



(A Charitable Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31st December 2015

Company Number: 01765239

Registered Charity Number: 290866

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Lhasa Limited

CONTENTS

Contents	Page
Mission Statement	1
Officers and Professional Advisers	3
Directors' and Trustees' Report	4
Statement of Trustees' Responsibilities	21
Independent Auditor's Report to the Members of Lhasa Limited	22
Statement of Financial Activities (incorporating an income and expenditure account)	24
Balance Sheet	25
Cash Flow Statement	26
Accounting Policies	27
Notes to the Financial Statements	32

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OBJECTIVES

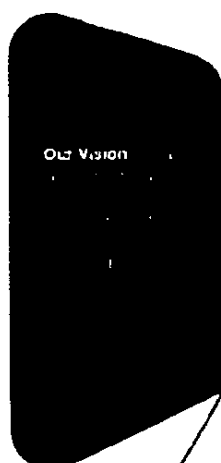
Lhasa Limited is a not-for-profit, charitable organisation whose objective is to promote scientific knowledge and understanding through the development of computer-aided reasoning and information systems in chemistry and the chemistry-related sciences

OUR MISSION

Shared Knowledge, Shared Progress

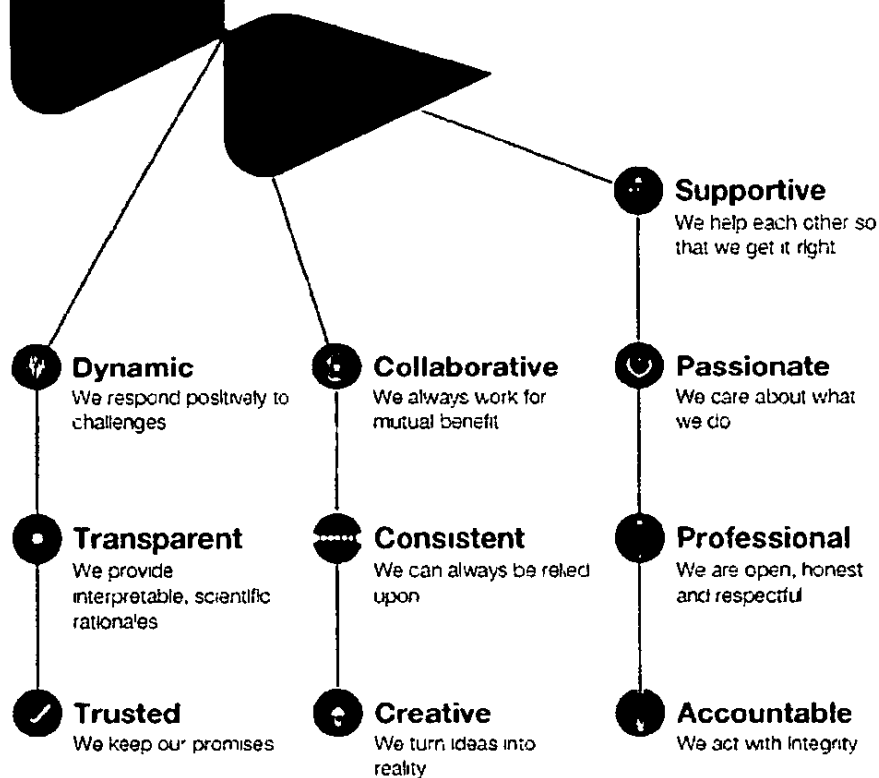
OUR VISION

"To be acknowledged and trusted by our members and the scientific community as the world leader in knowledge and data sharing for chemistry-related sciences"



We are Lhasa Limited

Our approach is based on a core set of values which focuses on the importance of delivering for our members so that we can have pride in the high quality science we stand for



shared knowledge shared progress

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Lhasa Limited

OFFICERS AND PROFESSIONAL ADVISORS

Chairman	Dr DM Richardson
Deputy Chairman	Dr S Glowienke
Chief Executive Officer	Mr DK Watson
Company Secretary	Dr JJ Langowski
Other Trustees.	Mr A Bowie (appointed 9th December 2015) Dr CJ Bowmer Ms S Clark Dr N Greene Dr DR Hawkins Mr D Hollins Dr WE Lindup Dr R Taylor Prof P Willett Dr AGE Wilson
Registered Office	Granary Wharf House 2 Canal Wharf Holbeck Leeds LS11 5PS
Auditors	Mazars LLP The Lexicon Mounr Street Manchester M2 5NT
Bankers	HSBC Bank 33 Park Row Leeds LS1 1LD The Cooperative Bank 9 Prescott Street London E1 8BE
Solicitors.	Irwin Mitchell LLP 2 Wellington Place Leeds LS1 4BZ
Registered Charity Number	290866
Company Number	01765239

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

The Board of Trustees presents the report and financial statements of Lhasa Limited for the year ended 31 December 2015. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The report and statements also comply with the Companies Act 2006 (as amended August 2013) as Lhasa Limited was incorporated as a Company Limited by Guarantee on 27 October 1983. It has no share capital and is a registered charity. The guarantee of each member is limited to £10. The governing documents are the Memorandum and Articles of Association of the company and members of the Board of Trustees are the Directors of the company.

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by its Articles of Association (June 2010), its Memorandum of Association (June 2006) and its Codes of Practice (December 2008).

GOVERNANCE

The governing bodies consist of a Board of Trustees, responsible for the governance of the Charity, a Scientific Advisory Board, responsible for scientific matters, and an Investment and Business Sub-Committee, responsible for working with our Investment Managers (Brewin Dolphin, Leeds), which reports to the Board of Trustees. All of these bodies meet quarterly in Leeds.

RECRUITMENT, INDUCTION AND TRAINING OF TRUSTEES

In accordance with policy, Trustees are recruited either by recommendation or via a recruitment process for their specific skills defined as a requirement by the Board of Trustees. Upon approval, potential Trustees are sent an induction pack covering their obligations under Charity and Company Law, Articles of Association, Memorandum of Association and Codes of Practice, company policies and a non-disclosure agreement. Potential Trustees are invited to attend a maximum of two meetings as observers and after these two meetings the Board of Trustees and the individual consider their suitability to act as a Trustee ahead of their formal acceptance to the post. Upon acceptance and appointment, Trustees receive an induction to the business, covering key aspects of the organisation, its operations and salient Health and Safety information.

During 2015, the Company Secretary attended one governance seminar and the information derived from this was passed on to the Trustees and appropriate changes to governance procedures were adopted.

MEMBERSHIP OF LHASA LIMITED

As at the Annual General Meeting held on 10 June 2015, there were 295 members of which 133 were full members, 155 associate, 1 honorary and 6 affiliate members of Lhasa Limited. At the Ordinary General Meeting held on 9 December 2015, there were 298 members of which 133 were full, 158 associate, 1 honorary and 6 affiliate members. A list of Lhasa Limited member organisations can be found on the Lhasa Limited website (www.lhasalimited.org).

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

MANAGEMENT AND STAFFING

Day to day management is delegated to the Chief Executive Officer who leads the management team based in Leeds. Key members of the management team are

Chief Executive Officer	David Watson
Company Secretary	Jan Langowski
Director of Finance	Jennifer Horsley
Director of Science	Christopher Barber
Director of Operations	Charles McArdle
Director of Member Services	Scott McDonald

The Chief Executive Officer formally reports to the Board of Trustees through a quarterly report and by attendance at quarterly meetings of the Board of Trustees. Progress is reviewed with the Chairman and Deputy Chairman monthly, via telephone conference.

At 31 December 2015, staff numbers stood at 113 against the 91 of the previous year.

Pay Policy

The Board of Trustees give of their time freely and no trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in note 6 to the accounts. The Board of Trustees entrust the directing, controlling, running and operation of the Charity to the Chief Executive Officer who is supported by the key management personnel. The pay of the senior staff is reviewed annually and increased in accordance with the company pay policy, which is applicable to all Lhasa staff.

PUBLIC BENEFIT

The Lhasa Limited Board of Trustees holds in high regard the principle of public benefit and requires the Chief Executive Officer and staff of Lhasa Limited to pursue policies that demonstrate this. The Board of Trustees, at its quarterly meetings, reviews ongoing charitable activities to ensure consistency with our charitable objects. The Board of Trustees is aware of the Charity Commission's guidance on public benefit and has had regard to it in determining the Charity's aims and objectives and in the way it carries out its activities.

The Charity is committed to the development and use of computer-aided reasoning and information systems for the advancement of chemistry and the life sciences. By performing research on chemical, toxicology, metabolism and degradation data, our scientists are able to provide members with software systems that allow them to make predictions about the safety of chemicals, thereby providing public benefit through

- reducing the need for animal testing
- improving the lengthy and costly process of developing new drugs
- safeguarding human health from the adverse effects of chemicals

The charitable aims of Lhasa Limited include the sponsorship of activities that advance scientific knowledge and understanding through the use of computer-aided reasoning in chemistry and the life sciences. The Charity directly promotes and encourages the use of our software for academic teaching and research by offering membership on significantly preferential terms. In addition, the Charity actively supports research through the teaching of the use of computer-aided reasoning in toxicology and the sponsorship of

- computational chemistry events,
- scientific symposia and academic prizes,
- research projects and scientific training to Ph D level.

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

As well as performing research and development ourselves, the Charity is committed to providing financial support for others to carry out their own research and to discuss their findings to further advance and refine the science. Specifically, the Charity provides support for research within academic institutions and the outcomes of this research, and that of our own scientists, are disseminated through publications, talks and poster presentations at relevant scientific events all around the world, encouraging further work in the public domain.

The software developed by the Charity enables the scientific community to carry out research much more effectively, reducing animal use in experiments, helping to improve toxicological testing and improving the communication of knowledge about toxicology and metabolism. Members, academic scientists and government regulatory organisations benefit from the unique data and knowledge-sharing approach of Lhasa Limited, enhancing quality of life by assisting in the development of, and access to, safer chemical entities for the benefit of the public.

Our position as a Charity makes it easier for organisations to donate their data, secure in the knowledge that it will only be used to promote scientific development to the benefit of all and as such we are able to access data and knowledge that would otherwise not be accessible. In addition, our unique position is seen as key for sharing contributed data (for example our role in the IMI eTOX and MIP DILI consortia (see pages 11 & 12) where we hold the position of "honest broker"), which further expands (and makes more effective) the scope of scientific collaboration for the public benefit.

Membership and software sponsorship fees are used to support the ongoing research and development carried out by the Charity. Through the generous funding of our main sponsors, Lhasa Limited is able to offer very low fees to academic organisations and public non-political bodies to ensure that its knowledge is available to the widest possible public audience. In addition, members contribute the results of their own research, thereby making scientific research publicly available that would not otherwise be accessible to the scientific community. The Charity therefore plays an invaluable role by bringing previously unpublished information into the public domain, and permitting the knowledge derived from this to be used by the scientific community for the public benefit.

RESERVES POLICY

Lhasa Limited's reserves policy requires the retention of income sufficient to encompass:

- 1 The balance on tangible and intangible fixed assets for use by the Charity to avoid having to liquidate functional assets to release cash less all loans associated directly with these assets
- 2 To cover 50% of the direct costs and support costs, agreed in the budget or at meetings of the Board of Trustees
- 3 Funds to enable designated expenses and provisions which are anticipated to be greater than £200,000 less any external funding of them
- 4 The reserves policy is reviewed annually to take into consideration perceived risks and opportunities

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

CURRENT POSITION

Based upon the above our present position is

	<u>Dec 2015</u> <u>£000's</u>
Unrestricted Reserves	£8,258
Tangible & Intangible Fixed Assets less associated loans	£4,843
Designated Reserve for Pension Deficit Funding Provision	(£544)
	<u>£4,299</u>
Free Reserves	£3,959
 2016 Forecast Costs – 50%	 £4,066

Free reserves are £107k less than 50% of forecasted costs for 2016 which is considered an acceptable position. In accordance with the policy we have designated funds equal to tangible and intangible fixed assets.

Fixed assets

The movement in intangible and tangible fixed assets are set out in notes 7 and 8 respectively.

INVESTMENT

During 2012, in accordance with Charity Commission guidelines, the Board of Trustees took the decision to review the investment policy of the Charity. At this time it was felt that the level of income derived from short term interest from monies held at the bank was so low that consideration should be given to investment of a proportion of the Charity's reserves. Following a formal tendering and interview process, Brewin Dolphin were appointed as investment managers for the Charity, reporting to the Board of Trustees through an Investment and Business Sub-Committee (IBSC). A formal document outlining the investment principles of the Charity was agreed by the Board of Trustees at the December 2012 meeting.

It is the practice that the investment advisers attend regular meetings of the IBSC. Detailed written reports are produced on a quarterly basis which value the portfolio and record its respective performance statistics. An integral part of the regular meetings is detailed discussion on the content of the report with particular reference to the performance aspect.

As at 31 December 2015, the investment portfolio managed by Brewin Dolphin was valued at £1,912k. The portfolio produces an annual estimated gross income of £48k, which is equivalent to a gross yield of 2.5%. The portfolio was initiated with an investment of £750k on 13 February 2013. During both the 2014 and 2015 financial years additional sum of £500k was added to the portfolio as approved by the Board of Trustees.

The structure of the portfolio is in accordance with the Statement of Investment Principles.

Investment Policy

Lhasa Limited receives income on an annual basis through membership subscriptions, sponsorships, grants and other sources. It plans activities over a three to five year time horizon and budgets to expend all anticipated income in each year, except for retaining a prudent amount in reserves, and provides for capital expenditure within the budget or through designated income funds. The only

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

funds of Lhasa Limited that are not expendable within 12 months of receipt are reserves and any grants or sponsorships for activities over a longer period

Lhasa Limited will review and determine its investment policy and attitude to risk each year in consultation with its Investment Manager having regards to its objectives and operating financial conditions. In recognition of its dual objectives (income and real growth) Lhasa Limited will make an allocation between these objectives with the intention that differing risk profiles and investment policies are adopted.

Lhasa Limited recognises that risk can have many different meanings as well as being time dependent. To help clarify Lhasa Limited's attitude to risk, a scale of 1 to 10 is being adopted with 1 being the lowest level of risk and would be consistent with deposits held in a major UK clearing bank. Conversely, 10 is the highest level of risk and is consistent with the most speculative types of investment where the return of capital is uncertain, such as venture capital and distressed debt. 5 would be associated with blue chip UK equities paying an above average dividend.

Lhasa Limited has decided to split its funds available for investment into two, each with a different objective and attitude to risk.

- One part will target the production of income and will be consistent with a risk attitude that will be decided at the time of investment.
- One part will target growth over a number of years with the objective of protecting the capital value of the fund against inflation. Lhasa Limited recognises that this will be invested in assets that will rise and fall in value in the short term but are most likely to show a positive return over an intermediate period of time. Lhasa Limited further recognises that investments in this area will require a minimum time horizon of three years or more. Nevertheless Lhasa Limited is keen to maintain the liquidity of its investments and so would not wish to invest in the most speculative instruments falling in the 10 region. Lhasa Limited is prepared to invest in Emerging Markets but will limit its exposure in accordance with the control ranges specified below.

A strategy of limiting risk by matching to a degree the types of assets invested in, to the obligations or liabilities of the Fund has been adopted. The balance between investing for growth and investing for income with the best fit or match to liabilities is a judgment requiring regular reappraisal, constrained only by the requirement to achieve an average risk rating of 4 from the different asset classes held in the portfolio.

The suitability of various types of investments has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range of assets. Lhasa Limited has chosen to delegate the day to day selection of securities to their Investment Manager, subject to the general requirements specified in the above, and the requirement that all investments should be made on recognised exchanges or easily liquidated. Lhasa Limited will periodically review with Brewin Dolphin the outlook for the markets in conjunction with the prevailing financial needs of the Charity.

These principles will be reviewed annually, together with the amount to be allocated to the two differing strategies, but discussed at least quarterly at the regular Review meetings between Brewin Dolphin and the IBSC. The Lhasa Limited Board also authorises the Lhasa Limited Chief Executive Officer and/or Director of Finance to contact the financial adviser whenever necessary to discuss any appropriate matters relating to the management of the funds.

All investment advice given by Brewin Dolphin is confirmed in writing with the IBSC and to the Board of Trustees.

Lhasa Limited uses the WMA balanced index as a benchmark of performance and would expect a level of performance of greater than 95% of that index. A performance below this level in two consecutive annual reviews would trigger a full review of the suitability of Brewin Dolphin as investment manager. Brewin Dolphin will be responsible for monitoring their own performance and

Lhasa Limited

DIRECTORS AND TRUSTEES REPORT

formally reporting it (in actual and comparative terms) to the IBSC quarterly and the Board every 6 months

Summary

Lhasa Limited	
Service	Discretionary
Investment Requirement	Income & Growth Return
Risk Profile	Diversified Risk
Investment Time Horizon	Long Term, 10 years +
Restrictions	None
Significant Holdings (over 10%)	None
Income	Income retained on portfolio
Other Significant Points	The Trustees wanted and agreed to alternatives to gilts and other fixed interest due to a negative view on this area of investment

2. STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Membership

In line with the improved sponsorship income, membership levels increased from 287 in 2014 to 298 in 2015

Vision

Lhasa Limited's continuing participation in the IMI eTOX, IMI MIP-DILI, IMI iPIE (and now the EUToxRisk) projects (see pages 11 & 12) is a clear indication of a growing acceptance of Lhasa Limited's role at the heart of knowledge and data sharing in our chosen field and, as such, is in line both with our vision and our charitable objects. Furthermore, participation in projects of this type promotes further opportunities for the public to benefit from our activities as we widen our scope of influence

Company Objectives & Strategy

The strategic plan first developed in October 2006 and reviewed/rev. in detail annually, underwent a major review in 2011 leading to the publication of a 5 year plan which was reviewed and approved by the Board of Trustees in June 2011. The Board of Trustees reviews the Company Objectives at each Board Meeting in the light of the prevailing operating climate and changes are made to objectives and strategies as required

All aspects of strategy are monitored throughout the year and formally reviewed quarterly by the internal Strategy Group in the light of new market and scientific information. Changes in tactics are managed operationally and any suggested changes to strategy are recommended to the Board of Trustees. A full review of strategy is made annually by the Board of Trustees and the review in December 2014 led to the following activities in pursuit of the strategy during the course of 2015

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

Key Performance Indicators

The Board of Trustees task the CEO and senior management team to work to a budget, agreed annually, for income and associated expenditure in support of the charity's aims and performance is monitored each quarter by the Trustees. Lhasa membership numbers are increasing as are our publications and presence at conferences, which support our efforts to promote the use of computer aided reasoning in chemistry and the life sciences (2014: 10 presentations, 8 publications and 7 posters, 2015: 13 presentations, 9 publications and 8 posters)

Research and Development

Research and development of software, accumulated knowledge development and data management continued throughout the period, refining predictions and increasing the safety of member products delivered for public consumption

The continued willingness of members to use Lhasa Limited as a vehicle for sharing proprietary data (secure in the knowledge that their confidentiality will not be compromised) has meant knowledge and data are continuously improved in pursuit of charitable aims, bringing more scientific research into the public domain and for the public benefit. In addition, strategic projects driven by individual members add further value when the outputs are incorporated in the software tools described below

During 2015 Lhasa staff were successfully seconded to member sites with the express purpose of transferring knowledge to our software systems for the benefit of all members. The outputs from these secondments have been successfully introduced to the software during 2016

In pursuit of its longer term vision, the Lhasa Limited Research Group pursued their remit to focus on transformational science in order to increase the impact of our efforts in pursuit of our charitable objects. During 2015, further significant advances in the scientific approach to our existing software were proposed as a result of this research will be implemented in 2016. Specifically, the scientific approach used in our metabolism prediction software, Meteor Nexus, was significantly enhanced to provide a more accurate prediction of metabolite formation and an interactive EC3 value prediction interface was created within our Derek Nexus software to meet member needs for skin sensitisation prediction, and additional coverage of chemical space developed for all software

Derek Nexus Toxicity Prediction

The development of Derek Nexus continued as planned throughout the year. The main focus during 2015 was the introduction of improved definition and reporting of mutagenicity, a key requirement of members for the use of the software in the regulatory context of the newly introduced ICH M7 guidelines. This involved working closely in collaboration with regulators across the world to ensure that the approach was transparent, interpretable and met the needs of both regulators and members. In addition to this, refinements were made to existing records as more/new data were made available by sponsors to assist with this development. During 2015, 101 new or enhanced alerts were added into the database (71 in 2014). These changes increased the Mutagenicity sensitivity for the Vitic intermediates data set by 0.6% (from 69.5% to 70.1%) and the Skin Sensitisation sensitivity for the master data set (animal conservative call) by 5.1% (from 73.4% to 78.5%)

During 2014, as expected, competitors moved into the expert systems field for mutagenicity prediction and as a result of our focus on meeting member needs our software remains the preferred solution for this application

Meteor Nexus Metabolism Prediction

As ever, our focus was on the growth and refinement of the biotransformation knowledge which led to 95 new or revised biotransformations being added to the knowledge (87 in 2014)

The new approach to prediction of metabolism developed by our Research Group was integrated into the software ahead of its release early in 2016

Lhasa Limited

DIRECTORS' AND TRUSTEES REPORT

Vitic Toxicity Database

The database was refined in line with member requests and current records updated. In excess of 39,500 new records were added (23,500 in 2014) with the continuing focus on complementing Derek Nexus knowledge and expanding the supporting data for predictions. The software is now being used as part of Lhasa Limited's contribution to the IMI eTOX project, MIP-DILI and iPie projects, proving itself adaptable to the needs of these public projects, although significant additional work has been required to adapt to the changing requirement. We continue to put our resources into driving our capability in this area in order to better service the challenges presented with the advent of 'big data' and the need to make the scientific links necessary to turn data into knowledge.

Zeneth

The Chemical Degradation Prediction project initiated during 2008 was completed at the end of 2010 with the release of the first version of the software for general use. Throughout 2015, additional software sponsors have been acquired and the development of the software has continued in line with the collaborative principles of development of other Lhasa Limited software.

During 2015, 113 new or improved degradation pathways have been added to the software (79 in 2014).

Strategic Projects

During 2015, ongoing strategic projects were completed on schedule and additional research commissioned on projects funded directly by members, with outputs being made generally available to members in releases scheduled for 2015/2016. The value realised to members during 2015 of software releases was £73k which was added to our Derek Nexus database.

Key Collaborations

USA Food and Drug Administration Research Collaboration Agreement

The FDA RCA (Research Collaboration Agreement) allowing the data shared by the FDA with Lhasa Limited to continue to aid the development of our Derek Nexus, Sarah Nexus databases, progressed well during 2015 as did our joint knowledge development work on the reprotoxicity endpoint. This project benefits the outputs of computer-aided reasoning in chemistry and the life sciences in accordance with our charitable objects by providing the data needed to improve the performance and to support regulatory access to ensure public safety.

OECD Toolbox Phase III

Lhasa Limited is part of a consortium to participate in the European Chemical Hazards Agency (ECHA) Organisation of Economic Cooperative Development (OECD) sponsored project to work on the further scientific development of the OECD Toolbox. This freely available software is used to support submissions to ECHA in pursuit of the REACH regulations on chemical safety.

IMI - eTOX Project

Working as part of a consortium of 15 European pharmaceutical companies and 14 SME/Academic partners, Lhasa Limited is providing database and toxicology skills with the objective of improving *in silico* prediction of toxicology and pharmacology. This project officially began in January 2010 and we are continuing to provide support for the programme, with a specific focus on our role as host of the public and confidential data that are being shared as the cornerstone of this project. This project was formally granted an extension during 2013 and will now continue to December 31 2016.

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

IMI – MIP DILI Project

Working as part of a consortium of 11 European pharmaceutical companies, 5 SME organisations and 9 universities, our core role in the eTOX project led to a request for Lhasa Limited to participate in this project with the objective of improving *in vitro* prediction of toxicology and pharmacology associated with the liver. This project officially began in March 2012 and our role is to act as host of the public and confidential data that are being shared in this project. Our activities continued throughout 2015 with a further release of the supporting database.

IMI - iPiE Project

Working as part of an international consortium of 25 partners involving leading researchers from academia, regulatory agencies and the pharmaceutical industry that aims to develop predictive frameworks to support more intelligent environmental testing of pharmaceuticals in development and to prioritise legacy pharmaceuticals for full environmental risk assessment. In this project our objective is the development and population of the API database system and to test organism characteristics. This would then be used to assist in the development of approaches for estimating the exposure and effects of an API and/or its related compounds in the environment. This project started in January 2015 and is expected to continue for 4 years.

Intermediates data sharing

The Intermediates data sharing project initiated in 2006 produced its first release in June 2007 using the Vitic software. The project continues to add data records covering areas of interest to the participating members and enabling predictions to be made about production intermediates that improve the safety of products without the need for additional testing. During the latter part of 2011 the project was expanded to cover the provision and sharing of data for aryl boronic acids and aromatic amines, thus continuing to make available additional information vital for the understanding of the toxicity of intermediate impurities. This project continued to add to the database records during 2015, adding further data shared by the consortium members under existing and additional chemical classes.

Excipients data sharing

This data sharing project began in 2008 following the selection of Lhasa Limited and our Vitic software by an industry group whose focus was the sharing of test data with the primary aim of reducing animal testing. Lhasa Limited continued to promote this group and has had further success in widening participation during 2015 as well as adding further records to the database.

Training

As part of the Lhasa Limited service to its members, and in support of education of individual users at each of our member organisations, 121 training sessions were given overall with 45 at member sites, 74 via the web and 2 in our offices in Leeds.

International Collaborative Group Meetings (ICGMs)

The purpose of these meetings is to share knowledge and experience in chemistry and the life sciences as it applies to the future developments of the Charity's collaborative tools. Given the continued pressure on the economic climate, it was decided to continue 'virtual' ICGMs, allowing members to provide their support for development of the science through regular seminars. During 2015 we delivered six virtual ICGM's and three 'live' ICGMs were held in the USA, Europe and Japan.

- The 40th ICGM was held on 26 March 2015 at the Marriott Marquis Hotel, San Diego (USA) following the Society of Toxicologists (SOT) Meeting. This was an afternoon session to enable members to attend directly after the SOT. There were 32 attendees present representing 23 members/prospects, 5 regulators and 4 consultants.
- The 41st ICGM was held on 20 November 2015 at Chiyoda, Tokyo (Japan). This was a day session incorporating presentations and an ICH M7 expert review interactive session. There were 51 attendees present, representing 45 members/prospects, 4 regulators and 2 consultants.

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

- The 42nd ICGM was held on 11 November 2015 at Lhasa's head office in Leeds. This was a day session incorporating presentations. There were 19 attendees present representing 14 members/prospects, 2 regulators and 3 consultants.

Conferences

Members of Lhasa Limited staff attended in excess of 30 international events in support of our aims, philosophy, services and charitable objects.

Publications

A key part of the work of Lhasa Limited is the expansion in the understanding of toxicology and metabolism prediction. During 2015 this objective was achieved by the delivery of 13 presentations to conferences, 9 principal publications (9 co-authored) and 8 posters (including 6 co-authored).

The Trustees and the Charity are working to further increase Lhasa Limited's contributions to the open scientific literature in future years, so as to better inform the wider scientific community of the Charity's high-quality scientific research activities.

Sponsorship

During 2015 the Board of Trustees approved a number of sponsorship activities in accordance with Lhasa Limited's charitable objects including:

- The 2015 Introduction to Toxicology Module Prize in the School of Biomedical Sciences at the University of Leeds,
- The African Education Initiative in which the participation of 7 African students in the toxicology programme was enabled by Lhasa Limited sponsorship,
- The Introduction to Toxicology Module 1 for the L2 B Sc in the Faculty of Biological Sciences at the University of Leeds
- The sponsorship of a PhD student at the University of Cambridge looking at transporter mediated metabolism,
- The sponsorship of a PhD student at the University of Bradford looking at the influence of formulation on toxicity,
- The sponsorship of the delivery of, and bursary funding for, the Drug and Chemical Toxicity module on the Bioscience MSc at the University of Leeds,
- Sponsorship of the annual postgraduate conference at the University of Leeds

The cost of these charitable activities was £66k.

ISO 9001 (2008)

In April 2013 Lhasa Limited achieved recognition under this quality standard based on the continuous improvement approach adopted under the APCN project. Working to this standard is delivering significant improvement in efficiency of the delivery of software and knowledge development and providing the opportunity to differentiate our offering from that of competitor software which, in turn, mitigates the risk of loss of income through competitive activity. In 2015 our accreditation was successfully reviewed and we are now preparing for the new standard ISO 9001 (2015).

Member facing activity

Lhasa Limited is justifiably proud of its record of supporting members. During 2015 we continued to provide first class account management and technical support by our 7 strong team of which our 2 US based Account Managers have greatly increased our ability to meet member needs, understand their science and provide first class support services.

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

During 2015, further scientific staff and software staff were recruited in order to grow our scientific development and to provide the resources to increase the scientific interaction with members with the purpose of better understanding their requirements and therefore enable medium and long term software development that meets their longer term strategic goals

Research Group

The Research Group formed towards the end of 2010 continued to provide valuable scientific insights in support of the strategic direction of Lhasa Limited. Since this time the group have focused on extending Lhasa Limited's understanding related to the application of computer aided reasoning on behalf of our members, providing new insights and presenting them at conferences and symposia during 2015. During the course of 2015 a number of initiatives were continued in order to improve the understanding of the management of large datasets, with the objective of increasing the efficiency of how Lhasa Limited accumulates knowledge in support of its charitable aims

3. FINANCIAL REVIEW

Funding Sources

Lhasa Limited receives the bulk of its income from membership fees, software sponsorship fees and buying-in fees, with the aim of attracting significant income from the additional sponsorship of specific research and development projects. The results derived from these projects are incorporated into the software available to the whole Lhasa Limited membership

Lhasa Limited is involved in several externally funded research projects. During 2015 the Charity continued its involvement with the IMI (Innovation in Medicine Initiative/EFPIA (European Federation of Pharmaceutical Industries and Associations) eTOX project attracting funding for the creation of a database for the sharing of toxicological data to encourage the development of new modelling techniques. During 2015 Lhasa Limited continued its participation in a further IMI (Innovation in Medicine Initiative) project, MIP-DILI, in which the Charity's expertise in data handling and management will be used to support investigations into improving the prediction of liver toxicity. In addition we began our contribution to the iPIE project which is designed to better understand the impact of Pharmaceuticals on the environment and by extension, protect the public and we were part of a successful consortium to deliver the EUToxRisk project which will start early in 2016

Our work with consortium members on our Mirabilis product continued throughout 2015, expanding participation to 11 members and positioning the software for release at the end of 2016

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

Results for the year

The surplus for the financial year 2015 was £981k. As anticipated, incoming resources for the 2015 financial year increased as a number of new organisations bought into the Derek, Meteor, Vitic and Zeneth systems, offset by a significant increase in the amount of members reducing their sponsorship as the impact of mergers and site closures. The majority of existing customers renewed their membership and continued to licence the software. The income split for 2015 may be seen below:

Derek	56%
Meteor	9%
Vitic	11%
Zeneth	4%
Sarah	6%
Other	14%

The geographic split of income was:

Europe	45%
Americas	34%
Asia	21%

The significance of the percentage of income derived from the sponsorship of the Derek Nexus software system was discussed by the Board of Trustees at its December meeting and added to the risk register for further consideration and action. The introduction of the new mutagenicity product, Sarah, in the latter part of 2015 is illustrative of the contingent actions suggested by the Board of Trustees.

The value of the software systems owned and developed by Lhasa Limited has increased slightly during 2015 by £37k. Lhasa Limited continued to deliver work for the strategic projects eTOX, MIP-DILI and iPiE in 2015. The capitalisation of staff effort expended in developing the database systems of £1,149k, was offset by their amortisation charges during the year of £727k and impairment provision of £385k.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)). The notes to the financial statements on pages 32 to 43 indicate how the incoming resources totalling £7,501k (2014 £6,496k) represent the commitment of the existing customers to the Charity and each of the databases.

The resources expended have been allocated on the same basis as income across the main activities, the allocation of the costs being based on the staff hours spent on each database together with the direct costs incurred.

The governance costs totalling £62k are detailed in note 4 on page 33 and include the management time incurred in assisting the Board of Trustees to fulfil their duties.

Lhasa has designated funds for its share of the material USS pension deficit funding liability following the valuation of the scheme as at 31 March 2014 which amount to £544k. These funds will be used to reduce the scheme deficit over the next 15 years to 31 March 2031, the success of which will be monitored on a regular basis by the USS.

The Charity has prepared a budget for the year ended 31 December 2016 which indicates a small deficit (£142k) for the coming year. This budget is based on identified income sources and planned costs.

The level of income and the Charity's year end position in 2015 were positive and very satisfactory.

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

Lhasa Services Limited

Lhasa Services Limited has now been dissolved as there was no strategic purpose for Lhasa Limited to maintain a subsidiary

4. FUTURE PROSPECTS

Income

To directly address the further development of the Charity (as described in the corresponding report for 2014) the Charity has released, and continues to develop, new software with an identified market to provide a broader base of support for member needs in accordance with our charitable objectives. The focus will remain on increasing membership and sponsorship of existing and new software alongside the further development of strategic, collaborative projects that meet our member's future needs, which will further safeguard the longer term future of the Charity.

Income growth from core sponsorship was 14.6% against a very optimistic, budgeted level of 9.7%. This represents an excellent performance which indicates that the chosen strategic direction and overall approach of the Charity is right for the current economic climate.

Member services

Sales

The sales team remains at full strength with 4 scientists wholly focused on working with prospective members to secure sponsorship of existing software.

Business Development

Three senior scientists, working within our business development team, provide project direction and support for our consortia developments and for our relationships with regulators in Europe, the USA and Japan.

Marketing

The focus of the Marketing group will continue in its strategic approach to deliver the three key themes previously identified:

- Attract new members
 - Promoting Lhasa Limited in ways that will attract new members and additional income
- Retain existing members:
 - Research the needs of existing members in relation to scientific and software development and customer support,
 - Monitor and respond to industry developments and competitor activity to ensure Lhasa Limited's science, software and services remain the preferred choice of current members
- Improve operational performance in pursuit of the above
 - Engage the employees of Lhasa Limited in working in ways that exemplify behaviours consistent with the company's values that in turn make the company's vision a reality.

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

Account Management

Continuing to build on their excellent reputation for technical support and service, the account management team based in the US and Europe, supported by our distributors in Japan, China and South Korea, will provide our members with global coverage. Bitek Chems Inc. was appointed as Lhasa's distributor in South Korea in March 2015 to support and drive forward membership in this market.

This 7 strong group of highly qualified scientists will continue to proactively communicate with members in order to better understand their scientific needs and to provide market leading, tailored scientific and technical support. Owing to the continued growth in the number of Lhasa members two additional account managers will be recruited in 2016, the first to be based on the west coast of the US to cover both the US and Brazilian markets and the second to be based in the UK to provide a higher level of support to the Asian markets (primarily Japan). In addition a support engineer will be recruited to provide even higher levels of technical support to members globally.

Operations

The Operations team will focus on continuously improving the project delivery processes in support of the effective delivery of improvements to the software and services provided to members. The work of the Research Group mentioned above will be applied to the knowledge acquisition process in order to speed up the delivery of additional support for members. Synergies arising from the integration of the software, knowledge and data teams will be leveraged to increase the quality, accuracy and transparency of scientific interpretation that the Lhasa Limited software provides for members.

The continuous improvement ethos now firmly established across Operations under ISO 9001 (2008) will continue to provide the benefits for more efficient development of software and knowledge that has already delivered significant benefits during 2015.

Research

The Research Group will continue to deliver the necessary capacity to investigate opportunities to develop computer-aided reasoning for the life sciences outside of the general improvements delivered via operational projects.

With the additional direction arising from a further review by the Board of Trustees of our Scientific Strategy in December 2015, a number of key scientific domains will continue to be supported via specific research projects:

- Novel approaches to the prediction of toxicology/metabolism/degradation with the objective of improving the accuracy and scope of applicability,
- Automation of the acquisition of new knowledge in support of expert development and curation,
- Increase the understanding and articulation of the chemistry/biology interface,
- Develop new approaches for the resolution of workflow challenges in safety assessment in the pharmaceutical/cosmetics/chemical/agrochemical markets
- Specific research projects underpinning the longer term scientific objectives of the Charity

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

5 RISK MANAGEMENT & REVIEW

The Board of Trustees is responsible for the management of risk by the Charity. Key controls for the management of risk include

- Formal agendas for all Board of Trustees' activity and minutes,
- Comprehensive strategic planning, budgeting and management accounting,
- Established organisational structure and lines of reporting,
- Formal written policies,
- Clear authorisation and approval levels

The Board of Trustees has conducted a review of the major risks to which the Charity is exposed and systems have been established to mitigate those risks. During 2007 the Board of Trustees approved the use of Chanty Magique software which is used to further identify, manage and mitigate risks throughout the Charity's operations. In September 2012, Deborah Richardson took on responsibility for monitoring risk on behalf of the Board of Trustees. An overview of key risks is presented at each quarterly Board of Trustees meeting and the risk register is formally reviewed by the Board of Trustees on an annual basis.

Corporate Risk

The Board of Trustees meet on a regular basis to review the performance of the Charity and its activities and are provided with financial management reports and forecasts which they use to ensure proper business controls are in place. Contractual and other legal arrangements are regularly reviewed by the management team and brought to the Board of Trustees for their consideration and approval where appropriate before action.

As far as the Board of Trustees is aware there are no instances of actual, suspected or alleged fraud that will affect the Charity.

Financial Risk

With the majority of income derived from overseas sources, the risk of currency fluctuation is mitigated by our policy not to retain significant currency holdings. The foreign exchange loss in the current year is £10k compared to a loss in the prior year of £23k reflecting the movement in the currency market.

Data loss

The risk of data loss is minimised by the implementation of procedures for regular back-ups and the storage of key data and software source code off-site. The company employs a full-time IT Manager who has implemented regular and stringent local and off-site back-up procedures for all crucial data. During 2013 this back up was augmented by the creation of a 'mirror' at our office in Poznan, Poland as part of our disaster recovery plan. Other options for back-up are continuously reviewed as part of the Business Continuity Plan.

Fraud

To minimise risk from fraud, all key financial transactions greater than £50k are pre-approved by the Chairman/Deputy Chairman through regular telephone conversations and these require further authorisation from one Trustee and either the Chief Executive Officer, the Director of Operations, the Director of Science, the Company Secretary or one other Trustee. All signatories have clear and communicated authorisation levels.

Competitive Risk

The Charity continues to monitor the competitive risk arising from a number of different sources including direct substitution of the software provided by the Charity and the potential replacement by newer or more cost effective technologies. In addition, in order to protect our existing intellectual

Lhasa Limited

DIRECTORS' AND TRUSTEES' REPORT

property we protect our company and product names by means of registration in all countries in which we support our members

Key Risks

The primary risks for Lhasa Limited are managed and mitigated through the application of Board of Trustee approved strategies and monitored using the Chanty Magique software system

The key risks and mitigations in place for the Charity, as identified by the Board of Trustees are

Key Risks	Key Mitigations
The long term demand for the charity's activities may diminish	<ul style="list-style-type: none"> A long-term scientific strategy has been created for the Charity This is regularly reviewed, taking into account feedback from members on issues of strategic importance and satisfaction with existing software and activities
Heavy reliance on revenue from a single product, Derek, leads to extreme vulnerability if Derek sponsorship falls	<ul style="list-style-type: none"> The Derek software and knowledgebase are being further developed to meet current and future user requirements Improved account management and understanding of key use cases for our software is reducing reliance on a single point of contact with customers and increasing sponsorship revenue from our other software products New software addressing member needs is constantly being developed to reduce the dependence on Derek
Key people leave the organisation	<ul style="list-style-type: none"> Lhasa Limited is actively promoted as a great place to work Working conditions and a generous holiday allowance permit an excellent work-life balance Appropriate communication with staff ensures engagement and career development plans are in place for people of all abilities in the organisation with ways of improving staff satisfaction and morale followed through Knowledge is spread throughout the organisation so that expertise owned by a single individual is kept to a minimum and a succession plan is in place for all key roles in the Charity
Under-funding of the USS pension scheme causes significantly increased financial burden to the Charity	<ul style="list-style-type: none"> The USS pension scheme is now closed to new starters and regular actuarial valuations of the pension fund are closely monitored with any increased costs budgeted as necessary
Interruption to the business	<ul style="list-style-type: none"> A business continuity plan is in place based around a remote access solution for critical computer systems so that staff are able to work remotely in an emergency
Failure to innovate in product software	<ul style="list-style-type: none"> A long term plan for software evolution is in place This is updated following regular review and comparison of the technology used in the sector and the needs of members
Impact of new technology may damage competitiveness	<ul style="list-style-type: none"> A regular review and analysis of new science and new offerings from competitors is in place
Technological advances by competitors erode our market share	<ul style="list-style-type: none"> Market needs are regularly monitored and training is given to staff on new technologies where appropriate.

Lhasa Limited

DIRECTORS AND TRUSTEES REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

A resolution to appoint Mazars LLP will be put to the annual general meeting.

This report was approved by the Board of Trustees on *18 May* 2016 and signed on its behalf.

In approving the Directors' and Trustees' Report, the Trustees are also approving the Strategic Report therein in their capacity as company directors.

Dr Deborah Richardson
CHAIRMAN OF TRUSTEES



By order of the Board

Lhasa Limited

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees 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 those financial statements, the Trustees are required to

- a select suitable accounting policies and then apply them consistently,
- b observe the methods and principles in the Charities SORP,
- c make judgements and estimates that are reasonable and prudent,
- d state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- e prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Trustees 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 LHASA LIMITED

We have audited the financial statements of Lhasa Limited for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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), including Financial Reporting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) 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. This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of the incoming resources and application of resources, including its income and expenditure, 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 the other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHASA LIMITED

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 trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Janine Fox (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date 18 May 2016

Lhasa Limited

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 December 2015

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total (all unrestricted) 2014 £'000
INCOME					
Income from investments	1	72	-	72	60
Income from charitable activities	2	7,429	-	7,429	6,436
TOTAL INCOME		<u>7,501</u>	<u>-</u>	<u>7,501</u>	<u>6,496</u>
EXPENDITURE					
Expenditure on raising funds	3	10	-	10	9
Expenditure on charitable activities	3	6,546	-	6,546	5,783
TOTAL EXPENDITURE	3	<u>6,556</u>	<u>-</u>	<u>6,556</u>	<u>5,792</u>
 Net gains on investments	9	 36	 -	 36	 27
NET INCOME AND NET MOVEMENT IN FUNDS		<u>981</u>	<u>-</u>	<u>981</u>	<u>731</u>
 Total funds brought forward at 1 January 2015		 7,277	 -	 7,277	 6,546
TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER 2015		<u>8,258</u>	<u>-</u>	<u>8,258</u>	<u>7,277</u>

The net income for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities

Lhasa Limited
BALANCE SHEET
As at 31 December 2015

Company Registration No 01765239

	Notes	2015 £ 000	2014 £ 000
FIXED ASSETS			
Intangible	7	1,731	1,683
Tangible	8	3,112	3,081
Investments	9	1,912	1,364
		<u>6,755</u>	<u>6,128</u>
CURRENT ASSETS			
Debtors	10	2,393	1,931
Cash at bank		4,065	3,725
		<u>6,458</u>	<u>5,656</u>
LIABILITIES			
Creditors Amounts falling due within one year	11	899	991
Deferred income	12	3,573	3,139
		<u>4,472</u>	<u>4,130</u>
NET CURRENT ASSETS		<u>1,986</u>	<u>1,526</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,741</u>	<u>7,654</u>
Creditors Amounts falling due after more than one year	13	<u>483</u>	<u>377</u>
NET ASSETS		<u>8,258</u>	<u>7,277</u>
FUNDS			
Accumulated restricted funds	14.15	-	-
Accumulated unrestricted funds			
• designated funds	14.15	4,299	4,272
• general funds	14.15	3,959	3,005
		<u>8,258</u>	<u>7,277</u>
TOTAL FUNDS		<u>8,258</u>	<u>7,277</u>

The financial statements were approved by the Board of Trustees and authorised for issue on **18** May 2016 and are signed on its behalf by



Dr Deborah Richardson
CHAIRMAN OF TRUSTEES

Lhasa Limited
STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 £'000	2014 £ 000
<i>Cash flows from operating activities</i>	16	2,131	2,032
Cash flows from investing activities:			
Interest received		72	60
Purchase of fixed assets		(182)	(514)
Purchase of investments		(830)	(679)
Sale of fixed assets		-	3
Sale of investments		318	168
Purchase of intangible assets		(1,169)	(700)
<i>Net cash provided by/(used in) investing activities</i>		(1,791)	(1,662)
Cash flows from financing activities:			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
<i>Net cash provided by/(used in) financing activities</i>		-	-
<i>Change in cash and cash equivalents in the reporting period</i>		340	370
Cash and cash equivalents at the beginning of the reporting period		3,725	3,355
<i>Cash and cash equivalents at the end of the reporting period</i>		4,065	3,725

Lhasa Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Lhasa Limited is charitable company limited by guarantee and registered in England. The registered address is Granary Wharf House, 2 Canal Wharf, Holbeck, Leeds, LS11 5PS.

The financial statements have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Lhasa Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparatives was required.

There were no material departures from FRS 102. These financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. (See note 22 for detailed explanation).

CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical accounting judgements

The critical accounting judgements that the Trustees have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

- **Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment in relation to assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year, other than in relation to the development of new databases which have not as yet been released to Members. Those databases where the future value is not sufficiently certain to warrant capitalisation of the development costs have been expensed.

- **Capitalisation of wage costs in intangible fixed assets**

Wage costs capitalised within intangible fixed assets are based on time sheet postings made by the employee and reviewed by management which allows for the separation of time to be expensed.

Lhasa Limited

ACCOUNTING POLICIES

(such as that spent on database maintenance) and time to be capitalised, for which there is considered to be future benefit (such as the input of information or the development of new functionality)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

- **Estimating value in use**

Where an indication of impairment exists the Trustees will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the Trustees to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

- **Recoverability of receivables**

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Trustees consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

- **Determining residual values and useful economic lives of property, plant and equipment**

The company depreciates tangible and intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

- **Pension deficit provision**

The company has recognised a provision in respect of the deficit of the multi-employer defined benefit pension scheme. As at the balance sheet date, the deficit reduction plan runs to 2031, at which point the intention is for the deficit to be fully repaid by the employers within the scheme. In calculating the fair value of the company's deficit funding within the scheme, management have utilised a number of assumptions and estimates. The key assumptions in the calculation are the rate at which the deficit funding is discounted (for which long term bond rates have been used), wage inflation (for which historical trends have been calculated and projected forward) and the rate at which scheme members will leave the employment of Lhasa Limited (for which historical trends have been calculated and projected forward).

GOING CONCERN

Having reviewed the current working capital position, the forecast financial activity and capital commitment spend, the Trustees believe that there are no apparent reasons that the charity will not continue to operate for the foreseeable future and as such the financial statements have been prepared on the basis that Lhasa Limited is and will continue to be a going concern.

FUND ACCOUNTING

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Lhasa Limited

ACCOUNTING POLICIES

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. They include income received under contracts with members in respect of special projects where use of the income is restricted to that project. On completion of a project, the resulting data or software becomes available to the general membership and so there is no longer any restriction on the assets. At this point the value of the income relating to the completed projects is transferred from restricted to unrestricted funds.

Where a contract limits the income use, the income is recognised in restricted funds as it becomes receivable. On completion of restricted funds projects, once software is available to the general membership and there is no longer any restriction on the assets, the value of the income relating to the completed projects is transferred from restricted to unrestricted funds.

INCOMING RESOURCES

Income comprises

Buying in fees

This is a one-off payment by a sponsor to buy into an existing Lhasa Limited software development project. This takes account of the investment already made in the project by the existing sponsors. This income is recognised once access to the relevant database has been granted.

Computer software sponsorship and licence fees

This is an annual fee made by an organisation to fund ongoing software development projects. This income is recognised on an accruals basis in line with the period of service provided.

Subscriptions

This is an annual fee payable by an organisation to become a member of Lhasa Limited and to have access to software developed by Lhasa Limited. This income is recognised on an accruals basis in line with the period of membership.

Project sponsorship

This is income received from sponsors for specific projects which is recognised immediately, unless a contract has been entered into that specifically limits the income use.

The percentage of income arising from outside the UK was 88% (2014: 87%).

RESEARCH AND DEVELOPMENT

Expenditure, including direct staff costs, attributable to the computer software is capitalised. All other expenditure on research and development is written off in the year in which it is incurred.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the date ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating surplus or deficit for the year.

RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that activity. Where costs cannot be directly allocated to activities they have been allocated to activities on a basis consistent with the use of resources.

Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are allocated on an actual basis to the key strategic areas of activity with any unallocated support costs being apportioned on an income received basis for each strategic area of activity.

Governance costs include the cost of governance arrangements which relate to the general running of the charity. These activities provide the governance infrastructure which allows the charity to operate and to

Lhasa Limited

ACCOUNTING POLICIES

generate the information required for public accountability. They include the strategic planning processes that contribute to future development of the charity.

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

Expenditure, including direct staff costs, attributable to project sponsorship is either capitalised if attributable to the computer software or prepaid until the information is available to add to the software.

Assets with a cost in excess of £1,000 intended to be of ongoing use to Lhasa Limited in carrying out its activities are capitalised as fixed assets.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life at the following rates:

Freehold properties	2%
Freehold property refurbishment	10%
Fixtures and fittings	20%
Computer hardware	25%
Office equipment	20%

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated depreciation.

Assets with a cost in excess of £1,000 intended to be of ongoing use to Lhasa Limited in carrying out its activities are capitalised as intangible assets.

Depreciation is provided on all intangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life at the following rates:

Trademarks	10%
Databases	20%
Computer software	25%

FIXED ASSET INVESTMENTS

Listed investments are revalued to open market value on an annual basis in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities. Any gains or losses on revaluation are taken to the Statement of Financial Activities.

RETIREMENT BENEFITS

The charitable company participates in the Universities Superannuation Scheme, this scheme was closed to new staff members in 2015. This is a multi-employer scheme for which it is not possible to separately identify the charity's share of the underlying assets and liabilities attributable to the scheme.

If the actuarial valuation of the scheme reveals a deficit, the Trustees will agree a recovery plan to eliminate the deficit over a specified period. This is held as a provision in the financial statements, as detailed in note 13.

The charitable company operates a defined contributions scheme on behalf of its new staff with the Aviva pension scheme.

Company contributions to both these schemes are charged to the Statement of Financial Activities in the period to which they relate.

Lhasa Limited

ACCOUNTING POLICIES

The pension charge represents contributions payable by the charity to the funds in respect of the year, as disclosed in note 19

TAXATION

As a charity Lhasa Limited is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

FINANCIAL INSTRUMENTS

The charitable company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1 INVESTMENT INCOME

	2015 £'000	2014 £'000
Bank interest	34	30
Investment income	38	30
	<u>72</u>	<u>60</u>

2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2015 £'000	2014 £'000
Buying in fee	275	356
Membership subscriptions	404	392
Computer software sponsorship	6,055	5,286
Strategic projects	695	402
	<u>7,429</u>	<u>6,436</u>

	2015 £'000	2014 £'000
A geographical analysis of incoming resources is as follows		
Europe	3,355	3,146
Americas	2,531	2,149
Asia	1,543	1,141
	<u>7,429</u>	<u>6,436</u>

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

3	RESOURCES EXPENDED	2015 £'000	2014 £'000
	<i>Costs of generating funds</i>		
	Investment management costs	10	9
	<i>Analysis of expenditure on charitable activities</i>		
	New project	-	53
	Consultancy fees	21	11
	Travel costs	161	156
	Depreciation and amortisation	887	877
	Impairment	385	-
	Staff costs	3,478	3,239
	Sales exhibition costs	38	25
	Support costs (see below)	1,476	1,332
	Marketing costs	<u>38</u>	<u>50</u>
		6,484	5,743
	Governance costs (see note 4)	62	40
		<u>6,556</u>	<u>5,792</u>

Analysis of support costs

All support costs are allocated on the basis of incoming resources, with the exception of recruitment of direct staff which are based on the hours spent on each database. Support costs include

	2015 £'000	2014 £'000
Employee related costs	624	533
Premises costs	215	260
IT costs	199	118
Other costs	438	421
	<u>1,476</u>	<u>1,332</u>

4	ANALYSIS OF GOVERNANCE COSTS	2015 £'000	2014 £'000
	Audit	13	12
	Accountancy and other audit costs	9	1
	Cost of AGMs and Board of Trustees expenses	40	27
		<u>62</u>	<u>40</u>

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

5 NET INCOMING RESOURCES

	2015 £'000	2014 £'000
These are stated after charging		
Auditors' remuneration	13	12
Depreciation	151	131
Amortisation	736	746
Impairment	385	-
Exchange losses	10	23
Operating lease rentals		
Property lease costs	9	10

6 REMUNERATION

No Trustees' remuneration was paid in either year. Trustees' expenses totalling £10,811 (2014 £8,649) were incurred by the charity for 9 Trustees (2014 – 9 Trustees)

The average number of employees in the year, analysed by category, is as follows:

	2015	2014
Administration	15	12
Science	44	39
Member services	19	15
Project Management	7	5
Software development	28	20
	<u>113</u>	<u>91</u>

Wages and salaries paid to these employees was

	2015 £'000	2014 £'000
Wages and salaries	4,054	3,559
Social security	347	302
Pension	563	463
	<u>4,964</u>	<u>4,324</u>

The key management personnel are considered to be the Chief Executive Officer, Company Secretary, Director of Finance, Director of Science, Director of Operations and Director of Member Services. The total emoluments and employee benefits of the key management personnel were £485,370 (2014 £475,163)

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

6 REMUNERATION (continued)

Employees received emoluments of more than £60,000 as follows

	2015	2014
£60,000 - £70,000	4	4
£70,000 - £80,000	1	-
£80,000 - £90,000	1	1
£90,000 - £100,000	-	-
£100,000 - £110,000	1	1

Pension contributions in respect of the above higher paid staff were £70,227 (2014 £57,966)

7 INTANGIBLE FIXED ASSETS

	Computer Software £ 000	Databases £ 000	Trademarks £'000	Total £'000
Cost				
At 1 January 2015	53	9,517	-	9,570
Additions	17	1,149	3	1,169
Disposals	(4)	-	-	(4)
At 31 December 2015	66	10,666	3	10,735
Depreciation				
At 1 January 2015	29	7,858	-	7,887
Provided in year	9	727	-	736
Disposals	(4)	-	-	(4)
Impairment	-	385	-	385
At 31 December 2015	34	8,970	-	9,004
Net book value				
At 31 December 2015	32	1,696	3	1,731
At 31 December 2014	24	1,659	-	1,683

The direct effort in the development of Lhasa's databases is capitalised where there is added value which adds to the economic life of the database. Lhasa tests the capitalised value annually to forecasted income to ensure that the capitalised effort does not exceed economic value.

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £ 000	Computer Hardware £ 000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2015	3,029	294	68	3,391
Additions	147	34	1	182
Disposals	-	(39)	-	(39)
At 31 December 2015	<u>3,176</u>	<u>289</u>	<u>69</u>	<u>3,534</u>
Depreciation				
At 1 January 2015	83	183	44	310
Provided in year	93	51	7	151
Disposals	-	(39)	-	(39)
At 31 December 2015	<u>176</u>	<u>195</u>	<u>51</u>	<u>422</u>
Net book value				
At 31 December 2015	<u>3,000</u>	<u>94</u>	<u>18</u>	<u>3,112</u>
At 31 December 2014	<u>2,946</u>	<u>111</u>	<u>24</u>	<u>3,081</u>

9 INVESTMENTS

	2015 £'000	2014 £'000
Unlisted fixed asset investments		
Investment in subsidiary undertaking	-	-
Listed fixed asset investments		
Share portfolio	<u>1,912</u>	<u>1,364</u>

The investment of in subsidiary undertaking of £1 represented an investment in Lhasa Services Limited, a wholly owned subsidiary of Lhasa Limited until its dissolution on 21 July 2015

The wholly owned subsidiary Lhasa Services Limited was incorporated in the United Kingdom Lhasa Services Limited was exempt from audit by virtue of s479 of Companies Act 2006

The Chanty owned the entire share capital of £1 ordinary shares

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

9 INVESTMENTS (continued)

The share portfolio comprises the following movements

	2015 £'000	2014 £'000
Market value at 1 Jan 2015	1,364	826
Additions	830	679
Disposals	(318)	(168)
Unrealised gain on investments	43	1
Realised (loss)/gain on investments	(7)	26
Market value at 31 Dec 2015	<u>1,912</u>	<u>1,364</u>
Historical cost at 31 Dec 2015	<u>1,801</u>	<u>1,296</u>

The cost and market value of the investments listed on a recognised Stock Exchange were £1,801k (2014 £1,296k) and £1,912k (2014 £1,364k) respectively

	2015 £ 000	2014 £'000
The investments are held		
In the UK	1,325	711
Outside the UK	587	653
	<u>1,912</u>	<u>1,364</u>

No investments have a market value at 31 December 2015 exceeding 5% of the value of the portfolio

10 DEBTORS

	2015 £'000	2014 £'000
Trade debtors	1,998	1,731
Prepayments	161	164
Other debtors	16	14
Accrued income	218	-
Other Tax and Social Security	-	22
	<u>2,393</u>	<u>1,931</u>

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

11 CREDITORS amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	67	122
Other tax and social security	115	93
Other creditors	398	406
Accruals	258	255
Pension deficit provision	61	115
	<u>899</u>	<u>991</u>

12 DEFERRED INCOME

Deferred income in the year relates to monies invoiced in the year for subscriptions, knowledge contributions and licences which relate to subsequent years

	2015 £'000	2014 £'000
Deferred income as at 1 January 2015	3,139	2,695
Invoiced during year	6,876	6,119
Deferred income as at 31 December 2015	<u>(3,573)</u>	<u>(3,139)</u>
	<u>6,442</u>	<u>5,675</u>

13 PENSION DEFICIT PROVISION

Creditors due within more than one year relates to the multi-employer defined benefit pension scheme deficit and the estimated employer debt. Following the valuation of the scheme as at 31 March 2014, the contribution rate to 30 April 2016 is 16% and 18% thereafter, including 2.1% relating to recovery of the deficit over the 15 years to 31 March 2031. As of the balance sheet date the estimated discounted employer deficit is detailed below.

	2015 £'000	2014 £'000
Pension deficit provision as at 1 January 2015	492	534
Provision made/(reversed) in the period	52	(42)
	<u>544</u>	<u>492</u>
Pension deficit provision as at 31 December 2015	544	492
Less amount due within one year	<u>(61)</u>	<u>(115)</u>
	<u>483</u>	<u>377</u>

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

14 RESERVES

	Unrestricted Funds – designated £'000	Unrestricted Funds - general £'000	Restricted Funds £'000	Total £'000
At 1 January 2015	4,272	3,005	-	7,277
Net movement in funds	79	902	-	981
Transfer between funds	(52)	52	-	-
At 31 December 2015	4,299	3,959	-	8,258

Designated funds are general funds that the Trustees have chosen to use for a specific purpose, as detailed below

Fixed asset fund – represents the net book value of intangible and tangible fixed assets (£4,843k)

Closed pension deficit fund – represents amounts transferred from the general fund to meet future deficit contributions ((£544k))

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31 DECEMBER 2015

	Fixed assets £'000	Net current assets £'000	Long term creditors £'000	Total £'000
Unrestricted funds - general	1,912	2,047	-	3,959
Unrestricted designated funds – fixed assets	4,843	-	-	4,843
Unrestricted designated funds – pension deficit	-	(61)	(483)	(544)
Total unrestricted	6,755	1,986	(483)	8,258
Restricted	-	-	-	-
Total	6,755	1,986	(483)	8,258

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

16	CASH FLOWS	2015 £'000	2014 £'000
	RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS		
	Net incoming resources	981	731
	Investment income	(72)	(61)
	Depreciation	151	131
	Amortisation	736	746
	Impairment	385	-
	(Increase)/decrease in debtors	(462)	58
	Increase in creditors	448	454
	Unrealised gain on investments	(43)	(1)
	Realised gain on investments	7	(26)
		<hr/>	<hr/>
	Net cash provided by/(used in) operating activities	2,131	2,032
		<hr/>	<hr/>

17 OPERATING LEASE COMMITMENTS

At 31 December 2015 the company had no commitments under non-cancellable operating leases in respect of assets

18 LIABILITY OF MEMBERS

Lhasa Limited is a company limited by guarantee. The company has 287 members and joint liability under guarantee is limited to £10 per member

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

19 PENSION FUND

Employees of this company, together with other University entities, may, if eligible, join the Universities Superannuation Scheme. This is a defined benefit scheme and the rules require a full actuarial valuation of the Fund at intervals of not less than three years and six months. The assets of the Scheme are held in a separate Trustee administered fund. The Universities Superannuation Scheme is a multi-employer scheme for which it is not possible to separately identify the share of the total underlying assets and liabilities attributable to this particular company.

The latest actuarial valuation of the Universities Superannuation Scheme was carried out as at 31 March 2014. The valuation at 31 March 2014 shows that the market value of the total assets held by the University Scheme was £41,604.6m and that the actuarial valuation of these assets represented 89% of the amount of the liabilities of the scheme. Contributions by participating employers are at the rate of 16% of salaries.

The basis of the valuation was from the long term yield on Government bonds in the market at the valuation date and the significant assumptions underlying the valuation were that the investment return would be 5.2% in year 1 decreasing linearly to 4.7% p.a. over 20 years, that salary increases would be CPI in year 1, CPI +1% in year 2 and RPI +1% thereafter and that pensions in payment and in deferment would increase by CPI with long term mortality of 1.5% p.a.

During the year the company made contributions for the year, in respect of its eligible employees, totalling £556,846 (2014: £462,904).

Pension contributions were made in respect of 113 (2014: 91) employees in the year.

The Charity also operates a defined contribution pension scheme. The cost for the year represents the Charity's contributions to the scheme of £5,979 (2014: £nil). There were no contributions payable to the scheme at the year end (2014: £nil).

20 FINANCIAL INSTRUMENTS

	2015 £'000	2014 £'000
Financial assets		
Financial assets that are debt instruments measured at cost	<u>2,014</u>	<u>1,745</u>
Financial liabilities		
Financial liabilities measured at cost	<u>(4,840)</u>	<u>(4,414)</u>

Financial assets measured at amortised cost comprise trade debtors and other receivables.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, deferred income, other creditors and pension deficit provisions.

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of exemptions under FRS 8 for disclosing intra group transactions with its former wholly owned subsidiary.

The company has not entered into any other related party transactions in the current or comparative period.

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

22 FIRST TIME ADOPTION OF FRS 102

This is the first financial year that the company has presented its financial statements in accordance with FRS 102 "The Financial Reporting Framework Applicable in the UK and Republic of Ireland" ("FRS 102"). For financial years up to and including the year ending 31 December 2014, the company prepared its financial statements in accordance with the old UK GAAP.

The company's date of transition to FRS 102 is therefore 1 January 2014. This note sets out the changes to accounting policies and the transitional adjustments that are required to be made for first-time transition to FRS 102. The company's opening equity position as at 1 January 2014 and its previously published financial statements for the year ended 31 December 2014 have been restated from old UK GAAP.

Reconciliation of funds at 1 January 2014 – date of transition to FRS 102

	Note	As previously stated £	Effect of transition £	FRS 102 as restated £
Tangible assets	(ii)	4,430	(1,709)	2,721
Intangible assets	(ii)	-	1,709	1,709
Investment		826	-	826
Debtors		1,989	-	1,989
Cash at bank and in hand		3,354	-	3,354
Creditors – amounts falling due within one year	(i)	(824)	(89)	(913)
Deferred income		(2,695)	-	(2,695)
Total assets less current liabilities		7,080	(89)	6,991
Creditors – amounts falling due after one year	(i)	-	(445)	(445)
Net assets		7,080	(534)	6,546
Funds				
Unrestricted funds – Designated	(i)	4,430	(534)	3,896
– General	(i)	2,650	-	2,650
Restricted funds		-	-	-
TOTAL FUNDS		7,080	(534)	6,546

Lhasa Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

22 FIRST TIME ADOPTION OF FRS 102 (continued)

Reconciliation of equity at 31 December 2014

	Note	As previously stated £	Effect of transition £	FRS 102 as restated £
Tangible assets	(ii)	4,764	(1,683)	3,081
Intangible assets	(ii)	-	1,683	1,683
Investment		1,364	-	1,364
Debtors		1,931	-	1,931
Cash at bank and in hand		3,725	-	3,725
Creditors amounts falling due within one year	(i)	(876)	(115)	(991)
Deferred income		(3,139)	-	(3,139)
Total assets less current liabilities		7,769	(115)	7,654
Creditors amounts falling due after one year	(i)	-	(377)	(377)
Net assets		7,769	(492)	7,277
Funds				
Unrestricted funds – Designated	(i)	4,764	(492)	4,272
– General	(i)	3,005	-	3,005
Restricted funds		-	-	-
TOTAL FUNDS		7,769	(492)	7,277

Reconciliation of profit or loss for the year ended 31 December 2014

	Note	As previously stated Unrestricted £	As previously stated Restricted £	As previously stated Total £	Effect of transition £	FRS 102 as restated £
Incoming resources		6,497	-	6,497	-	6,497
Resources expended	(i)	(5,834)	-	(5,834)	42	(5,792)
Gain on investment assets		26	-	26	-	26
Net incoming resources		689	-	689	42	731
Fund balance brought forward	(i)	7,080	-	7,080	(534)	6,546
Fund balance carried forward	(i)	7,769	-	7,769	(492)	7,277

Explanation of transitional adjustments

- (i) Pension deficit provision This transitional adjustment relates to the recognition of a provision to fund the deficit of a multi-employer pension scheme
- (ii) Reclassification of assets This transitional adjustments represents the reclassification of computer software and databases from tangible to intangible assets