditure

Contracts undertaken by the company with a life extending beyond one accounting year are accounted for in accordance with SSAP9 and UITF40. These accounting standards require consideration of the likely outcome of each such contract, and permit profit to be attributed in a year only where it is known with reasonable certainty that a contract will be profitable. Where the best current estimate is that a contract will break-even or that a profit is not known with reasonable certainty, its turnover for the year is taken to be equal to the associated costs for the year

#### Cost of Sales

Cost of sales represents the cost of providing goods and services to customers and is distinguished from administrative expenditure which represents the costs of administrative and marketing support together with depreciation on fixed assets

#### Taxation Status

The company is subject to corporation tax and VAT in the same way as any commercial organisation

All profits of the company are paid under Gift Aid to London Metropolitan University, and therefore no liability to taxation arises on the profits in any given year. London Metropolitan University is an exempt charity

#### Tangible Fixed Assets

Upon implementation of FRS15 Tangible Fixed Assets, the London Metropolitan University group of companies opted to include assets in its books at historical cost / revalued cost at the date of introduction of the FRS. The company had no revalued assets at that date and therefore all assets are included in its books at historical cost. No regular revaluation of assets is undertaken by the company

##### (i) Assets held under operating leases

The annual rentals arising from operating leases are charged to operating profit over the lease term

##### (ii) Building under construction and Freehold building

Costs incurred in respect of a building under construction have been capitalised and upon completion, transferred to freehold building. Depreciation has been charged as the completed building was brought into use this year

##### (iii) Equipment

Equipment costing less than £6,000 per individual item or group of items is written off to the profit and loss account in the year of acquisition

All other equipment is capitalised

Capitalised equipment is shown in the balance sheet at cost and depreciated over its expected useful life, as follows

Freehold building and Building improvements

Over 20 years or their remaining expected economic useful life, if lower

Plant & machinery and Computer equipment

Over 5 years

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2009

### Stock

All stock is included in the financial statements at the lower of cost and net realisable value

### Cash Flow Statement

No cash flow statement has been included in the financial statements as the company is a wholly-owned subsidiary undertaking of London Metropolitan University, whose consolidated financial statements include a consolidated cash flow statement

### Bad Debts Provision

Debtors are shown in the balance sheet net of provision for doubtful debts. The basis of calculation of the provision is reviewed each year end to reflect current levels of debt recovery

### Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are shown in the balance sheet at the rate of exchange ruling at the year-end date. Exchange differences are dealt with in the profit and loss account

### Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that leaves a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

### Deferred Capital Grants

The grant is recognised in the Profit and Loss Account in the same year as the fixed assets to which it relates are depreciated in the financial statements. Where expenditure funded from grants of a capital nature is not capitalised, the associated grant is recognised in full in the year in which the expenditure is incurred

## 2 Analysis of Turnover and Gross Profit

	Turnover		Gross Profit	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Consultancy, services and similar activities	586	492	211	249
Development of online material	337	206	104	8
Education fees & contracts	913	764	315	228
Metropolitan Works	68	20	(216)	(147)
Print Centre	1,332	2,046	156	482
Research	114	208	12	16
	<u>3,350</u>	<u>3,736</u>	<u>582</u>	<u>836</u>

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2009

### 3 Other Operating Income

	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Deferred capital grant released				
Buildings	202		35	
Equipment	334		346	
		536		381
Liquidated and ascertained damages		245		0
Profit on disposal of fixed assets		25		0
Miscellaneous income		15		0
		821		381

The amount of deferred capital grant released to income in respect of equipment includes grant of £8,000 (2008 Nil) transferred from deferred income in respect of prepaid maintenance (see note 11)

The amount of fixed damages which the contractor has agreed to pay for delay beyond the contractual date for completion of the purpose-designed building for Metropolitan Works

### 4 (Loss) / Profit on Ordinary Activities before Taxation

	2009 £'000	2008 £'000
This is stated after (crediting)/charging		
Profit on disposal of fixed assets	(25)	(0)
Auditor's remuneration	8	8
Depreciation	628	409
Operating lease rentals	63	107

### 5 Operating Leases

	2009 £'000	2008 £'000
At 31 July 2009 the company had annual commitments under non-cancellable operating leases as set out below		
Operating leases which expire within one year	15	18
Operating leases which expire within 2 -5 years	14	18

### 6 Taxation

	2009 £'000	2008 £'000
(Loss) / Profit on ordinary activities before taxation - tax rate in the UK (21% / 20%)	(20)	23
Effects of		
Expenses not deductible for tax purposes	21	21
Accelerated capital allowances and other timing differences	(17)	(18)
Addition to / (Set-off against) tax losses brought forward	16	(26)
Current tax charge	0	0

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2009

### 7 Fixed Assets

	Building Improvements £'000	Freehold Building £'000	Building under Construction £'000	Plant & Machinery £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>						
At 1 August 2008	746	0	3,685	2,137	566	7,134
Additions	0	0	49	15	31	95
Disposals	0	0	0	(25)	0	(25)
Transfers	0	3,734	(3,734)	0	0	0
<b>At 31 July 2009</b>	<b>746</b>	<b>3,734</b>	<b>0</b>	<b>2,127</b>	<b>597</b>	<b>7,204</b>
<b>Depreciation</b>						
At 1 August 2008	162	0	0	1,189	445	1,796
Charge for the year	0	224	0	347	57	628
Eliminated on disposal	0	0	0	(25)	0	(25)
<b>At 31 July 2009</b>	<b>162</b>	<b>224</b>	<b>0</b>	<b>1,511</b>	<b>502</b>	<b>2,399</b>
<b>Net Book Value</b>						
<b>At 31 July 2009</b>	<b>584</b>	<b>3,510</b>	<b>0</b>	<b>616</b>	<b>95</b>	<b>4,805</b>
At 31 July 2008	584	0	3,685	948	121	5,338

The building previously shown as under construction was completed in December 2008. It is a purpose-designed building for Metropolitan Works, located next to the University's existing Commercial Road building.

### 8 Stocks

	2009 £'000	2008 £'000
Stocks are stated at the lower of cost and net realisable value and comprise		
Raw materials	38	32
Work in progress	0	2
Finished goods	8	8
	<b>46</b>	<b>42</b>

### 9 Debtors

	2009 £'000	2008 £'000
Trade debtors	344	529
Due from group undertakings	0	9
VAT	27	155
Other debtors	253	0
Prepayments and accrued income	110	457
	<b>734</b>	<b>1,150</b>

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2009

### 10 Creditors Amounts due within one year

	2009 £'000	2008 £'000
Trade creditors	273	280
Due to group undertakings	900	1,554
Accruals and deferred income	612	636
Other creditors	7	127
	<u>1,792</u>	<u>2,597</u>

Included in amounts due to group undertakings is a £350,000 loan, repayable over twenty years to the company's parent, London Metropolitan University. The loan is not secured. The interest rate is based on the average Bank of England base rate for the year.

### 11 Deferred Capital Grants

	2009 £'000	2008 £'000
<b>As at 1 August</b>		
Buildings	2,891	1,711
Equipment	1,176	1,370
	<u>4,067</u>	<u>3,081</u>
<b>Cash received</b>		
Buildings	620	1,215
Equipment	273	165
	<u>893</u>	<u>1,380</u>
<b>Released to Profit &amp; Loss Account</b>		
Buildings	202	35
Equipment	326	359
	<u>528</u>	<u>394</u>
<b>As at 31 July</b>		
Buildings	3,309	2,891
Equipment	1,123	1,176
	<u>4,432</u>	<u>4,067</u>

The amount released in respect of equipment includes Nil (2008: £13,000) relating to prepaid training and maintenance forming part of the equipment purchase. This has been transferred to deferred income, to be released over the period of the prepaid maintenance and training.

### 12 Called Up Share Capital

	2009 £'000	2008 £'000
Authorised, issued and fully paid 450,000 Ordinary Shares of £1 each	<u>450</u>	<u>450</u>

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2009

### 13 Employee Information

No staff were employed by London Metropolitan University Enterprises Limited during the year. Staff are employed by the parent company (London Metropolitan University) and costs recharged to London Metropolitan University Enterprises Limited.

No director received any remuneration for services as a director, or has any financial interest in any contract of the company.

### 14 Capital Commitments

	2009 £'000	2008 £'000
Commitments contracted at 31 July	170	140
Authorised but not contracted at 31 July	0	59
	<hr/>	<hr/>
	170	199
	<hr/>	<hr/>

### 15 Reconciliation of Movements in Shareholder's Funds

	2009 £'000	2008 £'000
Shareholders Funds at 1st August	105	(14)
(Loss) / Profit for the year	(98)	119
	<hr/>	<hr/>
Shareholders funds at 31 July	7	105
	<hr/>	<hr/>

### 16 Movement in Reserves

	2009 £'000	2008 £'000
Loss at 1 August	(345)	(464)
(Loss) / Profit for the financial year	(98)	119
	<hr/>	<hr/>
Retained loss at 31 July	(443)	(345)
	<hr/>	<hr/>

### 17 Ultimate Controlling Undertaking

The Directors consider that the parent and the ultimate controlling undertaking is London Metropolitan University by virtue of London Metropolitan University's majority shareholding in the Company. The largest and smallest group of undertakings for which group financial statements are drawn up is that headed by London Metropolitan University. The financial statements for London Metropolitan University can be obtained from the University website.

# **London Metropolitan University Enterprises Limited**

## **Notes to the Financial Statements for the year ended 31 July 2009**

### **18 Related Party Disclosures**

The Company has taken advantage of the exemption in FRS 8 by which a 100% owned subsidiary undertaking does not need to disclose transactions with entities that are part of the same group, whose results are included in the publicly available financial statements of the group

During 2005/06, London Metropolitan University Enterprises Limited was used to register the University's office in China and continue the office operation. Accordingly, office accommodation has been acquired in the name of London Metropolitan University Enterprises Limited and a bank account opened in the company's name, although the payment of rent and other related expenses is discharged through the University. There is no financial impact on these financial statements from this development of the University's overseas operations.

London Metropolitan University is a Company Limited by Guarantee and does not have share capital. It is registered in the United Kingdom. Its Registered Office is

31 Jewry Street  
London  
EC3N 2EY

London Metropolitan University is an exempt charity under the Charities Act 1993. The results of the company are included in the consolidation of the group.