

**The Centre for Scientific Enterprise
Limited
Annual Report
for the year ended 31 July 2008**

Registered no: 3983320

A company limited by guarantee

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The Centre for Scientific Enterprise Limited

Directors' Report for the year ended 31 July 2008

Structure, Governance and Management

Governing Document

The Centre for Scientific Enterprise ("CSEL") is a private company limited by guarantee and an exempt charity. Its 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.

Recruitment and appointment of directors

The directors of the company during the year ended 31 July 2008 were:

	Appointed	Resigned
Professor Michael Hay		
Dr Paul David Atherton		
Professor Bernard Buxton		
Professor Kenneth Michael Spyer		
Miss Julia Tyler		31 October 2007

The directors of the company are also charity trustees for the purposes of charity law.

The Chief Executive Officer during the year ended 31 July 2008 was Mr Peter Reid.

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

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Bankers

HSBC Bank plc
90 Baker Street
London
W1U 6AX

The Centre for Scientific Enterprise Limited

Directors' Report for the year ended 31 July 2008 (continued)

Trustee induction and training

The directors as charity trustees have control of the company and its property and funds. Each trustee is made aware of their duties to the Trust upon appointment and accept their responsibility to keep up to date with changes in statutory requirements that affect the role and responsibilities of trustees. Every director must sign a declaration of willingness to act as a charity trustee of the company before he or she is eligible to vote at any meeting of the directors.

Risk management

The major risks that the company is exposed to, as identified by the trustees, have been reviewed and systems or procedures have been established to manage these risks.

When considering business decisions the Board will assess the associated risk factors. Any actions or strategies pursued by the Chief Executive Officer take into account all key risks faced by the company and are formally approved by the Board before implementation. Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions.

Organisational structure

The directors are responsible for the strategic direction and policy of the charity. The day to day responsibility for the provision of services rests with the Chief Executive Officer.

Related parties

CSEL is a subsidiary company of UCLBS Limited. UCLBS Limited is a joint venture company of London Business School and University College London ("UCL"). London Technology Network Limited ("LTN") was a sister company also owned by UCLBS Limited but left the group with effect from 1 April 2008.

Objectives and activities

The aim of CSEL is the promotion of education in the fields of scientific enterprise and entrepreneurship studies by all charitable means. It acts as a commissioning and funding body to promote the transfer of science and technology ideas into commercial products and services.

CSEL was originally funded by a £4.6 million award from the Office of Science and Technology. Further funding of £300,000 per annum is received from HEFCE, via London Business School and UCL to support operations. During 2005/2006 and 2006/2007 CSEL received total funding of £178,626 to manage the Innovation Central Project for the London Borough of Camden. As at 31 July 2008 £739 of these funds remain.

The Centre for Scientific Enterprise Limited

Directors' Report for the year ended 31 July 2008 (continued)

Achievements and financial performance

The results for the year are shown in the Statement of Financial Activities on page 8 and show net resources expended of £329,906 (2007: £337,412). The main charitable activity continues to be the support of Higher Education Institution activities including course development and delivery, teaching material, student exchange between London Business School and UCL and other projects at London Business School and UCL respectively. Positive reserves of £1,050,584 (2007: £1,380,490) are carried forward. For the year ending 31 July 2009 expenditure of £385,500 is committed, and additional expenditure of £506,000 is included in current budgets.

Principal funding sources

During the year to 31 July 2008 the main principal funding source was HEFCE £300,000 (2007: £300,000). The funds were transferred via London Business School and UCL.

Investment policy

The directors do not believe there is the potential for long term investment requirements in the foreseeable future. Surplus cash reserves are invested in the money markets.

Reserves Policy

The company reserves are needed to meet the working capital requirements for the company. The level of reserves required is monitored in line with the development of future business plans.

Plans for future periods

The directors are reconsidering the future strategic and operational role for CSEL which will be funded accordingly once that review is completed. One possible outcome of this review is that CSEL will cease to operate.

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.

The Centre for Scientific Enterprise Limited

Directors' Report for the year ended 31 July 2008 (continued)

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 responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, for each financial year, which give a true and fair view of the company's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements the directors are required to:

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

The directors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

Awareness of relevant audit information

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

A resolution to re-appoint BDO Stoy Hayward LLP will be proposed at the next meeting.

By order of the Board


Richard Frost
Secretary

30.11 2008

Independent Auditor's Report to the members of The Centre for Scientific Enterprise Limited

We have audited the financial statements of The Centre for Scientific Enterprise Limited for the year ended 31 July 2008 which comprise the statement of financial activities, the balance sheet, the cashflow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 with the company are not disclosed.

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 International Standards on Auditing (UK and Ireland) 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 judgements 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.

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

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company at 31 July 2008, and of the incoming resources and resources expended, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies concerning the company's ability to continue as a going concern, the validity of which is dependent on the directors' decisions regarding the future strategic and operational role of and the company's ability to procure further funds. If the company was unable to raise further funds it will have insufficient cash resources to meet future needs. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would arise if the company was unable to continue as a going concern.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

13 February 2009
2008

The Centre for Scientific Enterprise Limited

Statement of Financial Activities for the year ended 31 July 2008

	Notes	Unrestricted funds 2008 £	Restricted funds 2008 £	Total 2008 £	Total 2007 £
Incoming resources					
Incoming resources from generated funds:					
Donations and grants	2	300,000	-	300,000	413,167
Activities for generating funds:					
Investment income		67,443	-	67,443	78,825
Incoming resources from charitable activities:					
Other fees and income	3	31,450	-	31,450	36,281
Total incoming resources		<u>398,893</u>	<u>-</u>	<u>398,893</u>	<u>528,273</u>
Resources expended					
Charitable activities:					
HEI activities		680,489	-	680,489	705,643
Camden Innovation Central		-	7	7	111,599
Governance costs		<u>48,303</u>	<u>-</u>	<u>48,303</u>	<u>48,443</u>
Total resources expended	5	<u>728,792</u>	<u>7</u>	<u>728,799</u>	<u>865,685</u>
Net movement in funds	4	<u>(329,899)</u>	<u>(7)</u>	<u>(329,906)</u>	<u>(337,412)</u>
Balance at 1 August		<u>1,379,744</u>	<u>746</u>	<u>1,380,490</u>	<u>1,717,902</u>
Balance at 31 July		<u><u>1,049,845</u></u>	<u><u>739</u></u>	<u><u>1,050,584</u></u>	<u><u>1,380,490</u></u>

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 11 to 17 form part of these financial statements.

The Centre for Scientific Enterprise Limited


(A company limited by guarantee)

Balance Sheet as at 31 July 2008

	Notes	2008 £	2007 £
Current assets			
Debtors	8	15,814	51,113
Cash at bank and in hand		9,432	-
Short term deposits		1,110,427	1,433,212
		<u>1,135,673</u>	<u>1,484,325</u>
Creditors: amounts falling due within one year	9	(85,089)	(103,835)
Net current assets		<u>1,050,584</u>	<u>1,380,490</u>
Net assets		<u>1,050,584</u>	<u>1,380,490</u>
Funds			
Restricted funds		739	746
Unrestricted funds		1,049,845	1,379,744
Total Funds	13	<u>1,050,584</u>	<u>1,380,490</u>

The financial statements on pages 8 to 17 were approved by the Board of Directors and authorised for issue on 30.11 2008:

Professor Michael Hay
Director



The notes on pages 11 to 17 form part of these financial statements.

The Centre for Scientific Enterprise Limited

Cashflow statement for the year ended 31 July 2008

	Notes	2008 £	2007 £
Cash outflow from operating activities	A	(378,439)	(442,375)
Returns on investments and servicing of finance			
Interest received		67,443	78,825
Decrease in cash in the year	B	<u>(310,996)</u>	<u>(363,550)</u>

Notes to the cashflow statement

A. Reconciliation of net outgoing resources to cashflow from operating activities

	2008 £	2007 £
Net outgoing resources per statement of financial activities	(329,906)	(337,412)
Investment income	(67,443)	(78,825)
Decrease / (increase) in debtors	35,299	(19,228)
Decrease in creditors	(16,389)	(6,910)
	<u>(378,439)</u>	<u>(442,375)</u>

B. Analysis of change in net funds

	Opening at 1 August 2007 £	Cashflow £	Closing at 31 July 2008 £
Cash at bank and in hand	-	9,432	9,432
Bank overdraft	(2,357)	2,357	-
Short term deposits	1,433,212	(322,785)	1,110,427
Total	<u>1,430,855</u>	<u>(310,996)</u>	<u>1,119,859</u>

The notes on pages 11 to 17 form part of these financial statements.

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008

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: Accounting and Reporting by Charities ("SORP") issued by the Charity Commission in March 2005. 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 in which they occur.

(d) Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirement of the company and include the audit fees and costs associated with the strategic management of the company.

(e) Fund accounting

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

(f) Going concern

The financial statements have been prepared on a going concern basis, however a number of CSEL's existing projects have, or are due to, come to an end. Whilst there are sufficient reserves to cover the ongoing projects up to 31 July 2009, the directors of CSEL are currently reviewing the future strategic and operational role of the company. Once this review has been carried out funding will be sought for any projects to be pursued.

If funding is not forthcoming, then the company may not continue in operational existence and the going concern basis of preparation may not be appropriate to the accounts. The financial statements do not include the adjustments that would arise if the company did not receive sufficient funds as and when required.

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

2 Donations and grants

	Unrestricted funds 2008 £	Restricted funds 2008 £	Total funds 2008 £	Total funds 2007 £
HEFCE	300,000	-	300,000	300,000
Camden Innovation Central	-	-	-	113,167
	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>413,167</u>

3 Incoming resources from charitable activities

	Unrestricted funds 2008 £	Unrestricted funds 2007 £
Other fees and income		
UCL Student Exchange	31,450	36,281
	<u>31,450</u>	<u>36,281</u>

In the current year £29,600 was received from UCL to fund UCL EngD and MSc students attending London Business School electives.

4 Net outgoing resources

Net outgoing resources for the year are stated after charging:

	2008 £	2007 £
Auditors' remuneration for audit services	8,813	9,147
	<u>8,813</u>	<u>9,147</u>

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

5 Total resources expended

2008					
	Basis of allocation	HEI Activities £	Camden £	Governance £	Total £
Costs directly allocated to activities:					
Staff costs/contracts	Direct	111,845	-	-	111,845
Printing, stationery, other	Direct	382	7	-	389
Travel & entertainment	Direct	2,480	-	-	2,480
Grants	Direct	490,694	-	-	490,694
Cases	Direct	420	-	-	420
Catering	Direct	7,554	-	-	7,554
Brochures & booklets	Direct	3,723	-	-	3,723
Support costs allocated to activities:					
Staff costs/contracts	Usage	29,955	-	-	29,955
Printing, stationery, other	Usage	6,076	-	-	6,076
Travel & entertainment	Usage	328	-	-	328
Management fee	Usage	2,275	-	-	2,275
Catering	Usage	246	-	-	246
Software/hardware	Usage	233	-	-	233
Office rent/materials	Usage	24,278	-	-	24,278
Legal & professional	Usage	-	-	45,308	45,308
Staff recruitment/training	Usage	-	-	-	-
Insurance	Usage	-	-	2,892	2,892
Bank charges	Usage	-	-	103	103
Total resources expended		680,489	7	48,303	728,799

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

5 Total resources expended (continued)

2007					
	Basis of allocation	HEI Activities £	Camden £	Governance £	Total £
Costs directly allocated to activities:					
Staff costs/contracts	Direct	36,751	3,000	-	39,751
Advertising	Direct	-	2,137	-	2,137
Printing, stationery, other	Direct	166	(203)	-	(37)
Travel & entertainment	Direct	3,149	10	-	3,159
Grants	Direct	529,171	33,450	-	562,621
Student support	Direct	16,385	-	-	16,385
Venue Conf Hire	Direct	-	277	-	277
Courses	Direct	2,042	75	-	2,117
Cases	Direct	11,500	-	-	11,500
Catering	Direct	6,875	(117)	-	6,758
Software/hardware	Direct	-	12,731	-	12,731
Sponsorship	Direct	-	9,255	-	9,255
Brochures & booklets	Direct	2,514	308	-	2,822
Legal & professional	Direct	-	672	-	672
Support costs allocated to activities:					
Staff costs/contracts	Usage	118,919	-	-	118,919
Printing, stationery, other	Usage	1,490	-	-	1,490
Travel & entertainment	Usage	214	-	-	214
Management fee	Usage	(48,514)	50,000	-	1,486
Catering	Usage	492	-	-	492
Software/hardware	Usage	29	-	-	29
Office rent/materials	Usage	24,331	-	-	24,331
Legal & professional	Usage	-	-	45,278	45,278
Staff recruitment/training	Usage	129	-	-	129
Insurance	Usage	-	-	3,105	3,105
Bank charges	Usage	-	4	60	64
Total resources expended		705,643	111,599	48,443	865,685

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

6 Employees

Staff costs in the year totalled £114,147 (2007: £119,136).

Earnings of higher paid staff

	2008	2007
£70,000 - £79,999	<u>1</u>	<u>1</u>

Earnings of higher paid staff include salaries and pension costs before a share of the costs are allocated to LTN.

35% of the £70,000 - £79,999 employee salary is recharged to LTN.

Average staff numbers for the year

	2008	2007
Total number	<u>3</u>	<u>3</u>

7 Directors' remuneration

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

8 Debtors

	2008 £	2007 £
Amounts owed by UCLBS	-	2,510
Amounts owed by LTN	-	8,888
Other debtors	<u>15,814</u>	<u>39,715</u>
	<u>15,814</u>	<u>51,113</u>

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Overdraft at bank	-	2,357
Trade creditors	533	690
Amounts owed to London Business School	29,743	89,167
Amounts owed to UCL	46,000	-
Other creditors and accruals	8,813	11,621
	<u>85,089</u>	<u>103,835</u>

10 Controlling entities and related parties

UCLBS Limited is the parent company of CSEL. UCLBS Limited is a joint venture company of London Business School and UCL. LTN was a sister company also owned by UCLBS Limited but left the group with effect from 1 April 2008.

Payments made during the year to UCL were as follows:

	2008 £	2007 £
Grants	298,633	333,878
Total	<u>298,633</u>	<u>333,878</u>

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

	2008 £	2007 £
Grants	170,018	196,613
Teaching materials	-	11,800
Conferences, training, catering	7,799	7,367
Support services	63,438	56,965
Total	<u>241,255</u>	<u>272,745</u>

The Centre for Scientific Enterprise Limited

Notes to the financial statements for the year ended 31 July 2008 (continued)

10 Controlling entities and related parties (continued)

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

Amounts owed to and by London Business School and UCL at the year end, are disclosed in Notes 8 and 9. Amounts owed by LTN are disclosed in Note 8 and relate to cross charges not yet paid for support services.

Included in accruals are amounts owed to UCL £Nil (2007: £800)

11 Taxation

In the opinion of the directors, CSEL 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.

12 Analysis of assets between funds

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2008	2008	2008	2007
	£	£	£	£
Current assets	1,134,934	739	1,135,673	1,484,325
Current liabilities	(85,089)	-	(85,089)	(103,835)
Net assets	<u>1,049,845</u>	<u>739</u>	<u>1,050,584</u>	<u>1,380,490</u>

13 Movement in funds

	At 1 August 2007	Incoming resources	Outgoing resources	At 31 July 2008
	£	£	£	£
Restricted funds:				
Camden Innovation Central	746	-	(7)	739
Unrestricted funds:	1,379,744	398,893	(728,792)	1,049,845
Total funds	<u>1,380,490</u>	<u>398,893</u>	<u>(728,799)</u>	<u>1,050,584</u>