

**LONDON METROPOLITAN UNIVERSITY ENTERPRISES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2014**

Registered in the United Kingdom:  
Registration number 2447470

Registered Office:  
166-220 Holloway Road  
London  
N7 8DB



# **London Metropolitan University Enterprises Limited**

## **Directors' Report and Financial Statements for the year ended 31 July 2014**

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# **London Metropolitan University Enterprises Limited**

## **Senior Officers and Advisers for the year ended 31 July 2014**

Directors	Paul Bowler Pam Nelson
Company Secretary	Peter Garrod - appointed 15 August 2014 Sharon Page - appointed 1 July 2014, resigned 15 August 2014 Alison Wells - resigned 1 July 2014
External Auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Internal Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Solicitors	Weightmans LLP Second Floor, 6 New Street Square New Fetter Lane London EC4A 3BF
VAT Advisors	Ellis Chapman & Associates Pioneer House Pioneer Business Park North Road Ellesmere Port Cheshire CH65 1AD
Bankers	Barclays Bank plc Holloway & Kingsland Business Centre 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 2014.

### 1. Review of Activities

The principal activities of the company during the year were the provision of consultancy services and operation of a print centre, which provides print services to London Metropolitan University, its students and to charitable organisations. There have been no significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

Turnover for the year was £797k (2013: £1,116k). The decrease is predominantly due to a reduction in trading activity in the Print Centre and in Gamelab, a unit that develops online games and materials. The Gamelab activity was sold to its director, Martin Wright, on his retirement from the University in July 2014.

Gross Profit decreased by £113k to £29k (2013: £142k) as a result of this reduction in activity.

The company's profit and loss account for the year ended 31 July 2014 showed a net loss of £15k (2013: £12k).

The movement in fixed assets is disclosed in note 7.

The directors do not recommend the payment of a dividend.

### 2. Future Developments

With effect from 1 August 2014, the trading activity of the Print Centre will be transferred to the University, as no external printing activity is undertaken.

In June 2014 the Board of London Metropolitan University, the company's parent and ultimate controlling undertaking, approved the sale of its premises at Commercial Road, including the MetWorks building currently leased by London Metropolitan University Enterprises Limited. As a result, the lease held by the company will be surrendered to the University and the loans from the University to the company repaid from the proceeds of surrender.

The company will become dormant following the sale of the Commercial Road site and the associated unwinding of grants and loans from the University.

### 3. Directors

The following directors served during the year:

Paul Bowler

Pam Nelson

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

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 the law the directors have to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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. 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 judgments and estimates have been made and applicable accounting standards have been followed in preparing the financial statements for the year ended 31 July 2013.

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 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.

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. Post Balance Sheet Event

On 1 August 2014 London Metropolitan University Enterprises Ltd ceased trading activities and transferred these activities to the parent company, London Metropolitan University. London Metropolitan University Enterprises Ltd will continue to hold the lease to an overseas office in China.

### 7. Auditors

A resolution regarding the re-appointment of KPMG LLP as auditors will be moved at the next Annual General Meeting.

### 8. 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



**Peter Garrod**

Company Secretary

166-220 Holloway Road  
London N7 8DB

**Date: 24 February 2015**

Registration number 2447470

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON METROPOLITAN UNIVERSITY ENTERPRISES LIMITED

We have audited the financial statements of London Metropolitan University Enterprises Limited for the year ended 31 July 2014 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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.



Fleur Nieboer  
(Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 27 February 2015

# London Metropolitan University Enterprises Limited

## Profit and Loss Account for the year ended 31 July 2014

	NOTE	2014 £'000	2013 £'000
Turnover	2	797	1,116
Cost of sales		(768)	(974)
<b>Gross profit</b>		<b>29</b>	<b>142</b>
Other income	3	272	301
Other expenditure		(310)	(451)
<b>Loss on ordinary activities before interest</b>		<b>(9)</b>	<b>(8)</b>
Interest payable to group undertakings		(6)	(4)
<b>Loss on ordinary activities before taxation</b>	4	<b>(15)</b>	<b>(12)</b>
Taxation	6	0	0
<b>Loss on ordinary activities after taxation for the year</b>		<b>(15)</b>	<b>(12)</b>
<b>Movement on Profit and Loss account</b>			
Loss brought forward		(677)	(665)
Loss for the year		(15)	(12)
<b>Loss carried forward</b>		<b>(692)</b>	<b>(677)</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 2014

	NOTE	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>Fixed Assets</b>	7		3,100		3,335
<b>Current Assets</b>					
Stocks	8	3		2	
Debtors	9	83		66	
Cash and Short term deposits		17		60	
		<u>103</u>		<u>128</u>	
<b>Creditors</b>					
Amounts due within one year	10	(1,128)		(735)	
<b>Net Current Liabilities</b>			(1,025)		(607)
<b>Total Assets Less Current Liabilities</b>			<u>2,075</u>		<u>2,728</u>
<b>Creditors</b>					
Amounts due after more than one year	11		(2,317)		(2,955)
<b>Total Net Liabilities</b>			<u>(242)</u>		<u>(227)</u>
<b>Capital and Reserves</b>					
Called up share capital	12		450		450
Profit and Loss account	15		(692)		(677)
<b>Shareholders' Funds</b>			<u>(242)</u>		<u>(227)</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 and signed on its behalf on 24 February 2015 by:

*Pam Nelson*

Pam Nelson  
Director



# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2014

### 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. The financial statements have been prepared on the basis that the company is a going concern.

The Directors have reviewed the financial position of the company following receipt of a letter from its parent company, London Metropolitan University. The letter confirms that the University will continue to provide ongoing financial support to the company for at least one year from the signing of these financial statements. On the basis of this letter of support, the Directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing their financial statements.

#### 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.

#### 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) 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 2014

### 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 Debt 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.

### 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.

### Capital Grants

Capital grants received in respect of the purchase of fixed assets are treated as deferred income and are recognised in the profit and loss account over the useful economic life of those assets. Where expenditure funded from grants of a capital nature is not capitalised, the associated grant is recognised in the profit and loss account in full in the year in which the expenditure is incurred.

## 2. Analysis of Turnover and Gross Profit / (Loss)

	Turnover		Gross Profit / (Loss)	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Consultancy, services and similar activities	0	6	0	5
Development of online material (Gamelab)	99	237	31	38
Metropolitan Works	30	69	(7)	22
Print Centre	668	804	5	77
	<hr/>	<hr/>	<hr/>	<hr/>
	797	1,116	29	142
	<hr/>	<hr/>	<hr/>	<hr/>

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2014

### 3. Other Income

	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Premises charges to London Metropolitan University		25		29
Miscellaneous income		43		33
Deferred capital grant released				
Buildings	204		204	
Equipment	0		35	
		<u>204</u>		<u>239</u>
		272		301
		<u><u>272</u></u>		<u><u>301</u></u>

### 4. Loss on Ordinary Activities before Taxation

	2014 £'000	2013 £'000
This is stated after charging:		
Auditor's remuneration	7	5
Depreciation	235	274
Operating lease rentals	297	352
	<u><u>297</u></u>	<u><u>352</u></u>

### 5. Operating Leases

	2014 £'000	2013 £'000
At 31 July the company had annual commitments under non-cancellable operating leases as set out below:		
Expiring within one - two years	321	0
Expiring within two - five years	15	321
Expiring over five years	0	15
	<u>336</u>	<u>336</u>
	<u><u>336</u></u>	<u><u>336</u></u>

### 6. Taxation

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	(8)	(2)
Effects of:		
Expenses not deductible for tax purposes	8	7
Accelerated capital allowances and other timing differences	(5)	(6)
Addition to tax losses brought forward	5	1
	<u>0</u>	<u>0</u>
Current tax charge	<u><u>0</u></u>	<u><u>0</u></u>

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2014

### 7. Fixed Assets

	Building Improvements £'000	Leasehold Building £'000	Plant & Machinery £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>					
At 1 August 2013	746	3,904	2,138	597	7,385
Additions	0	0	0	0	0
<b>At 31 July 2014</b>	<b>746</b>	<b>3,904</b>	<b>2,138</b>	<b>597</b>	<b>7,385</b>
<b>Depreciation</b>					
At 1 August 2013	236	1,082	2,135	597	4,050
Charge for the year	36	196	3	0	235
<b>At 31 July 2014</b>	<b>272</b>	<b>1,278</b>	<b>2,138</b>	<b>597</b>	<b>4,285</b>
<b>Net Book Value</b>					
<b>At 31 July 2014</b>	<b>474</b>	<b>2,626</b>	<b>0</b>	<b>0</b>	<b>3,100</b>
At 31 July 2013	510	2,822	3	0	3,335

### 8. Stocks

	2014 £'000	2013 £'000
Stocks are stated at the lower of cost and net realisable value and comprise:		
Raw materials	<u>3</u>	<u>2</u>

### 9. Debtors

	2014 £'000	2013 £'000
Trade debtors	76	43
VAT	7	3
Prepayments and accrued income	0	20
	<u>83</u>	<u>66</u>

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2014

### 10. Creditors: Amounts due within one year

	2014 £'000	2013 £'000
Trade creditors	49	206
Due to group undertakings	402	256
Accruals and deferred income	56	61
Capital grants	621	204
Other creditors	0	8
	<u>1,128</u>	<u>735</u>

Included in amounts due to group undertakings is a £100k short-term loan made by the Company's parent, London Metropolitan University on 31 October 2012 to assist with working capital requirements. As at 31 July 2014 £65k of the loan remained outstanding (2013: £100k).

Included in capital grants is £454k which represents the repayment of the ERDF capital grant following the decision by the University Board in June 2014 to sell the MetWorks building. The grant was repaid in October 2014 by the University and charged to amounts due to group undertakings in the accounts of London Metropolitan University Enterprises Limited.

### 11. Creditors: Amounts due after more than one year

	2014 £'000	2013 £'000
Due to group undertakings		
Principal payable between one and two years	18	18
Principal payable between two and five years	70	70
Principal payable after five years	157	174
Capital grants	2,072	2,693
	<u>2,317</u>	<u>2,955</u>

The amounts due to group undertakings relate to a loan made by the Company's parent, London Metropolitan University. The loan commenced on 1 April 2009 with the principal being repaid over 20 years. The interest rate being charged is based on the average Bank of England rate for the year + 1.0%. A further £18k of the loan has been included in Creditors - amounts due within one year.

# London Metropolitan University Enterprises Limited

## Notes to the Financial Statements for the year ended 31 July 2014

### 12. Called Up Share Capital

	2014 £'000	2013 £'000
Authorised, issued and fully paid: 450,000 Ordinary Shares of £1 each	450	450

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

	2014 £'000	2013 £'000
Shareholders Funds at 1st August	(227)	(215)
Movement in the the year	(15)	(12)
<b>Shareholders funds at 31 July</b>	<b>(242)</b>	<b>(227)</b>

### 15. Movement in Reserves

	2014 £'000	2013 £'000
Loss at 1 August	(677)	(665)
Loss for the financial year	(15)	(12)
<b>Retained loss at 31 July</b>	<b>(692)</b>	<b>(677)</b>

### 16. 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 2014**

### **17. 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:

166-220 Holloway Road  
London N7 8DB

London Metropolitan University is an exempt charity under the Charities Act 2011. The results of the company are included in the consolidation of the group.

### **18. Post Balance Sheet Event**

On 1 August 2014 London Metropolitan University Enterprises Ltd ceased trading activities and transferred these activities to the parent company, London Metropolitan University. London Metropolitan University Enterprises Ltd will continue to hold the lease to an overseas office in China.