

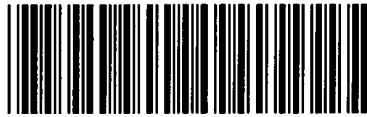
**Lancaster University Network Services Limited**

**Company Registration Number: 04311892**

**Annual Report and Financial Statements**

**For the Year Ended 31 July 2017**

SATURDAY



\*A6LVDNXX\*

A16

23/12/2017

#423

COMPANIES HOUSE

# **Lancaster University Network Services Limited**

## **Annual Report and Financial Statements for the year ended 31 July 2017**

<b>Contents</b>	<b>Pages</b>
Directors' report for the year ended 31 July 2017	1 - 2
Statement of directors' responsibilities	3
Independent auditor's report to the board of Lancaster University Network Services Limited	4 - 5
Statement of income and retained earnings for the year ended 31 July 2017	6
Statement of financial position as at 31 July 2017	7
Notes to the financial statements for the year ended 31 July 2017	8 - 12

## **Lancaster University Network Services Limited**

### **Directors' report for the year ended 31 July 2017**

The directors present their annual report and the audited financial statements of Lancaster University Network Services Limited (the company) for the year ended 31 July 2017.

#### **Principal activities**

The company's principal activity is to commercialise IT expertise in respect of computer networking technology and software systems.

#### **Business review and future developments**

Lancaster University Network Services Limited (LUNS) is a national telecommunications operator with full code powers. We have a well-established and growing business with an excellent reputation for the provision of high quality high speed network services in the North West of England, and as a provider of VLE and hosting services to customers throughout the UK and beyond. The previous operating year has seen continued modest growth which has added to our stable customer base. Costs are well controlled and our staff highly capable and well-motivated.

In the next operating period we will continue to develop existing areas of strength while actively exploring the potential to grow into new markets through innovative ideas for new products and services. This activity will be carefully managed to ensure that customer retention and satisfaction remains very high.

#### **Results and dividends**

The company made a profit for the financial year of £219,228 (2016: £250,202).

The directors do not recommend the payment of a dividend (2016: £nil).

#### **Risks, uncertainties & key performance indicators**

The company's directors believe that the analysis of KPIs and risks and uncertainties are consistent with those of its parent Lancaster University. These are adequately set out and described in the Lancaster University group financial statements, and as such, they have not made any further disclosure within these financial statements.

#### **Going concern**

There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern, and therefore the directors believe that preparing the financial statements on the going concern basis is appropriate.

#### **Directors**

The directors who held office during the year and up to the date of signing the financial statements were as follows:

P Harness  
S Randall-Paley  
N Banfield  
M Jameson

## **Lancaster University Network Services Limited**

### **Directors' report for the year ended 31 July 2017 (continued)**

#### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself and its directors.

#### **Statement of disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

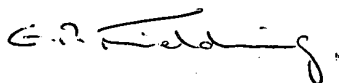
#### **Independent auditor**

The independent auditor, Deloitte LLP, has indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

#### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board and signed by its order by



G P Fielding  
**Company Secretary**  
28 November 2017

## **Lancaster University Network Services Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

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.

## **Independent auditor's report to the members of Lancaster University Network Services Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lancaster University Network Services Limited (the 'company') which comprise:

- the statement of income and retained earnings;
- the statement of financial position;
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 auditor's 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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 is 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.

### **Auditor's 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 auditor's 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's 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 auditor's 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.

### **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.

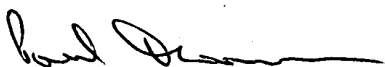
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Paul Thomson (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, UK  
29 November 2017

# Lancaster University Network Services Limited

## Statement of income and retained earnings for the year ended 31 July 2017

	Note	2017 £	2016 £
Turnover	3	855,371	847,205
Cost of sales	4	(574,436)	(548,271)
<b>Gross profit</b>		<u>280,935</u>	<u>298,934</u>
Distribution costs		(6,941)	(91)
Administrative expenses		(54,766)	(48,641)
<b>Operating profit</b>		<u>219,228</u>	<u>250,202</u>
<b>Profit before taxation</b>	5	<u>219,228</u>	<u>250,202</u>
Tax on profit	6	-	-
<b>Profit for the financial year</b>		<u>219,228</u>	<u>250,202</u>
Retained losses as at 1 August		(56,473)	(306,675)
<b>Retained profits / (losses) as at 31 July</b>		<u>162,755</u>	<u>(56,473)</u>

All amounts relate to continuing operations.

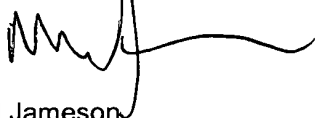
The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of other comprehensive income has been presented.

There is no material difference between the profit before taxation and the profit for the financial year stated above, and their historical cost equivalents.

**Lancaster University Network Services Limited***Company Registration Number: 04311892***Statement of financial position  
as at 31 July 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	9	-	28,730
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	714,818	464,034
Cash at bank and in hand		79,807	82,631
		<u>794,625</u>	<u>546,665</u>
<b>Creditors: amounts falling due within one year</b>	11	(331,870)	(331,868)
<b>Net current assets</b>		<u>462,755</u>	<u>214,797</u>
<b>Total assets less current liabilities</b>		<u>462,755</u>	<u>243,527</u>
<b>Net assets</b>		<u>462,755</u>	<u>243,527</u>
<b>Capital and reserves</b>			
Called up share capital	12	300,000	300,000
Profit and loss account		162,755	(56,473)
<b>Total shareholders' funds</b>		<u>462,755</u>	<u>243,527</u>

The financial statements on pages 6 to 12 were approved by the board of directors and signed on its behalf by



M Jameson  
**Director**  
28 November 2017

# **Lancaster University Network Services Limited**

## **Notes to the financial statements for the year ended 31 July 2017**

### **1 Company information**

Lancaster University Network Services Limited is a private company limited by shares, registered in England & Wales under registration number 04311892. The registered office is Lancaster University, University House, Bailrigg, Lancaster, Lancashire, LA1 4YW.

### **2 Accounting policies**

#### ***Basis of preparation***

These financial statements are prepared on the going concern basis, under the historic cost convention, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The principal accounting policies which have been applied consistently throughout the year and the prior year are as follows.

#### ***Significant accounting estimates and judgements***

The Directors discuss accounting estimates and judgements in the context of the budget setting process and during its periodic review of the management accounts at Board meetings.

Management has not made any accounting estimates or judgements that would have a significant effect on the amounts recognised in the financial statements.

#### ***Cash flow statement***

Under FRS 102, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Lancaster University, and its cash flows are included within the consolidated cash flow statement of that entity which are publicly available.

#### ***Related party transactions exemption***

The directors have taken advantage of the exemption permitted by FRS 102 and have not disclosed related party transactions with parent and fellow subsidiary undertakings. There are no other related party transactions which require specific disclosure.

#### ***Current taxation***

Corporation tax payable is provided on taxable profits at the current rate.

#### ***Pensions***

Pension costs relate to payments made by Lancaster University to the Universities Superannuation Scheme and Local Government Pension Scheme and subsequently recharged to the company. These are charged to the statement of income and retained earnings as they fall due.

# Lancaster University Network Services Limited

## Notes to the financial statements for the year ended 31 July 2017 (continued)

### 2 Accounting policies (continued)

#### *Tangible Fixed Assets and Depreciation*

Equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. Office furniture is written off in the year of acquisition. All other items of equipment and vehicles are capitalised and depreciated over their expected useful lives. The carrying value of tangible fixed assets is the cost less accumulated depreciation. Equipment and vehicles are depreciated over 5 years, the Telecity GEO fibre is depreciated over 10 years.

#### *Turnover*

Turnover represents amounts receivable for services, excluding VAT, provided during the year and consists of sales made in the United Kingdom.

#### *Basic financial instruments*

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### *Going concern*

After reviewing the company's forecasts and projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

### 3 Turnover

All turnover took place in the UK and wholly comprises retail sales.

4 Cost of sales	2017 £	2016 £
Telecom circuits	280,327	283,338
Staff costs	174,278	178,198
Infrastructure maintenance	54,666	60,246
Business rates on circuits	18,924	(24,705)
Equipment depreciation	28,730	28,730
Hardware	11,945	17,464
Site shares	5,566	5,000
	<u>574,436</u>	<u>548,271</u>

# Lancaster University Network Services Limited

## Notes to the financial statements for the year ended 31 July 2017 (continued)

<b>5 Profit before taxation</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Profit is stated after charging:</i>		
Depreciation of tangible fixed assets	28,730	28,730
Auditor's remuneration for the auditing of the financial statements	5,712	5,506

## 6 Tax on profit

No charge to taxation arises on the profit for the financial year (2016: £nil). This is calculated as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit before taxation	219,228	250,202
Tax on profit at the standard rate of 19.67% (2016: 20%)	43,121	50,040
Add fixed asset depreciation	5,651	5,746
Add capital items expensed	2,351	3,494
Deduct capital allowances	(3,578)	(5,016)
Deduct fixed asset depreciation allowed under SP3/91	(5,651)	(5,746)
Deduct relief for losses brought forward	-	(43,759)
Deduct group loss relief	(41,894)	(4,759)
Tax charge for the year	-	-

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantively enacted on 6th September 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 31 July 2017.

There is no expiry date on timing differences, unused tax losses or tax credits.

## 7 Employee costs

<b>Employee costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	139,161	144,980
Social security costs	13,068	11,768
Other pension costs	22,049	21,450
	174,278	178,198

# Lancaster University Network Services Limited

## Notes to the financial statements for the year ended 31 July 2017 (continued)

7 Employee costs (continued)	2017	2016
<i>Average monthly number of employees</i>		
Networking and systems staff	3.0	3.8
Total staff	3.0	3.8

## 8 Directors' emoluments

The directors have not received any remuneration for services provided to the company. Administrative expenses include management charges of £5,391 in respect of part time duties of company directors employed by Lancaster University (2016: £6,069).

9 Tangible assets	Vehicles £	Equipment £	Total £
<b>Cost</b>			
At 1 August 2016	44,252	331,605	375,857
Additions	-	-	-
At 31 July 2017	44,252	331,605	375,857
<b>Accumulated depreciation</b>			
At 1 August 2016	44,252	302,875	347,127
Charge for the year	-	28,730	28,730
At 31 July 2017	44,252	331,605	375,857
<b>Net book value</b>			
At 31 July 2017	-	-	-
At 31 July 2016	-	28,730	28,730

10 Debtors: amounts falling due within one year	2017 £	2016 £
Trade debtors	77,030	159,932
Amounts owed by group undertakings *	543,839	277,668
Accrued income	60,106	7,446
Prepayments	33,843	18,988
	714,818	464,034

\* The company will not seek repayment of this amount from Lancaster University in the foreseeable future.

11 Creditors: amounts falling due within one year	2017 £	2016 £
Trade creditors	21,650	2,301
Value Added Tax	37,435	51,827
Accruals	133,508	64,639
Deferred income	139,277	213,101
	331,870	331,868

## Lancaster University Network Services Limited

### Notes to the financial statements for the year ended 31 July 2017 (continued)

12 Called up share capital	2017 £	2016 £
<i>Authorised</i>		
5,000,000 (2016: 5,000,000) ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
<i>Allotted, called up and fully paid</i>		
300,000 (2016: 300,000) ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

### 13 Pension schemes

Company employees are contracted by Lancaster University and are members of the Universities Superannuation Scheme. Employer contributions are paid by the University and recharged to LUNS on a monthly basis. The liability of LUNS is therefore limited to the employers contribution on behalf of LUNS staff only. Full disclosures have been made in the financial statements of Lancaster University.

The company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the statement of income and retained earnings represents the contributions payable to the schemes in respect of the accounting year.

### 14 Capital commitments

There are currently no capital commitments (2016: £nil).

### 15 Ultimate parent company

The ultimate parent undertaking and controlling party is Lancaster University, which is incorporated by Royal Charter in Great Britain.

Lancaster University is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 July 2017. The consolidated financial statements can be obtained from:

Lancaster University  
University House  
Bailrigg  
Lancaster  
Lancashire  
LA1 4YW

This address is also the registered office of the company.