

**The Centre for Scientific Enterprise
Report for the period ended 31 July 2001**

Registered no: 3983320

A company limited by guarantee



Centre for Scientific Enterprise

Directors' report for the period ended 31 July 2001

The directors present their report and the audited financial statements for the period ended 31 July 2001.

Review of activities

The Centre for Scientific Enterprise has been established as a joint venture company of London Business School (LBS) and University College London (UCL), initially backed with £4.6m of government grant. Its aim is to act as the commissioning and funding body in a broad initiative to promote the transfer of science and technology ideas into commercial products and services. This venture includes establishing new academic courses, training academic staff, commissioning specific teaching materials, and developing enterprise laboratories.

The company was incorporated on 28 April 2000 as a company limited by guarantee and is governed by the memorandum and articles of association. It presents its first set of accounts to 31 July 2001.

The results of the company for the period are shown in the statement of financial activities on page 7.

Future developments

The company is expecting to spend the grant over a number of years in pursuit of the objectives laid down by the Office of Science and Technology. Expenditure in the coming year will be similar to this year. No further grant income is expected at present.

Directors

The directors of the company during the year ended 31 July 2001 were:

Sir Derek Roberts CBE	(Chairman)
Mr Danny Gesua	(Secretary)
Dr Suran Goonatilake	
Professor Michael Hay	
Mr Ian Laing	
Professor Sir Chris Llewelyn Smith FRS	
Dr Jeff Skinner	
Professor John Quelch	(Resigned on 6 July 2001)

Centre for Scientific Enterprise

Directors' report for the period ended 31 July 2001 (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.

Key contact details

Registered office:

Sussex Place
Regent's Park
London NW1 4SA

Auditors

PricewaterhouseCoopers
No 1 London Bridge
London SE1 9QL

Bankers

HSBC
186 Baker Street
London NW1 5RU

Solicitors

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

Auditors

The directors appointed PricewaterhouseCoopers as the company's first auditors. PricewaterhouseCoopers will not be putting themselves forward as the School's auditors next year. The Directors would like to thank them for their work in the past. A resolution to appoint BDO Stoy Hayward will be put to the Annual General Meeting of the Directors.

Organisational structure

The company is jointly owned by London Business School and University College London; the liability of members is limited by guarantee to £1. It is governed by a board of directors that would normally consist of 3 directors appointed by LBS and 3 by UCL and one independent director. The directors usually meet monthly to transact the normal business of the company.

The addresses of the controlling entities are:

London Business School

Regent's Park
London NW1 4SA

University College London

Gower Street
London WC1E 6BT

Centre for Scientific Enterprise

Directors' report for the period ended 31 July 2001 (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 profit or loss of the company for that period.

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 period ended 31 July 2001. 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 keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



By order of the Board

Mr Danny Gesua

Secretary

Regent's Park

London

NW1 4SA

6 December 2001

Centre for Scientific Enterprise

Report of the auditors to the members of the Centre for Scientific Enterprise

We have audited the financial statements which comprise the statement of financial activities, the balance sheet, the cashflow statement and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors also act as trustees for the charitable activities of the Centre for Scientific Enterprise. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 charitable 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 other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. For example the other information comprises only the directors' report.

Basis of 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

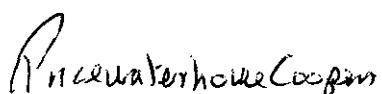
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Centre for Scientific Enterprise

Report of the auditors to the members of The Centre for Scientific Enterprise (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 July 2001 and of its net incoming resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
No 1 London Bridge
London SE1 9QL

Dated: 12 March 2002

Centre for Scientific Enterprise

Financial Statements for the period ended 31st July 2001

Statement of financial activities (including the Income and Expenditure Account) for the period ended 31st July 2001

	Notes	Restricted Funds £	Total Funds 2001 £
Incoming resources			
Grant received		4,600,000	4,600,000
Interest receivable		327,774	327,774
Total incoming resources		<u>4,927,774</u>	<u>4,927,774</u>
Direct charitable expenditure:			
Grants made		397,502	397,502
Other charitable expenditure	5	<u>56,957</u>	<u>56,957</u>
Total direct charitable expenditure		<u>454,459</u>	<u>454,459</u>
Other expenditure:			
Administrative expenses	6	<u>462,330</u>	<u>462,330</u>
Total resources expended		<u>916,789</u>	<u>916,789</u>
Net incoming resources		<u>4,010,985</u>	<u>4,010,985</u>
Funds brought forward at 28 th April 2000		-	-
Fund balances carried forward at 31st July 2001		<u><u>4,010,985</u></u>	<u><u>4,010,985</u></u>

The company has no recognised gains and losses, other than those included in the Statement of Financial Activities above, and consequently no separate statement of total recognised gains and losses has been presented. There is no difference between the net incoming resources before taxation and the retained reserves for the period stated above, and their historical cost equivalents.

The notes on pages 10 to 12 form part of the financial statements.

Centre for Scientific Enterprise

Balance Sheet

as at 31 July 2001

	Notes	£
Current assets		
Debtors	7	3,697
Cash at bank and in hand		1,367
Short term deposits		4,050,000
		<u>4,055,064</u>
Creditors: amounts falling due within one year	8	<u>(44,079)</u>
Net current assets		4,010,985
Total assets less current liabilities		<u>4,010,985</u>
Funds:		
Restricted	9	4,010,985
Unrestricted		-
		<u>4,010,985</u>

The financial statements on pages 7 to 12 were approved by the Board of Directors on 6 December 2001 and were signed on its behalf.

Sir Derek Roberts)

Directors

Professor Michael Hay)

The notes on pages 10 to 12 form part of these financial statements.

Centre for Scientific Enterprise

Cash flow statement for the period ended 31 July 2001

	2001 £
Net incoming resources for the period	4,010,985
Less: interest received	(327,774)
(Increase) in debtors	(3,697)
Increase in creditors	44,079
Cash flow from operating activities	3,723,593
Interest received	327,774
Management of liquid resources	(4,050,000)
Increase in cash	1,367
Reconciliation of net cash flow to movement in net funds	
Increase in cash in the year	1,367
Cash outflow from increase in liquid resources	4,050,000
Movement in net funds in the period	4,051,367
Net funds at 28 April 2000	-
Net funds at 31 July 2001	4,051,367

Analysis of net funds

	Opening At 28 April 2000 £	Cash Flow £	Closing At 31 July 2001 £
Cash at bank and in hand	-	1,367	1,367
Short term deposits	-	4,050,000	4,050,000
Total	-	4,051,367	4,051,367

Centre for Scientific Enterprise

Notes to the financial statements for the period ended 31 July 2001

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 by Charities ("SORP") issued by the Charity Commission in October 1995. A summary of the more important accounting policies, which have been applied consistently, is set out below:

(a) Basis of accounting

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

(b) Income

Grant income is accounted for on the basis of cash received. The grant was received from the Office of Science and Technology to promote, through education, the transfer of science and technology ideas into commercial products and services.

(c) Direct charitable expenditure

Expenditure on charitable activities consists of grants made to organisations to promote the objectives of the company. These are accounted for in the period that the grants are authorised and the conditions attached to the grant have been fulfilled.

(d) Management and administrative expenditure

Administrative expenses are made from restricted funds. This expenditure is accounted for in the period in which it occurs.

(e) Fund accounting

The restricted fund represents the unspent portion of the grant that is held for the purpose outlined in (b) above.

Centre for Scientific Enterprise

Notes to the financial statements for the period ended 31 July 2001 (Continued)

2 Taxation

In the opinion of the directors the Centre for Scientific Enterprise 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 potentially 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 to exclusively charitable purposes.

3 Directors' remuneration

The directors of the company do not receive any remuneration for their services as directors and were not reimbursed for any expenses in the period.

4 Employees

The company has no employees. Staff costs in the period were £162,258 which reflects the staff costs recharged to the Centre for Scientific Enterprise by London Business School.

5 Direct charitable expenditure

Grants totalling £397,502 were awarded during the period. These are awarded to develop and promote the education of students in science and business studies.

The following grants that were over 5% of expenditure were made during the period:

	£
University College London	174,756
To develop and deliver Bioprocessing/Life Sciences Enterprise Training in the Department of Biochemical Engineering.	
University College London	62,682
To deliver Enterprise Training in Management Studies Centre	
London Business School	81,542
To support Sloan Masters students to promote entrepreneurship in science and technology.	
London Business School	60,000
To support the Entrepreneurship Summer School.	
London Business School	30,200
To develop a new MBA course in New Technology Ventures.	

Centre for Scientific Enterprise

Notes to the financial statements for the period ended 31 July 2001 (Continued)

Other charitable expenditure was:

Consultants fees	21,942
Cases	29,047
Seminars and conferences	5,968
	<u>56,957</u>

6 Administrative expenses

Administrative expenses for the period were:

	£
Staff costs	162,258
Consultants fees	55,402
Professional fees	87,850
Audit fees	7,050
Travel	9,698
Hospitality	16,608
Stationery and office equipment	35,446
Rent	29,827
Marketing	33,875
Sponsorship	9,000
Other expenses	15,316
	<u>462,330</u>

7 Debtors: amounts falling due within one year

Amount Owed by University College London	3,697
	<u>3,697</u>

8 Creditors: amounts falling due within one year

Trade creditors	10,396
Amounts owed to London Business School	33,682
	<u>44,078</u>

9 Restricted fund

Balance at start of period	-
Income received during period	4,927,774
Expenditure for the period	(916,789)
Balance at 31 July 2001	<u>4,010,985</u>