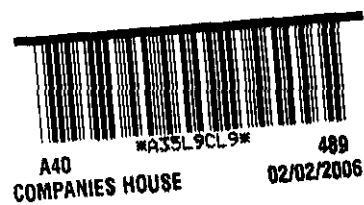


**The Centre for Scientific Enterprise  
Limited  
Annual Report  
for the year ended 31 July 2005**

**Registered no: 3983320**

A company limited by guarantee

17/10/2005





# **The Centre for Scientific Enterprise Limited**

## **Directors' Report for the year ended 31 July 2005**

The directors present their report and the audited financial statements of the company for the year ended 31 July 2005.

### **Review of activities**

The Centre for Scientific Enterprise's ("CSEL's") aim is to act as a 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 a £4.6 million award from the Office of Science and Technology. Further grant funding of £5 million was committed to CSEL in 2002/03 over a 3 year period by UK Trade & Investment for the Chevening Technology Enterprise Scholarship Programme (CTES). 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. In this year 92 scholars were supported.

The results for the year are shown in the statement of financial activities on page 5.

### **Directors**

The directors of the company during the year ended 31 July 2005 were:

Professor Michael Hay      (Chairman)  
Dr Paul David Atherton  
Dr Suran Goonatilake  
Professor Chris Pitt  
Dr Jeff Skinner  
Miss Julia Tyler

### **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.

# **The Centre for Scientific Enterprise Limited**

## **Directors' Report for the year ended 31 July 2005 (continued)**

### **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 2005. 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 2005.

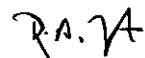
#### **Registered Office**

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**

19 October 2005

# **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 5 to 13, which have been prepared under the accounting policies set out on page 8.

### **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.

# **The Centre for Scientific Enterprise Limited**

## **Independent Auditors' report to the members of The Centre for Scientific Enterprise Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2005 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*

**BDO Stoy Hayward LLP**

Chartered Accountants and Registered Auditors

19 October 2005

# The Centre for Scientific Enterprise Limited

## Statement of Financial Activities for the year ended 31 July 2005

	Notes	2005 £	2004 £
<b>Incoming resources</b>			
HEFCE		300,000	-
UK Trade & Investment	2	2,038,667	1,727,921
Investment income		93,987	99,107
Other fees and income		1,837	7,369
<b>Total incoming resources</b>		<b>2,434,491</b>	<b>1,834,397</b>
<b>Charitable expenditure</b>			
Grants payable in furtherance of the charity's objectives	3	523,405	394,116
Costs of activities in furtherance of the charity's objectives			
Conferences and training		31,493	39,573
Teaching Materials		3,047	23,300
CTES	2	2,106,063	1,654,133
Other		19,145	66,128
Administrative expenses	4	112,602	143,672
<b>Total charitable expenditure</b>		<b>2,795,755</b>	<b>2,320,922</b>
<b>Net outgoing resources</b>		<b>(361,264)</b>	<b>(486,525)</b>
Balance at 1 August 2004		2,446,795	2,933,320
<b>Balance at 31 July 2005</b>		<b>2,085,531</b>	<b>2,446,795</b>

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

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

The notes on pages 8 to 13 form part of these financial statements.

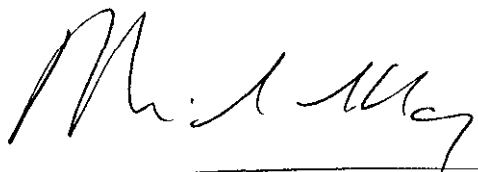
The Independent Auditors' report is set out on pages 3 and 4.

# The Centre for Scientific Enterprise Limited

## Balance Sheet as at 31 July 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Tangible fixed assets	7	-	3,059
<b>Current assets</b>			
Debtors	8	138,452	281,222
Cash at bank and in hand		-	852
Short term deposits		2,141,456	2,300,755
		<u>2,279,908</u>	<u>2,582,829</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(194,377)</u>	<u>(139,093)</u>
<b>Net current assets</b>		<u>2,085,531</u>	<u>2,443,736</u>
<b>Total assets less current liabilities</b>		<u>2,085,531</u>	<u>2,446,795</u>
<b>Funds</b>		<u>2,085,531</u>	<u>2,446,795</u>
<b>Total</b>		<u>2,085,531</u>	<u>2,446,795</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 19 October 2005 and were signed on its behalf by:



Professor Michael Hay

Director

The notes on pages 8 to 13 form part of these financial statements.

The Independent Auditors' report is set out on pages 3 and 4.



# The Centre for Scientific Enterprise Limited

## Cash flow statement for the year ended 31 July 2005

	Notes	2005 £	2004 £
Cash outflow from operating activities	A	(398,716)	(816,442)
<b>Returns on investments and servicing of finance</b>			
Interest received		93,987	99,107
Decrease in cash in the year	B	<u>(304,729)</u>	<u>(717,335)</u>

### Notes to the cash flow statement

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

	2005 £	2004 £
Net outgoing resources per statement of financial activities	(361,264)	(486,525)
Investment income	(93,987)	(99,107)
Depreciation	3,059	8,310
Decrease/(increase) in debtors	142,770	(123,481)
(Decrease) in creditors	(89,294)	(115,639)
	<u>(398,716)</u>	<u>(816,442)</u>

#### B. Analysis of change in net funds

	Opening at 1 August 2004 £	Cash Flow £	Closing at 31 July 2005 £
Cash at bank and in hand	852	(852)	-
Overdraft at bank	-	(144,578)	(144,578)
Short term deposits	2,300,755	(159,299)	2,141,456
Total	<u>2,301,607</u>	<u>(304,729)</u>	<u>1,996,878</u>

The notes on pages 8 to 13 form part of these financial statements.

The Independent Auditors' report is set out on pages 3 and 4.

# **The Centre for Scientific Enterprise Limited**

## **Notes to the financial statements for the year ended 31 July 2005**

### **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 2005 (continued)

### 2 Grant income

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 £504,205 were awarded during the year (2004: £394,116) to develop and promote the education of students in science and business studies as follows:

	2005	2004
	£	£
University College London To develop and deliver Bioprocessing/Life Sciences Enterprise Training in the Department of Biochemical Engineering	212,075	194,696
University College London To deliver Enterprise Training in Management Studies Centre	-	44,382
University College London To deliver Case Material Development	20,000	-
University College London To deliver Executive Professional Development	-	300
University College London E Challenge	42,000	30,000
University College London Centre for Enterprise and Management of Innovation	99,997	57,088
University College London Nanotechnology	38,400	-
University College London PhD Scholarships	20,000	-
London Business School To support the Entrepreneurship Summer School	16,900	36,850
London Business School Institute of Technology	54,833	30,800
London Business School Electives	19,200	-
	<b>523,405</b>	<b>394,116</b>

# The Centre for Scientific Enterprise Limited

## Notes to the financial statements for the year ended 31 July 2005 (continued)

### 4. Administrative expenses

Administrative expenses for the year were:

	2005	2004
	£	£
Salaries	202,943	261,298
Social security	21,031	29,909
Pensions	19,911	1,936
Other staff costs	1,186	16,921
	<u>245,071</u>	<u>310,064</u>
Allocation of staff support to CTES	<u>(239,000)</u>	<u>(274,350)</u>
Management service charges	41,406	28,726
Audit	7,638	7,663
Legal and professional fees	6,599	9,941
Rent and insurance	29,543	33,255
Depreciation	3,059	8,310
Office and other expenses	18,286	20,063
	<u>112,602</u>	<u>143,672</u>

### 5. Employees

Staff costs in the year totalled £245,071 (2004: £310,064).

#### Earnings of higher paid staff

	2005	2004
£50,000 - £59,999	1	1
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-

Earnings of higher paid staff include salaries and pension costs before a share of the costs are allocated to London Technology Network Limited.

21% of the £50,000 - £59,999 employee salary is recharged to London Technology Network Limited.

#### Staff numbers as at 31 July

	2005	2004
Total number	<u>5</u>	<u>6</u>

# The Centre for Scientific Enterprise Limited

## Notes to the financial statements for the year ended 31 July 2005 (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 £
<b>Cost</b>	
At 1 August 2004 and 31 July 2005	<u>24,930</u>
<b>Depreciation</b>	
At 1 August 2004	21,871
Charge for the year	<u>3,059</u>
At 31 July 2005	<u>24,930</u>
<b>Net book value</b>	
At 31 July 2005	<u>-</u>
At 31 July 2004	<u>3,059</u>

### 8. Debtors

	2005 £	2004 £
Amounts owed by London Business School	688	-
Amounts owed by London Technology Network Limited	11,733	8,287
Other debtors	<u>126,031</u>	<u>272,935</u>
	<u>138,452</u>	<u>281,222</u>

# The Centre for Scientific Enterprise Limited

## Notes to the financial statements for the year ended 31 July 2005 (continued)

### 9. Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	-	17,383
Amounts owed to London Business School	16,921	77,197
Overdraft at bank	144,578	-
Other creditors	32,878	44,513
	<u>194,377</u>	<u>139,093</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:

	2005	2004
	£	£
Grants	432,472	326,466
CTES student fees	71,500	66,000
<b>Total</b>	<u>503,972</u>	<u>392,466</u>

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

	2005	2004
	£	£
Grants to programmes	90,933	67,650
Teaching materials	3,047	23,300
Conferences, training, catering	78,290	7,653
Software license fee	-	117,500
CTES student training	305,500	217,800
CTES virtual learning environment	2,938	18,189
Support services	41,406	28,726
<b>Total</b>	<u>522,114</u>	<u>480,818</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 2005 (continued)**

Amounts owed to and by London Business School and University College London at the year end, are disclosed in Notes 8 and 9. Amounts owed by London Technology Network Limited are disclosed in Note 8 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 means 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.