

**The Centre for Scientific Enterprise Limited
Annual Report
for the year ended 31 July 2004**

Registered no: 3983320

A company limited by guarantee



The Centre for Scientific Enterprise Limited

Directors' Report for the year ended 31 July 2004

The directors present their report and the audited financial statements for the year ended 31 July 2004.

Review of activities

The Centre for Scientific Enterprise's ("CSEL's") aim is to act as the commissioning and funding body to promote the transfer of science and technology ideas into commercial products and services. This includes establishing new academic courses, training academic staff, and commissioning specific teaching materials.

CSEL was originally funded by an award from the Office of Science and Technology. Further grant funding was received last year and continues this year for the Chevening Technology Enterprise Scholarship Programme (CTES) from UK Trade & Investment. CTES is a course where scholars work with academic supervisors on the commercialisation of technology research or on industry placed projects. The chief aim is to establish a core of highly skilled, motivated and globally aware technology-based professionals. During the programme, all participants learn how to take a technology-based innovation through to a commercial outcome, managing all the major steps on the way. The second year of the programme this year was successfully completed by 52 scholars. For next year, 94 scholars have been recruited.

The results for the year are shown in the statement of financial activities on page 4.

Directors

The directors of the company during the year ended 31 July 2004 were:

	Appointed	Resigned
Professor Michael Hay (Chairman)		
Dr Paul David Atherton		
Mr Danny Gesua		30/04/2004
Dr Suran Goonatilake		
Professor Malcolm Grant	06/09/2003	01/06/2004
Professor Chris Pitt		
Sir Derek Roberts CBE		06/09/2003
Dr Jeff Skinner		
Miss Julia Tyler		
Professor Laura Tyson		01/06/2004

The Centre for Scientific Enterprise Limited

Directors' Report for the year ended 31 July 2004 (continued)

Taxation status

In the opinion of the directors, the company is an exempt charity as defined under the provisions of the Income and Corporation Taxes Act 1988 as amended by the Finance Act 1989.

Payment of suppliers

It is the company's policy to pay all creditors who have complied with the company's terms and conditions within the time scale agreed with each supplier.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the resources received and expended by the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 July 2004. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for ensuring that proper accounting records are kept, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint BDO Stoy Hayward LLP was passed at the meeting in October 2004.

Registered Office
1-26 Sussex Place
Regents Park,
London NW1 4SA

Auditors' Address
BDO Stoy Hayward LLP
Emerald House,
East Street,
Epsom,
Surrey
KT17 1HS

By order of the Board


Richard Frost
Secretary

20 October 2004

The Centre for Scientific Enterprise Limited

Independent Auditors' report to the members of The Centre for Scientific Enterprise Limited

We have audited the financial statements on pages 4 to 12, which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2004 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors
Epsom, Surrey

20 October 2004

The Centre for Scientific Enterprise Limited

Statement of Financial Activities for the year ended 31 July 2004

		2004	2003
	Notes	Total	Total
		£	£
Incoming resources			
Grants	2	1,727,921	491,200
Investment income		99,107	119,723
Other fees and income		7,369	117,128
Total incoming resources		<u>1,834,397</u>	<u>728,051</u>
 Charitable expenditure			
Grants payable in furtherance of the charity's objectives	3	394,116	361,504
Costs of activities in furtherance of the charity's objectives			
Scholarships		-	34,000
Conferences and training		39,573	38,984
Teaching Materials		23,300	14,737
CTES	2	1,654,133	599,892
Other		66,128	30,146
Administrative expenses	4	<u>143,672</u>	<u>322,273</u>
Total charitable expenditure		<u>2,320,922</u>	<u>1,401,536</u>
 Net outgoing resources		<u>(486,525)</u>	<u>(673,485)</u>
 Balance at 1 August 2003		<u>2,933,320</u>	<u>3,606,805</u>
Balance at 31 July 2004		<u><u>2,446,795</u></u>	<u><u>2,933,320</u></u>

All of the company's activities are derived from continuing operations.

The company has no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net movement in funds, stated above, and its historical cost equivalent.

The notes on pages 7 to 12 form part of these financial statements.

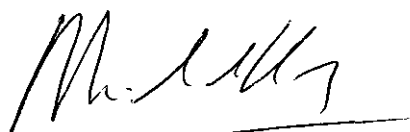
The Independent Auditors' report is set out on page 3.

The Centre for Scientific Enterprise Limited

Balance Sheet as at 31 July 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible fixed assets	7	3,059	11,369
Current assets			
Debtors	8	281,222	157,741
Cash at bank and in hand		852	-
Short term deposits		2,300,755	3,018,942
		<u>2,582,829</u>	<u>3,176,683</u>
Creditors: amounts falling due within one year	9	(139,093)	(254,732)
Net current assets		<u>2,443,736</u>	<u>2,921,951</u>
Total assets less current liabilities		<u><u>2,446,795</u></u>	<u><u>2,933,320</u></u>
Funds		<u>2,446,795</u>	<u>2,933,320</u>
Total	10	<u><u>2,446,795</u></u>	<u><u>2,933,320</u></u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 20 October 2004 and were signed on its behalf by:



Professor Michael Hay

Director

The notes on pages 7 to 12 form part of these financial statements.

The Independent Auditors' report is set out on page 3.

The Centre for Scientific Enterprise Limited

Cash flow statement for the year ended 31 July 2004

	Notes	2004 £	2003 £
Cash outflow from operating activities	A	<u>(816,442)</u>	<u>(722,889)</u>
Returns on investments and servicing of finance			
Interest received		99,107	119,723
Capital expenditure			
Payments to acquire tangible fixed assets		<u>-</u>	<u>(9,175)</u>
Decrease in cash in the year	B	<u>(717,335)</u>	<u>(612,341)</u>

Notes to the cash flow statement

A. Reconciliation of net outgoing resources to cash flow from operating activities

	2004 £	2003 £
Net outgoing resources per statement of financial activities	(486,525)	(673,485)
Investment income	(99,107)	(119,723)
Depreciation	8,310	8,310
Increase in debtors	(123,481)	(85,996)
(Decrease)/increase in creditors	<u>(115,639)</u>	<u>148,005</u>
	<u>(816,442)</u>	<u>(722,889)</u>

B. Change in net funds

	Opening At 1 August 2003 £	Cash Flow £	Closing At 31 July 2004 £
Cash at bank and in hand	-	852	852
Overdraft at bank	(7,486)	7,486	-
Short term deposits	<u>3,018,942</u>	<u>(718,187)</u>	<u>2,300,755</u>
Net funds	<u>3,011,456</u>	<u>(709,849)</u>	<u>2,301,607</u>

The notes on pages 7 to 12 form part of these financial statements.

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The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice on Accounting and Reporting by Charities ("SORP") issued by the Charity Commission. A summary of the more important accounting policies, which have been applied consistently, are set out below:

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

(b) Grant income

Grants are credited to income in the year in which they are receivable.

(c) Charitable expenditure

Expenditure on charitable activities consists of grants made to organisations to promote the objectives of the company, scholarships to students, lecturers and research. These are accounted for in the year that they occur.

(d) Administrative expenses

Administrative expenses are accounted for in the year in which they occur.

(e) Fund accounting

The funds represent the unspent portion of the grants that are held for the company's purpose outlined above.

(f) Fixtures, fittings and equipment

These assets are stated at cost. Depreciation is provided on cost over 3 years. A full year of depreciation is provided for in the year of acquisition and no depreciation is charged in the year of disposal.

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2004 (continued)

2 Grant

Grant income for the year represents amounts receivable under the Chevening Technology Enterprise Scholarship Programme (CTES). CTES is a project financed by UK Trade & Investment. The project is funded on a cost recovery basis. CSEL charges a management fee to CTES for staff costs and office expenses; this fee is recharged to UK Trade & Investment.

3 Grants payable in furtherance of the charity's objectives

Grants totalling £394,116 were awarded during the year (2003: £361,504) to develop and promote the education of students in science and business studies, as follows:

	2004 £	2003 £
University College London To develop and deliver Bioprocessing/Life Sciences Enterprise Training in the Department of Biochemical Engineering	194,696	188,355
University College London To deliver Enterprise Training in Management Studies Centre	44,382	42,799
University College London To deliver Executive Professional Development	300	69,000
University College London E Challenge	30,000	20,000
University College London Centre for Enterprise and Management of Innovation	57,088	-
London Business School To support the Entrepreneurship Summer School	36,850	41,350
London Business School Institute of Technology	30,800	-
	<u>394,116</u>	<u>361,504</u>

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2004 (continued)

4. Administrative expenses

Administrative expenses for the year were:

	2004	2003
	£	£
Salary costs	261,298	266,235
Social security costs	29,909	26,480
Pension costs	1,936	25,814
Other staff costs	16,921	20,279
Cross charge of staff support to London Technology Network Limited and CTES	(274,350)	(310,173)
	<hr/> 35,714	<hr/> 28,635
Management service charges	28,726	5,000
Marketing and sponsorship	-	172,022
Audit	7,663	6,694
Consultants and professional fees	9,941	33,857
Travel and hospitality	1,420	659
Rent and insurance	33,255	32,879
Postage and stationery	4,355	5,131
Depreciation	8,310	8,310
Other	14,468	29,086
	<hr/> 143,672	<hr/> 322,273

5. Employees

Staff costs in the year were £261,298 (2003: £266,235).

Earnings of higher paid staff

	2004	2003
£50,000 - £59,999	1	2
£60,000 - £69,999	1	1

The amounts above include salaries, less any cross charge to London Technology Network Limited.

Staff numbers as at 31st July

	2004	2003
Total number	<hr/> 6	<hr/> 7

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2004 (continued)

6. Directors' remuneration

The directors of the company do not receive any remuneration for their services as directors.

7. Fixed Assets

	Fixtures, fittings and equipment £
Cost	
At 1 August 2003	24,930
Additions	-
At 31 July 2004	<u>24,930</u>
Depreciation	
At 1 August 2003	13,561
Charge for the year	<u>8,310</u>
At 31 July 2004	<u>21,871</u>
Net book value	
At 31 July 2004	<u><u>3,059</u></u>
At 31 July 2003	<u><u>11,369</u></u>

8. Debtors: amounts falling due within one year

	2004 £	2003 £
Amount owed by University College London	-	2,475
Amount owed by London Technology Network Limited	8,287	61,369
Other debtors	<u>272,935</u>	<u>93,897</u>
	<u><u>281,222</u></u>	<u><u>157,741</u></u>

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2004 (continued)

9. Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	17,383	2,157
Amounts owed to University College London	-	78,000
Amounts owed to London Business School	77,197	155,344
Overdraft at bank	-	7,486
Other creditors	44,513	11,745
	<u>139,093</u>	<u>254,732</u>

10. Controlling entities and related parties

UCLBS Limited is the immediate parent company of The Centre for Scientific Enterprise Limited. UCLBS Limited is a joint venture company of London Business School and University College London. London Technology Network Limited is a sister company also owned by UCLBS Limited.

Payments made during the year to University College London were as follows:

	£
Grants	326,466
CTES student fees	<u>66,000</u>
Total	<u><u>392,466</u></u>

Payments made during the year to London Business School were as follows:

	£
Grants to programmes	67,650
Teaching materials	23,300
Conferences and training	7,653
Software license fee	117,500
CTES student training	217,800
CTES virtual learning environment	18,189
Support services	<u>28,726</u>
Total	<u><u>480,818</u></u>

Support services include the costs of management time, human resources and accounts services, rent and the running costs of the premises.

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2004 (continued)

Amounts owed to and by London Business School and University College London at the year end, are disclosed in Notes 7 and 8. Amounts owed by London Technology Network Limited, at the year end, are disclosed in Note 7 and relate to cross charges not yet paid for support services.

11. Taxation

In the opinion of the directors the Centre for Scientific Enterprise Limited is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Taxes Act 1988. Accordingly, the company is deemed to be exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for exclusively charitable purposes.