

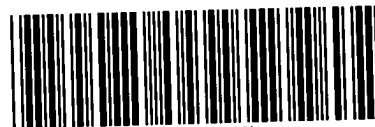
EMINATE LIMITED

(Registered Number 5852142)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JULY 2014

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EMINATE LIMITED

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EMINATE LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014

The Directors present their annual report together with the financial statements and auditor's report for the year ended 31 July 2014.

This Directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Principal Activities and Business Review

The principal activities of the Company are the development and exploitation of intellectual property in the areas of food and ingredients and engineering powders and coatings.

Its ongoing research and development activity, funded by a number of government grants (principally from TSB - now renamed Innovate UK), continues to support the internal generation of innovative ideas. These are supplemented by a pipeline of intellectual property from third parties, including the Company's parent, the University of Nottingham, on the basis of which the Company seeks to develop a portfolio of licenses based on robust patents.

Licensing income from the SodaLo deal with Tate & Lyle was less than expected. A minimum royalty payment for the 2014 calendar year was successfully negotiated with Tate & Lyle to, in part, mitigate against this ongoing uncertainty.

Future Developments, Risks and Uncertainties

The Directors consider the principal risks and uncertainties facing the Company to be the achievement of expected levels of licensing income, and the achievement of profitability within the expected timescales. Other risks include threats to the Company's business model from direct competitors, and the adverse impact of the current economic climate on its ability to license IP and sell products or services. The Company is dependant on its funding from its parent the University of Nottingham and as noted below confirmation of this support has been received for a further 12 months.

Results for the Period

The Company made an operating loss of £525,000 (2013: £15,000) during the year, and its activities were funded by licensing revenues, research grants from the Technology Strategy Board and the European Commission, a few small commercial projects, sale of products and through loans from its parent, The University of Nottingham.

Liquidity and Going Concern

The Company is funded by loans and other amounts provided by its parent company and at 31 July 2014 it had net liabilities of £3,619,000 (31 July 2013: £3,051,000).

The Directors believe that the Company will continue with its current business. The Company's parent company, the University of Nottingham, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period no less than 12 months from the signing of the Company's financial statements. As a result, the Directors believe that the entity will continue to be a going concern into the foreseeable future and have adopted the going concern accounting convention.

Dividends

The Directors do not recommend the payment of a dividend (2013: £nil).

EMINATE LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014 - CONTINUED

Directors

The Directors of the Company who served during the year and to the date of approval of this report were as follows:

Mr GC Ward
Prof CJ Roberts
Mr RCN Davidson (resigned 9 February 2015)
Mr DWG Park (resigned 13 February 2015)
Dr S Gaunt (resigned 30 January 2015)
Mr CTT Lindsay (resigned 9 February 2015)
Mr MS Christie (resigned 9 February 2015)
Ms MM Melnyk (resigned 9 February 2015)
Dr S Huxtable (appointed 10 February 2015)
Mr R Keyworth (appointed 10 February 2015)

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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). 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 judgments and accounting estimates that are reasonable and prudent; and
- 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.

PROVISION OF INFORMATION TO AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all steps that he/she ought to have taken as a director to make himself/herself 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 the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Mr R Keworth



Dated: 25 FEBRUARY 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMINATE LIMITED

We have audited the financial statements of Eminate Limited for the year ended 31 July 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

David Hall, FCA

David Hall, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

25 February 2015

EMINATE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR to 31 JULY 2014**

	NOTE	2014 £000	2013 £000
TURNOVER	1g	50	621
COST OF SALES		(19)	(117)
GROSS PROFIT		<u>31</u>	<u>504</u>
Administrative expenses		(790)	(705)
Other operating income		234	186
OPERATING LOSS	2	<u>(525)</u>	<u>(15)</u>
Net interest payable	4	(48)	(46)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(573)</u>	<u>(61)</u>
Tax on loss on ordinary activities	5	5	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND LOSS FOR THE FINANCIAL YEAR	13	<u><u>(568)</u></u>	<u><u>(61)</u></u>

There were no gains and losses in the year other than the loss for the year, therefore no statement of total recognised gains and losses is presented.

The above results arose from continuing operations.

EMINATE LIMITED

**BALANCE SHEET
AS AT 31 JULY 2014**

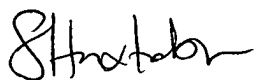
	NOTE	2014 £000	£000	2013 £000	£000
FIXED ASSETS					
Tangible fixed assets	6		136		199
CURRENT ASSETS					
Debtors	7	119		91	
Cash at bank and in hand		<u>189</u>		<u>220</u>	
		308		311	
CURRENT LIABILITIES					
Creditors - Amounts falling due within one year	8	<u>(3,985)</u>		<u>(3,425)</u>	
NET CURRENT LIABILITIES			(3,677)		(3,114)
CREDITORS - Amounts falling due after more than one year	9		(78)		(136)
NET LIABILITIES			<u>(3,619)</u>		<u>(3,051)</u>
CAPITAL AND RESERVES					
Called up Share Capital	12		-		-
Profit and Loss Account	13		(3,619)		(3,051)
SHAREHOLDERS' DEFICIT	14		<u>(3,619)</u>		<u>(3,051)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of Eminate Limited (registered number 5852142) on pages 4 to 12 were approved by the Board and authorised for issue on: **25 FEBRUARY 2015**

They were signed on its behalf by:

S Huxtable, Director



R Keyworth, Director



EMINATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR to 31 JULY 2014

1 ACCOUNTING POLICIES

The Directors consider that the financial statements should be prepared to reflect the Company's aims and to satisfy the different reporting needs of users. Therefore any gift aid donations to the University of Nottingham are separately disclosed.

The principal accounting policies adopted in preparation of the financial statements are set out below and have been applied consistently in both the current and preceding years.

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards which have been reviewed by the Directors and are considered to be appropriate to the Company's activities.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

(b) Going concern

The Directors believe that the Company will continue with its current business. The Company's parent company, the University of Nottingham, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period no less than 12 months from the signing of the Company's financial statements. As a result, the Directors believe that the entity will continue to be a going concern into the foreseeable future and have adopted the going concern accounting convention.

(c) Fixed assets

Fixed Assets are stated at cost, net of depreciation and any provision for impairment. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives (from date of purchase) as follows:

Plant and machinery	5 to 10 years
Equipment	3 to 5 years

(d) Grants

Grants related to tangible fixed assets are treated as deferred income and released to the Profit and Loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss account as the related expenditure is incurred.

(e) Cashflow

The Company is a wholly-owned subsidiary of The University of Nottingham and is included in their consolidated financial statements, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of the Financial Reporting Standard 1 (revised 1996).

EMINATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR to 31 JULY 2014

1 ACCOUNTING POLICIES (*continued*)

(g) Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from Research Grants and Contracts is included on an accruals basis to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Depending on the substance of the relevant agreements, royalty and license income is recognised either immediately or on an accrued basis if further contractual obligations exist.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

(h) Cost of sales

Cost of sales includes the cost of goods sold and the directly attributable costs of licensing revenue recognised in the period.

(i) Research and development

Research and development expenditure is written off as incurred.

(j) Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

(k) Consolidation

The Directors have taken advantage of Section 400 of the Companies Act 2006 in not preparing group financial statements. The financial information presented within these financial statements is therefore for the Company as an individual undertaking only and not as a group.

(l) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable loss and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not discounted.

(m) Pension

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

EMINATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR to 31 JULY 2014

2 OPERATING LOSS IS STATED AFTER CHARGING:

	2014	2013
	£000	£000
Audit fee - audit of the Company's financial statements	5	5
Depreciation of tangible fixed assets	63	73
Loss on sale of fixed assets	-	9
Operating lease rentals - other	45	44
Research and development costs	<u>264</u>	<u>241</u>

There were no fees payable to the Company's auditor for non audit services in the current year (2013: £nil).

3 STAFF COSTS

The average number of persons employed by the Company (including directors) during the year was as follows:

	2014	2013
	No.	No.
Management and administration	2	3
Research and production	<u>7</u>	<u>5</u>
	<u>9</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	330	284
Social security costs	47	30
Defined contribution pension costs	34	18
Defined benefit pension costs	-	5
	<u>411</u>	<u>337</u>

In the year ended 31 July 2014 one (2013: one) of the Company's employees included in staff costs was a secondee from the University of Nottingham, the Company's parent company. The Company reimbursed the University for the cost of these secondees including the defined benefit pension costs disclosed above. Details of the Universities Superannuation Scheme are disclosed in the financial statements of the University of Nottingham.

Payments to two directors amounted to £133,000 (2012: two - £160,000). All other directors received no remuneration for their services to the Company during either year.

4 NET INTEREST PAYABLE

	2014	2013
	£000	£000
Group loan interest	<u>48</u>	<u>46</u>

EMINATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR to 31 JULY 2014****5 TAX ON LOSS ON ORDINARY ACTIVITIES**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The tax charge comprises:

	2014	2013
	£000	£000
Current tax		
UK corporation tax at 22.33% (2013: 23.67%)	-	-
Prior year adjustment	(5)	
Deferred tax		
Origination and reversal of timing differences	-	-
Total current tax and tax on loss on ordinary activities	<u>(5)</u>	<u>-</u>

The Finance Act 2013 was enacted on 17 July 2013 and included provisions which reduced the main rate of corporation tax to 23% from 1 April 2013 and 21% from 1 April 2014. Current tax has therefore been calculated at 22.33%, a blended rate of 23% up to 1 April 2014 and 21% thereafter.

Further rate reductions were proposed in the 2013 budget to reduce the standard rate of UK corporation tax to 20% from April 2015. This further rate reduction was enacted on 2 July 2013 and has therefore been reflected in these financial statements, when calculating deferred tax, in accordance with FRS 19.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as shown:

	2014	2013
	£000	£000
Loss on ordinary activities before tax	<u>(573)</u>	<u>(61)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 22.33% (2013: 23.67%)	(128)	(14)
Effects of:		
Expenses not deductible for tax purposes	14	18
Income not taxable	(13)	(44)
Losses group relieved	7	-
Unutilised losses arising in the period	120	40
Current tax credit for the year	<u>-</u>	<u>-</u>

The tax charge in future periods may be affected by the capacity to surrender tax losses to other group companies.

A deferred tax asset amounting to £493,000 in respect of carry forward trading losses has not been recognised because in the opinion of the Directors there is uncertainty as to the timing of profits available in the foreseeable future.

EMINATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR to 31 JULY 2014

6 FIXED ASSETS

	Plant and machinery £000	Equipment £000	Total assets £000
Cost			
As at 1 August 2013 and 31 July 2014	649	453	1,102
Depreciation			
As at 1 August 2013	450	453	903
Charge for the year	63	-	63
As at 31 July 2014	513	453	966
Net book value at 31 July 2014	136	-	136
Net book value at 31 July 2013	199	-	199

7 DEBTORS

	2014 £000	2013 £000
Trade debtors	77	74
Amounts owed by group undertakings	10	10
Prepayments and accrued income	15	2
VAT receivable	17	5
All due within one year	<u>119</u>	<u>91</u>

8 CREDITORS - amounts falling due within one year

	2014 £000	2013 £000
Trade Creditors	92	25
Loan from parent company	2,750	2,250
Amounts owed to group undertakings	1,069	1,081
Accruals and deferred income	16	9
Government Grants	58	60
	<u>3,985</u>	<u>3,425</u>

9 CREDITORS - amounts falling due after more than one year

	2014 £000	2013 £000
Deferred Capital Grant		
Government Grants	<u>78</u>	<u>136</u>

EMINATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR to 31 JULY 2014

10 DEFERRED CAPITAL GRANTS

	Total £'000
As at 1 August 2013	196
Released to Profit and Loss	(60)
As at 31 July 2014	<u>136</u>

All deferred capital grants relate to plant and machinery and equipment.

11 OPERATING LEASE COMMITMENTS

	2014 £000	2013 £000
Annual commitments under non-cancellable operating leases for land and buildings expiring:		
Within one year	46	-
Between two and five years	-	46
	<u>46</u>	<u>46</u>

12 SHARE CAPITAL

	2014 £	2013 £
Called up, issued and fully paid: 1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

The Company is a wholly owned subsidiary of The University of Nottingham.

13 RESERVES

	Profit & Loss account £'000
As at 1 August 2013	(3,051)
Loss for the year	(568)
As at 31 July 2014	<u>(3,619)</u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £000	2013 £000
Loss for the financial year	(568)	(61)
Opening shareholders' deficit	(3,051)	(2,990)
Closing shareholders' deficit	<u>(3,619)</u>	<u>(3,051)</u>

The University of Nottingham has resolved to provide such financial support as is required to enable the Company to fulfil its obligations and commitments as they fall due.

15 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions given by Financial Reporting Standard 8 whereby a wholly owned subsidiary need not disclose transactions with other group companies.

EMINATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR to 31 JULY 2014

16 SUBSIDIARY COMPANIES

Eminate Limited owns 100% of the share capital of Vitanat Limited, Thixate Limited (formerly Eminate 2 Limited) and Eminate 3 Limited. None of these companies have traded in the current year.

17 ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent undertaking and the ultimate controlling party is The University of Nottingham. Copies of the consolidated financial statements of The University of Nottingham can be obtained from:

Mr A Unitt
Chief Financial Officer
University of Nottingham
King's Meadow Campus
Nottingham
NG7 2NR