

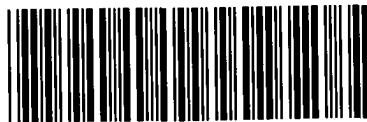
BCU Enterprise Limited (limited by guarantee)

Directors' report and financial
statements

Registered number 02416968

Year ended 31 July 2016

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2016.

Principal activities and business review

The company is a wholly-owned subsidiary of Birmingham City University. The company's activities include training, consultancy, commercial research, residential conferences and catering. On 1st August 2002 the company commenced a number of training programmes for health professionals on behalf of the NHS.

The results for the year ended 31 July 2016 reflect the prevailing economic climate. The company's contract with the NHS for the ongoing delivery of these training programmes is currently subject to its latest 5 year review in accordance with the provisions of the contract. As this represents the company's major income stream, the Directors are actively engaged with the University in relation to its input to the negotiations at both regional and national levels between the NHS and representatives of other institutions in the Higher Education sector that have similar training contracts.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the future viability of the current trading arrangements. On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

Prof J Beer	(Chair)
Mr R C Spilsbury	(Resigned 3 June 2016)
Lord B Grocott	
Prof B Makhoul	(appointed 1 August 2015)
Mr D Wilkin	(appointed 1 November 2016)

No director had any personal or beneficial interest in the shares of the company during the period.

Ms K Stephenson is Company Secretary.

Political and charitable contributions

The company made no political or charitable contributions during the period (2015: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Director *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.]

By order of the board



Ms K Stephenson
Secretary

Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

31 March 2017

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of BCU Enterprise Limited (limited by guarantee)

We have audited the financial statements of BCU Enterprise Limited for the year ended 31 July 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of BCU Enterprise Limited (limited by guarantee) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Michael Rowley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

25 April 2017

Profit and Loss Account
for year ended 31 July 2016

	<i>Note</i>	2016 £	2015 £
Turnover	<i>1</i>	26,861,477	24,088,873
Cost of sales		(20,402,300)	(17,438,734)
		<hr/>	<hr/>
Gross profit		6,459,177	6,650,139
Administrative expenses		(6,234,752)	(6,645,529)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	224,425	4,610
Taxation	<i>5</i>	(8,615)	(12,059)
		<hr/>	<hr/>
Profit / (loss) for the financial year after taxation and retained profit/(loss) for the year		215,810	(7,449)
		<hr/> <hr/>	<hr/> <hr/>

Other Comprehensive Income

The company has no recognised gains or losses other than the retained result for the year.

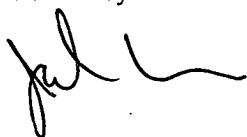
All amounts relating to continuing activities.

The notes on pages 9 to 14 form part of these financial statements.

Balance Sheet
at 31 July 2016

	<i>Note</i>	2016		2015	
		£	£	£	£
Current assets					
Investments	6	-		-	
Debtors	7	6,075,587		25,512	
Cash at bank and in hand		3,513		11,098	
		<u>6,079,100</u>		<u>36,610</u>	
Creditors: amounts falling due within one year	8	(6,591,165)		(737,979)	
		<u></u>		<u></u>	
Net current liabilities			(512,065)		(701,369)
			<u></u>		<u></u>
Total assets less current liabilities			(512,065)		(701,369)
			<u></u>		<u></u>
Provisions for liabilities	9	-		(26,506)	
		<u></u>		<u></u>	
Net liabilities			(512,065)		(727,875)
			<u></u>		<u></u>
Capital and reserves					
Profit and loss account			(512,065)		(727,875)
			<u></u>		<u></u>
Shareholders' deficit			(512,065)		(727,875)
			<u></u>		<u></u>

These financial statements were approved by order of the board of directors on 31 March 2017 and were signed on its behalf by:



Prof J Beer
Chair

Company registered number: 241696

The notes on pages 9 to 14 form part of these financial statements.

Statement of Changes in Equity
at 31 July 2016

	Profit and loss account	Total equity
	£	£
Balance at 1 August 2014	(720,426)	(720,426)
Total comprehensive income for the period		
Loss for the year	(7,449)	(7,449)
Balance at 31 July 2015	(727,875)	(727,875)
Balance at 1 August 2015	(727,875)	(727,875)
Total comprehensive income for the period		
Profit for the year	215,810	215,810
Balance at 31 July 2016	(512,065)	(512,065)

Notes

(forming part of the financial statements)

1 Accounting policies

BCU Enterprise Limited (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2015. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. No exemptions have been taken in these financial statements.

BCU Enterprise Limited's parent undertaking, Birmingham City University, includes the Company in its consolidated financial statements. The consolidated financial statements of Birmingham City University are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from <http://www.bcu.ac.uk/about-us/corporate-information/corporate-publications>. In these financial statements, BCU Enterprise Limited is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the disclosures for:

- the Cash Flow Statement and related notes; and
- Related Party Disclosures.

Estimates and judgments

In preparing these financial statements, management have made the following judgements:

- Provision has been made for potential clawback of project income where outputs fall short of contracted activity.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis, which the Board believes to be appropriate on the basis set out below.

Birmingham City University has provided a Letter of Support to the Board that states that it will continue to make available such funds as are needed by the Company for the forthcoming twelve months. The Board considers that this should enable it to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

On the basis of the above, the Board acknowledges that it is reliant on the continued financial support of Birmingham City University to remain in operational existence and therefore believe it is appropriate to prepare the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured as the fair value of the consideration received, excluding any discounts and VAT.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Notes (continued)

1 Accounting policies (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Profit / (loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2016 £	2015 £
Auditor's remuneration:		
Audit work	3,128	3,120
Non-audit work	2,383	2,377
	<u> </u>	<u> </u>

3 Remuneration of directors

The directors have received no remuneration in respect of services performed for the company during the year (2015: £nil).

4 Staff numbers and costs

The company carries out its operations using staff employed by Birmingham City University. The full cost of staff time is recharged to the company.

Notes (continued)

5 Taxation

The tax charge is made up as follows:

	2016 £	2015 £
Current tax		
UK corporation taxation at 20%	6	14
Foreign taxation	31,100	12,045
Over provision in prior years	(22,491)	-
	<hr/>	<hr/>
Total current tax	8,615	12,059
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Total tax charge	8,615	12,059
	<hr/>	<hr/>

As at 31 July 2016 there was a deferred tax asset of £74,756 (2015: £116,867). This has not been provided as the directors do not consider that the balance will be recoverable.

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.67%). The differences are explained below:

	2016 £	2015 £
Reconciliation of tax charge		
Profit on ordinary activities before tax	224,425	4,610
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 20% (2015: 20.67%)	44,885	953
Effect of:		
Foreign tax credits	31,100	-
Adjustments to tax charge in respect of previous periods	(22,491)	-
Deferred tax not recognised	(46,966)	-
Overseas taxation	-	12,045
Capital allowances lower than depreciation	-	10,252
Increase in losses carried forward	-	(8,702)
Other permanent differences	-	(2,489)
Impact of change in rates	2,087	-
	<hr/>	<hr/>
Tax charge for the year	8,615	12,059
	<hr/>	<hr/>

Notes (continued)

6 Investments

£

At 1 August 2015 and 31 July 2016

-

The company holds 8,000,000 fully paid ordinary shares of £0.001 in cnap.me Operations Limited, a company registered in England & Wales. The company is a start-up company and does not yet have a track record of trading; accordingly, in accordance with the accounting policy, the investment in the company has been impaired to £nil.

7 Debtors

	2016 £	2015 £
Trade debtors	6,069,426	21,380
Prepayments and accrued income	6,161	4,132
	<u>6,075,587</u>	<u>25,512</u>

8 Creditors: amounts falling due within one year

	2016 £	2015 £
Taxation and social security	6	14
Accruals and deferred income	36,316	458,097
Amounts owed to parent undertaking	6,554,843	279,879
	<u>6,591,165</u>	<u>737,990</u>

The amount owed to Birmingham City University is repayable on demand and is non-interest bearing.

9 Provisions for liabilities

	2016 £	2015 £
Corporation tax	-	26,506
	<u>-</u>	<u>26,506</u>

10 Related party transactions

The company has taken advantage of the exemption in respect of transactions between group members available under paragraph 33.1a of FRS 102 on the grounds that it is a wholly owned subsidiary of a group headed by Birmingham City University whose financial statements are publicly available.

Notes *(continued)*

11 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Birmingham City University. The consolidated financial statements of the University are available to the public and may be obtained from:

Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

12 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The transition to FRS 102 has not necessitated any adjustments from the financial statements prepared in accordance with the previous basis of accounting under UK GAAP.