

**Directors' Report and
Audited Financial Statements for the Year Ended 31 July 2019
for
The University of Manchester Innovation
Centre Limited**

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for the Year Ended 31 July 2019**

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**Company Information
for the Year Ended 31 July 2019**

DIRECTORS:	Mr S B Dauncey Professor L G Georgiou Dr L Hakes Mrs J Kelley Professor M Schroder Mrs J N Shelton
SECRETARY:	Mrs J N Shelton
REGISTERED OFFICE:	The Incubator Building 48 Grafton Street Manchester M13 9XX
REGISTERED NUMBER:	03278630 (England and Wales)
AUDITORS:	Ernst & Young LLP, Statutory Auditor 1 Colmore Square Birmingham B4 6HQ
BANKERS:	National Westminster Bank Plc Manchester University Union Branch 323 Oxford Road Manchester Greater Manchester M13 9PS

**Directors' Report
for the Year Ended 31 July 2019**

The directors present their report with the financial statements of the company for the year ended 31 July 2019.

PRINCIPAL ACTIVITY

The principal activity of the company is The University of Manchester's management company for its incubator buildings in connection with both biotechnology and high-tech activities. It also provides an innovative centre environment for enterprise events, conferencing and networking and promotion of intellectual property projects.

The decision has been made to transfer the building to The University of Manchester during the year ending 31 July 2020. The University has also taken on the management of the Incubator buildings from the company, as well as the events and conferencing, with effect from 1 August 2019.

The intention is then to wind up the company as soon as practically possible.

GOING CONCERN

Due to the plans to close The University of Manchester Innovation Centre Ltd in the near future and transfer the assets and liabilities within the University group, these accounts have not been prepared on a going concern basis.

As a result of ceasing to apply the going concern basis the lease premium within creditors has been reclassified as due within one year as the company will need to repay this to The University of Manchester (the tenant) upon the transfer of the building and the surrender of the lease.

REVIEW OF BUSINESS

The results for the year are set out on page 7 of the financial statements and the prior year results on page 8.

The loss for the year after taxation amounted to £230,853 (2018: loss £299,184)

The directors do not recommend the payment of a dividend (2018: £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2018 to the date of this report.

Professor L G Georghiou (The University of Manchester Nominated Representative)
Dr L Hakes
Mrs J Kelley
Professor M Schroder
Mrs J N Shelton

Other changes in directors holding office are as follows:

Mr S B Dauncey - appointed 21 November 2018
Mr C G Rowland - resigned 6 January 2019
Mr J Stockwood - resigned 18 June 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditors are unaware. Having made enquiries of fellow directors and the auditor, each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Ernst & Young LLP, have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed re-appointed as auditors in the absence of an Annual General Meeting.

**Directors' Report
for the Year Ended 31 July 2019**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD:

Mrs J N Shelton - Director

27 November 2019

**Statement of Directors' Responsibilities
for the Year Ended 31 July 2019**

The directors are responsible for preparing the Report of the Directors 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 Financial Reporting Standard 102. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Independent Auditors' Report to the Members of
The University of Manchester Innovation
Centre Limited**

Opinion

We have audited the financial statements of The University of Manchester Innovation Centre Limited (the 'company') for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 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

Conclusions relating to basis of preparation; financial statements prepared on a basis other than going concern

We draw attention to note 2 to the financial statements and the Director's Report which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 2. Our opinion is not modified in this respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Auditors' 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 this regard.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

**Independent Auditors' Report to the Members of
The University of Manchester Innovation
Centre Limited**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 Auditors' 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Stephen Clark (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

3 December 2019

Statement of Comprehensive Income
for the Year Ended 31 July 2019

	Notes	2019 Continuing £	2019 Discontinued £	2019 Total £
TURNOVER	3	-	3,873,717	3,873,717
Administrative expenses		-	(4,125,535)	(4,125,535)
OPERATING LOSS	6	-	(251,818)	(251,818)
Amounts written off investments		-	-	-
Interest payable and similar expenses	7	-	(7,241)	(7,241)
LOSS BEFORE TAXATION		-	(259,059)	(259,059)
Tax on loss	8	-	28,206	28,206
LOSS FOR THE FINANCIAL YEAR		-	(230,853)	(230,853)
OTHER COMPREHENSIVE INCOME				-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR				(230,853)

Statement of Comprehensive Income
for the Year Ended 31 July 2019

	Notes	2018 Continuing £	2018 Discontinued £	2018 Total £
TURNOVER	3	-	3,874,780	3,874,780
Administrative expenses		-	(3,785,029)	(3,785,029)
OPERATING PROFIT	6	-	89,751	89,751
Amounts written off investments		-	-	-
Interest payable and similar expenses	7	-	(9,516)	(9,516)
PROFIT BEFORE TAXATION		-	80,235	80,235
Tax on profit	8	-	(379,419)	(379,419)
LOSS FOR THE FINANCIAL YEAR		-	(299,184)	(299,184)
OTHER COMPREHENSIVE INCOME				-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR				(299,184)

Statement of Financial Position
31 July 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	14,581,248	14,901,361
CURRENT ASSETS			
Debtors	10	1,407,626	1,044,488
Cash in hand		<u>2,241,307</u>	<u>2,865,751</u>
		3,648,933	3,910,239
CREDITORS			
Amounts falling due within one year	11	<u>(5,257,300)</u>	<u>(1,493,094)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,608,367)</u>	<u>2,417,145</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,972,881	17,318,506
CREDITORS			
Amounts falling due after more than one year	12	-	(4,086,566)
PROVISIONS FOR LIABILITIES	13	<u>(413,537)</u>	<u>(441,743)</u>
NET ASSETS		<u>12,559,344</u>	<u>12,790,197</u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Revaluation reserve	15	6,305,296	6,383,557
Retained earnings		<u>6,204,048</u>	<u>6,356,640</u>
SHAREHOLDERS' FUNDS		<u>12,559,344</u>	<u>12,790,197</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 27 November 2019 and were signed on its behalf by:

Mrs J N Shelton - Director

Statement of Changes in Equity
for the Year Ended 31 July 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 August 2017	50,000	6,700,267	6,461,818	13,212,085
Changes in equity				
Total comprehensive loss	-	(299,184)	-	(299,184)
Gift aid payment	-	(151,486)	-	(151,486)
Tax credit on gift aid payment	-	28,782	-	28,782
Transfer from revaluation reserve	-	78,261	(78,261)	-
Balance at 31 July 2018	50,000	6,356,640	6,383,557	12,790,197
Changes in equity				
Total comprehensive loss	-	(230,853)	-	(230,853)
Transfer from revaluation reserve	-	78,261	(78,261)	-
Balance at 31 July 2019	50,000	6,204,048	6,305,296	12,559,344

**Notes to the Financial Statements
for the Year Ended 31 July 2019**

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The University of Manchester Innovation Centre Limited is a private company, limited by shares, incorporated in England and Wales. The registered office is The Incubator Building, 48 Grafton Street, Manchester, M13 9NT.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Significant judgements and estimates

In the process of applying these accounting policies, the company is required to make certain estimates, judgements and assumptions that management believe are reasonable based on the information available. These are reviewed on a regular basis by the management team. Significant estimates and material judgements used in the preparation of the financial statements are as follows:

Recoverability of debtors

The provision for doubtful debts is based on an estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

Impairments

Management make judgements as to whether any indicators of impairment are present for any of the company's assets.

Provisions

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the estimate. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2019

2. ACCOUNTING POLICIES - continued

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.

Going concern

Due to plans to close The University of Manchester Innovation Centre Limited as soon as practicable, these accounts have not been prepared on a going concern basis.

Adjustments have been made as a consequence, specifically in relation to the reclassification of long term liabilities to current liabilities.

Tangible fixed assets

Equipment and fixtures and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

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:

Long leasehold property	- remaining life of lease (57.75 years)
Fixtures and fitting	- 2-10 years

No depreciation is charged on land.

Residual value is calculated on prices prevailing at the date of acquisition.

Revaluation reserve

The company has taken advantage of a transitional provision under FRS102 to revalue its land and buildings as at the date of transition and use this as deemed cost. An external valuation was undertaken by Gerald Eve LLP as at 31 July 2014.

The subsequent uplift in value has been allocated to a revaluation reserve in line with the Companies Act. An adjustment equivalent to depreciation on the revalued amount held in the revaluation reserve is released to retained earnings on a straight line basis over the remaining useful life of the building.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Lease premium

The lease premium represents rental income received in advance and is spread on a straight-line basis over the lease term.

Government grants

Grant funding is recognised as income upon entitlement. Income received in advance of any performance related condition being met is deferred until the performance related condition is satisfied.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the company. Any unused benefits are accrued and measured as the additional amount the company expects to pay as a result of the unused entitlement.

Post retirement benefits

The company is a member of The University of Manchester Superannuation Scheme (UMSS). UMSS is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). Contributions to the scheme are charged to the statement of comprehensive income 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. The liabilities of the scheme are recognised within the financial statements of the ultimate parent company, the University of Manchester.

For defined contribution schemes, the amount charged to the statement of comprehensive income is the contributions payable in the period.

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2019**

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income 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.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Related party disclosure

As the company is a wholly owned subsidiary of The University of Manchester, the company has taken advantage of the exemption contained in FRS102 section 33.1a, 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 17.

3. TURNOVER

The turnover and profit on ordinary activities before taxation is wholly attributable to the principal activity of the company and arise solely in the United Kingdom.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2019

4. EMPLOYEES AND DIRECTORS

The aggregate payroll costs of these persons were as follows:

	2019	2018
£		
Wages and salaries	279,107	275,725
Social security costs	29,871	29,655
Other pension costs	52,721	57,956
Severance costs	138,574	-
	<u>500,273</u>	<u>363,336</u>

The average number of persons employed by the company (including directors) during the year was as follows:

	2019	2018
	No	No
Building management	7	8
Conference and events	<u>1</u>	<u>1</u>
	<u>8</u>	<u>9</u>

5. DIRECTORS' EMOLUMENTS

None of the directors who held office during the year received any remuneration or pension contributions from the company in the year (2018: £nil).

The total number of directors serving the company during the year amounted to 6 (2018: 7). The above emoluments relate to none of the directors (2018: none). 6 of the directors are employed and remunerated by The University of Manchester and its other subsidiaries and were remunerated by these entities (2018: 7).

6. OPERATING (LOSS)/PROFIT

	2019	2018
Operating (loss)/profit from continuing operations is stated after charging:	£	£
Fees payable to the company's auditor:		
- audit of these financial statements	9,484	7,322
Depreciation of tangible fixed assets:		
Owned	<u>497,999</u>	<u>462,106</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
£		
Interest on group loans	<u>7,241</u>	<u>9,516</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2019

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	-	368,762
Deferred tax:		
Origination and reversal of timing differences	(28,206)	10,657
Tax on (loss)/profit	<u>(28,206)</u>	<u>379,419</u>

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
(Loss)/profit before tax	<u>(259,059)</u>	<u>80,235</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(49,221)	15,245
Effects of:		
Expenses not deductible for tax purposes	226	-
Income not taxable for tax purposes	(14,055)	(14,055)
Adjustments to tax charge in respect of previous periods	(10,046)	-
Tax which would be payable in the absence of a gift aid payment	10,046	-
Adjustments in respect of previous periods deferred tax	(8,989)	-
Fixed asset differences	41,572	39,503
Payment for prior year group relief claimed	-	339,980
Adjust opening/closing rate to 19%	2,261	(1,254)
Total tax (credit)/charge	<u>(28,206)</u>	<u>379,419</u>

The tax on profit for the year is before the tax credit arising from the gift aid payment which is shown in reserves.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2019

9. TANGIBLE FIXED ASSETS

	Long leasehold property £	Land £	Fixtures and fittings £	Totals £
COST				
At 1 August 2018	12,006,900	2,870,000	3,376,439	18,253,339
Additions	-	-	177,887	177,887
At 31 July 2019	12,006,900	2,870,000	3,554,326	18,431,226
DEPRECIATION				
At 1 August 2018	831,648	-	2,520,330	3,351,978
Charge for year	207,912	-	290,088	498,000
At 31 July 2019	1,039,560	-	2,810,418	3,849,978
NET BOOK VALUE				
At 31 July 2019	10,967,340	2,870,000	743,908	14,581,248
At 31 July 2018	11,175,252	2,870,000	856,109	14,901,361

The long leasehold property and land were valued on a fair value basis as at 31 July 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. As the property is a specialised property it was valued by reference to Depreciated Replacement Cost. The valuation was performed in accordance with RICS valuation- Professional Standards April 2015. In accordance with the FRS 102 transitional provisions these revised values are now used as the deemed cost of the buildings going forward.

Depreciation commences from the month after that in which the asset is purchased.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	558,636	337,530
Amounts owed by group undertakings	397,084	247,707
Other debtors	451,906	459,251
	<u>1,407,626</u>	<u>1,044,488</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	537,601	581,065
Amounts owed to group undertakings	4,169,053	331,830
Taxation and social security	79,575	67,926
Other creditors	471,071	512,273
	<u>5,257,300</u>	<u>1,493,094</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Other creditors	-	4,086,566

As the decision has been made to close the company, the deferred income relating to the lease premium paid in advance by The University of Manchester (the tenant) has been reclassified as due within one year as it is repayable upon the surrender of the lease.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2019

13. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax		
Differences between accumulated depreciation and capital allowances	<u>413,537</u>	<u>441,743</u>
	<u>413,537</u>	<u>441,743</u>
		Deferred tax
		£
Balance at 1 August 2018		441,743
Credit to Statement of Comprehensive Income during year		(28,206)
Balance at 31 July 2019		<u>413,537</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019 £	2018 £
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

15. RESERVES

	£	£	Retained earnings £	Revaluation reserve	Total
Balance at 1 August 2018			6,356,640	6,383,557	12,740,197
Loss for the year after tax			(230,853)	-	(230,853)
Transfer from revaluation reserve			78,261	(78,261)	-
Balance at 31 July 2019			<u>6,204,048</u>	<u>6,305,296</u>	<u>12,509,344</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2019**

16. EMPLOYEE BENEFIT OBLIGATIONS

The company participated in two pension schemes in the year. Details are as follows:

The University of Manchester Superannuation Scheme (UMSS)

The company was up until 1 August 2019 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 FRS102, the scheme is accounted for by the company as if the scheme was a defined contribution scheme, the cost recognised within the statement of comprehensive income being equal to the contributions payable to the scheme for the period.

The benefits were restructured with effect from 1 January 2019. The final salary section (1/80th final pensionable salary and 3/80th cash) and the current Career Average Revalued Earnings (CARE) section (1/80th and 3/80th cash) were closed on 31 December 2018. All existing UMSS members now receive a defined benefit provision under a new 1/100th CARE section with effect from 1 January 2019. The scheme is closed to new joiners, who now join a new defined contribution (DC) scheme called the University of Manchester Pension Saver.

A full actuarial valuation was carried out at 31 July 2016 and this most recent full valuation showed a deficit of £207.4m. The University has agreed with the trustees that it will eliminate the deficit over a period of 17 years and 6 months from 1 August 2017 by the payment of annual contributions of £6.0m per annum, increasing in line with RPI each 1 August until 31 January 2035. With effect from 1 January 2019, the University has agreed to pay contributions at the rate of 19.75% of pensionable pay for CARE members who participate in PensionChoice and 26.25% of pensionable pay for CARE members who do not participate in PensionChoice.

The valuation was updated for FRS102 purposes to 31 July 2019 by a qualified actuary. The deficit was £138.0m on an FRS102 basis. Further details can be found in the University of Manchester financial statements (see note 17).

The contributions made by the employer over the financial year have been £50,384 (2018: £57,956) equivalent to 19.75% of pensionable pay for members who do not participate in Pension Choice and 19.75% of pensionable pay plus the appropriate member rate for those who do. Members who do not participate in Pension Choice pay contributions at the rate of 7.50% for the Final Salary and 6.50% of pensionable pay for the CARE section.

The University of Manchester and UMSS Ltd have agreed in principle a Flexible Apportionment Arrangement whereby the University takes over the responsibility for all the UMSS pension liabilities in respect of The University of Manchester Innovation Centre Ltd (UMIC) as "Replacement Employer". UMIC ceased to be a member of UMSS with effect from 1 August 2019. No payment of the pension liability was triggered.

Defined contribution scheme

The contributions into the new University of Manchester Pension Saver from 1 January 2019 to 31 July 2019 were £2,337 (2018 £nil).

17. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of The University of Manchester, a University incorporated by Royal Charter. The largest and smallest group in which the results of the company are consolidated is that headed by The University of Manchester.

The University of Manchester is the ultimate controlling party and the ultimate parent of the company.

Copies of the group financial statements can be obtained from that University's registered office, which is The University of Manchester, Oxford Road, Manchester, M13 9PL and are also available on the University's website.

18. POST BALANCE SHEET EVENTS

On 1 August 2019 The University of Manchester took over the management of the Incubator buildings and events and conferencing activity.

As set out in note 16, on 21 August 2019 a Flexible Apportionment Arrangement was signed whereby the University became the Replacement Employer within UMSS and the company ceased to be a member of UMSS. No payment of the pension liability was triggered.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.