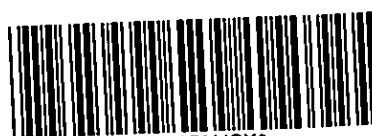


Registered number: 3278630

Manchester Incubator Company Limited

**Annual report and financial statements
for the year ended
31 July 2009**

FRIDAY



A31

"A1XGYJSX"
07/05/2010
COMPANIES HOUSE

20

Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholder's funds	7
Notes to the financial statements	8

Company information

Directors

Dr M Picardo
Professor R W Coombs
Mr I W Jackson (resigned 28 May 2009)

Secretary

Miss Y Loughlin (appointed 28 May 2009)
Mr I W Jackson (resigned 28 May 2009)

Registered Office

Manchester Incubator Building
48 Grafton Street
Manchester
M13 9XX

Bankers

Barclays Bank plc
P O Box 357
51 Mosley Street
Manchester
M60 2AU

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2009. The directors' report has been prepared in accordance with the special provisions relating to small companies under sections 416(3) and 417(1) of the Companies Act 2006.

Principal activities

The principal activity of the company is the incubation of start up companies.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. This is discussed in more detail in the accounting policies.

Business Review

The results for the year are set out on page 5 of the financial statements.

The position at the year end was satisfactory.

Results and dividends

The profit for the year after taxation amounted to £109,860 (2008 loss £59,270).

No dividend can be paid (2008 same).

Directors and directors' interests

The directors who held office during the year and thereafter were as follows:

Mr I W Jackson (resigned 28 May 2009)
Dr M Picardo
Professor R W Coombs

Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report is approved:

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

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution for the re-appointment of Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Miss Y Loughlin
Company Secretary

The Incubator Building
48 Grafton Street
Manchester
M13 9XX

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). 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 judgments and accounting estimates that are reasonable and prudent, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MANCHESTER INCUBATOR COMPANY LIMITED

We have audited the financial statements of Manchester Incubator Company Limited for the year ended 31 July 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the reconciliation of movement in shareholder's funds and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 profit 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.

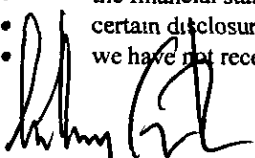
Opinion on other matter prescribed by the Companies Act 2006

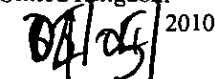
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.


Anthony Farnworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

 2010

Profit and loss account
for the year ended 31 July 2009

	Note	2009 £	2008 £
Turnover	2	3,924,657	3,019,941
Administrative expenses		(3,745,661)	(3,107,022)
Operating profit/(loss)		178,996	(87,081)
Other interest receivable and similar income	6	62,812	9,859
Gift aid		(62,812)	-
Profit/(loss) on ordinary activities before taxation	2,3	178,996	(77,222)
Tax on profit/(loss) on ordinary activities	7	(69,136)	17,952
Profit/(loss) for the year	14	109,860	(59,270)

There are no recognised gains or losses for the current or previous financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been prepared.

The results above relate to continuing operations.

Balance sheet
at 31 July 2009

	<i>Note</i>	2009 £	2008 £
Fixed assets			
Tangible assets	8	10,135,217	10,973,263
		<hr/>	<hr/>
Current assets			
Debtors	9	2,168,416	1,923,897
Cash at bank and in hand		840,294	282,602
		<hr/>	<hr/>
Creditors: amounts falling due within one year	10	3,008,710 (2,871,400)	2,206,499 (3,524,534)
		<hr/>	<hr/>
Net current assets/(liabilities)		137,310	(1,318,035)
		<hr/>	<hr/>
Total assets less current liabilities		10,272,527	9,655,228
		<hr/>	<hr/>
Creditors amounts falling due after more than one year	11	(8,636,758)	(8,198,455)
		<hr/>	<hr/>
Provisions for liabilities	12	(504,699)	(435,563)
		<hr/>	<hr/>
Net assets		1,130,070	1,021,210
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	3,599,100	3,599,100
Profit and loss account	14	(2,468,030)	(2,577,890)
		<hr/>	<hr/>
Shareholder's funds		1,131,070	1,021,210
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 30 April 2010 and were signed on its behalf by

M Picardo
Director



Company registration number 3278630

Reconciliation of movements in shareholder's funds
for the year ended 31 July 2009

	2009 £	2008 £
Profit/(loss) for the financial year	109,860	(59,270)
Net increase/(reduction) in shareholder's funds	109,860	(59,270)
Opening shareholder's funds	1,021,210	1,080,480
Closing shareholder's funds	1,131,070	1,021,210

Notes to the financial statements

1 Accounting policies

The following 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

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. Following this review, including consideration of the uncertainties brought about by the current economic environment, the financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

As the company is a wholly owned subsidiary of The University of Manchester, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The University of Manchester, within which this company is included, can be obtained from the address given in note 16.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less the estimated residual value of tangible fixed assets, by equal instalments over their useful economic lives, as follows:

Leasehold property	-	over the life of the lease
Freehold buildings	-	over 50 years
Fixtures and fittings	-	3-10 years

Government grants

Capital-based grants are included within creditors in the balance sheet and credited to the profit & loss account over the estimated useful economic lives of the assets to which they relate.

Revenue-based government grants are recognised to match the associated costs incurred on the assumption that all costs incurred will be recoverable from grant income.

Post retirement benefits

The company is a member of The University of Manchester Superannuation Scheme. This is a defined benefit scheme which is externally funded. Contributions to the scheme are charged to the profit and loss account as though the scheme was a defined contribution scheme. This is in accordance with the accounting for multi-employer pension schemes whereby the assets and liabilities of the scheme cannot be readily split between the participating members.

Notes to the financial statements *(continued)*

1 Accounting Policies *(continued)*

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

Turnover is recognised at the point the company has performed its obligations, based on the fair value of the right to consideration

2 Analysis of turnover and profit/(loss) on ordinary activities before taxation

The turnover and profit/(loss) on ordinary activities before taxation are wholly attributable to the principal activity of the company and arise solely in the UK

3 Profit/(loss) on ordinary activities before taxation

	2009 £	2008 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration		
- audit of these financial statements	2,500	4,000
- taxation services	1,500	1,250
Depreciation of tangible fixed assets		
Owned	289,804	364,342
Government based grants (note 11)	(96,392)	(296,584)
	<hr/>	<hr/>

4 Remuneration of directors

The Board consists of 2 directors at 31 July 2009 (2008: 3). 2 of the directors who served during the year were employed and remunerated by The University of Manchester Incubator Company Limited. The remuneration of £150,150 (2008: £152,249) and pension contributions of £25,509 (2008: £26,294) were recharged to the company. The other director was employed and remunerated by the University of Manchester with no recharge to the company.

Notes to the financial statements *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was nil (2008 nil)

6 Interest receivable and similar income

	2009	2008
	£	£
Bank interest	62,812	9,859
	<u> </u>	<u> </u>

7 Taxation

	2009	2008
	£	£
Analysis of tax charge in year		
Current tax		
UK corporation tax	-	-
Total current tax	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	63,214	(21,252)
Adjustment in respect of prior year	5,922	3,300
Tax on profit/(loss) on ordinary activities	<u> </u>	<u> </u>
	69,136	(17,952)

Factors affecting the tax charge for the current year

The differences between the total current tax and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows

	2009	2008
	£	£
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	178,996	(77,222)
Current tax at 28% (2008 29.33%)	<u> </u>	<u> </u>
	50,119	(22,649)
Effects of		
Expenses not deductible for tax purposes	13,095	64,254
Depreciation in excess of capital allowances	5,766	22,263
Short term timing differences	-	(86,998)
Group relief	-	23,130
Utilisation of tax losses	(68,980)	-
Total current tax (see above)	<u> </u>	<u> </u>
	-	-

Notes to the financial statements *(continued)*

8 Tangible fixed assets

	Land & buildings £	Leasehold property £	Fixtures & fittings £	Total £
Cost				
At 1 August 2008	11,055,451	900,000	2,157,096	14,112,547
Additions	-	-	51,758	51,758
Transfer to current assets	-	-	(600,000)	(600,000)
At 31 July 2009	11,055,451	900,000	1,608,854	13,564,305
Depreciation				
At 1 August 2008	2,186,220	135,000	818,064	3,139,284
Charge for year	230,322	12,000	187,482	429,804
Transfer to current assets	-	-	(140,000)	(140,000)
At 31 July 2009	2,416,542	147,000	865,546	3,429,088
Net book value				
As at 31 July 2009	8,638,909	753,000	743,308	10,135,217
As at 31 July 2008	8,869,231	765,000	1,339,032	10,973,263

9 Debtors

	2009 £	2008 £
Trade debtors	432,934	453,335
Amounts owed by The University of Manchester	523,730	777,931
Amounts owed by group undertakings	44,125	14,475
Other debtors	469,723	-
Prepayments and accrued income	697,904	678,156
	<u>2,168,416</u>	<u>1,923,897</u>

All debtors fall due within one year

Notes to the financial statements *(continued)*

10 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	606,220	478,020
Amounts owed to The University of Manchester	622,984	1,463,343
Amounts owed to group undertakings	865,436	942,216
VAT	81,303	42,252
Other creditors	3,094	2,396
Accruals	522,001	372,643
Deferred income (note 11)	170,362	223,664
	<u>2,871,400</u>	<u>3,524,534</u>

11 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Loans from Parent company	607,445	-
Deferred income	8,029,313	8,198,455
	<u>8,636,758</u>	<u>8,198,455</u>

Deferred income comprises	Government capital grants £	Service charge £	Lease premium £	2009 Total £	2008 Total £
At 1 August 2008	3,709,770	52,080	4,660,270	8,422,120	8,718,703
Credited to profit and loss account	(96,392)	(52,080)	(73,973)	(222,445)	(296,584)
	<u>3,613,378</u>	<u>-</u>	<u>4,586,297</u>	<u>8,199,675</u>	<u>8,422,119</u>

Deferred income is analysed as follows

	2009 £	2008 £
Within one year (note 10)	170,362	223,664
In the second to fifth year	681,448	686,336
After five years	7,347,865	7,512,119
	<u>8,199,675</u>	<u>8,422,119</u>

Notes to the financial statements *(continued)*

12 Provisions for liabilities

The amounts provided for deferred taxation and the amounts not provided are set out below

Deferred tax	£
At 1 August 2008	435,563
Charge for the year	69,136
	<hr/>
At 31 July 2009	504,699
	<hr/>

The elements of deferred taxation are as follows

	2009 £	2008 £
Difference between accumulated depreciation and capital allowances	594,515	594,359
Other timing differences	-	(158,796)
Losses carried forward	(89,816)	-
	<hr/>	<hr/>
	504,699	435,563
	<hr/>	<hr/>

13 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
3,599,100 ordinary shares of £1 each	3,599,100	3,599,100
	<hr/>	<hr/>
<i>Allotted, called up</i>		
3,599,100 ordinary shares of £1 each	3,599,100	3,599,100
	<hr/>	<hr/>

14 Reserves

	Profit and loss account £
At 1 August 2008	(2,577,890)
Profit for the year	109,860
	<hr/>
At 31 July 2009	(2,468,030)
	<hr/>

Notes to the financial statements (*continued*)

15 The University of Manchester Superannuation Scheme (UMSS)

The company is a member of The University of Manchester Superannuation Scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme is accounted for by the company as if the scheme was a defined contribution scheme, the cost recognised within the profit or loss for the period in the profit and loss account being equal to the contributions payable to the scheme for the period.

The latest full actuarial valuation was carried out at 31 July 2007 and was updated for FRS 17 purposes to 31 July 2009 by a qualified independent actuary. The 2007 full actuarial valuation has been approved in principle by the principal employer, the University of Manchester and the Trustee but has not yet been formally signed.

The assumptions which had the most significant effect on the result of the full actuarial valuation were those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be gilts plus 1% per annum, salary increases would be inflation plus 1% per annum and pensions would increase by 5% or RPI if less per annum. The valuation was carried out using the projected unit method.

At the last full actuarial valuation of the scheme as at 31 July 2007, the value of the assets of the scheme was £283.7 million and the value of the past service liabilities was £305.6 million leaving a deficit of £21.9 million. The assets therefore were sufficient to recover 92.3% of the benefits which had accrued to members' deficit after allowing for expected future increases in earnings.

The contributions made by the employer over the financial year have been £64,100 (2008: £54,590) equivalent to 18.75% of pensionable pay (after allowing for National Insurance rebates). It has been agreed with the Trustees that contributions for the next year will be increased to 19.75% of members' pensionable pay.

The latest actuarial valuation of the scheme, prepared for the purposes of making the disclosures in accordance with FRS 17 in the consolidated financial statements of The University of Manchester shows a deficit of £58,500,000 (2008: surplus of £1,284,000). The value of the assets of the scheme was £243.6 million and the value of the past service liabilities was £302.1 million on an FRS 17 basis as at 31 July 2009 and the key assumptions were as follows: rate of increase in salaries 3.50% and no salary scale for the next four years, then 4.60% plus a salary scale, rate of increase in pensions in payment and deferred pensions 3.60%, discount rate 5.90% and inflation 3.60%.

16 Ultimate parent undertaking

The ultimate holding and controlling organisation is The University of Manchester, a university incorporated by Royal Charter. The company is a subsidiary undertaking of Manchester Innovation Holdings Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by The University of Manchester.

The consolidated accounts of the University of Manchester can be obtained from the University's registered office, which is The University of Manchester, Oxford Road, Manchester, M13 9PL.

The consolidated financial statements of Manchester Innovations Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.