

BCU Enterprise Limited (limited by guarantee)

**Directors' report and financial
statements**

Registered number 2416968

Year ended 31 July 2014

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2014.

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 2014 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 M Carswell (Chair, retired 31 July 2014)
Prof P Ivey (appointed 1 August 2014, retired 31 October 2014)
Mr R C Spilsbury
Lord B Grocott

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

Ms C M Abbott was Company Secretary during the year.

Political and charitable contributions

The company made no political or charitable contributions during the period (2013: £nil).

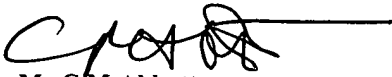
Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

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

By order of the board



Ms C M Abbott
Secretary

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

27 November 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' 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).

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BCU ENTERPRISE LIMITED

We have audited the financial statements of BCU Enterprise Limited for the year ended 31 July 2014 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 2014 and of its loss 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.

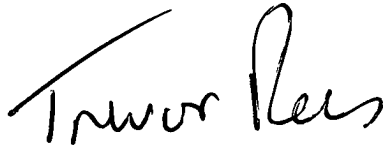
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

2 April 2015

Profit and loss account
for the year ended 31 July 2014

| | <i>Note</i> | 2014 £ | 2013 £ |
|----------------------------------------------------|-------------|---------------------|------------------|
| Turnover | <i>1</i> | 24,323,566 | 25,098,391 |
| Cost of sales | | (17,102,508) | (18,126,477) |
| | | <hr/> | <hr/> |
| Gross profit | | 7,221,058 | 6,971,914 |
| Administrative expenses | | (7,309,129) | (7,159,378) |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before taxation | | (88,071) | (187,464) |
| Taxation | <i>5</i> | (34,382) | (7,587) |
| | | <hr/> | <hr/> |
| Loss for the financial year | <i>2</i> | (122,453) | (195,051) |
| Gift aid receivable in respect of previous years | | 93,229 | - |
| | | <hr/> | <hr/> |
| Retained loss for the year after gift aid | | (29,224) | (195,051) |
| Retained loss brought forward | | (691,202) | (496,151) |
| | | <hr/> | <hr/> |
| Retained loss carried forward | | (720,426) | (691,202) |
| | | <hr/> <hr/> | <hr/> <hr/> |

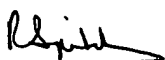
All turnover in the year relates to continuing operations.

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

Balance sheet
at 31 July 2014

| | <i>Note</i> | 2014 £ | 2013 £ |
|-------------------------------------------------------|-------------|------------------|------------------|
| Current assets | | | |
| Investments | 6 | - | - |
| Debtors | 7 | 453,769 | 483,354 |
| Cash at bank and in hand | | 11,259 | 9,115 |
| | | <u>465,028</u> | <u>492,469</u> |
| Creditors: Amounts falling due within one year | 8 | (1,158,948) | (1,183,671) |
| Net current liabilities | | <u>(693,920)</u> | <u>(691,202)</u> |
| Provisions for liabilities and charges | 9 | (26,506) | - |
| Net liabilities | | <u>(720,426)</u> | <u>(691,202)</u> |
| Capital and reserves | | | |
| Profit and loss account | | (720,426) | (691,202) |
| | | <u>(720,426)</u> | <u>(691,202)</u> |

These financial statements were approved by the board of directors on 27 November 2014 and were signed on its behalf by:


 Chair

Company register number 2416968

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The financial statements have been prepared on a going concern basis, notwithstanding that the company had net liabilities at 31 July 2014, since the company's parent, Birmingham City University, has agreed to continue to provide any necessary financial support for a minimum of a year from the date of approval of these financial statements.

Turnover

In general, turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Consultancy and research contracts are generally short term and, as such, their outcome is known with reasonable certainty shortly after the year-end. Turnover from such contracts is stated at cost, appropriate to their stage of completion, plus attributable profits, less amounts recognised in previous years. Provision is made for any foreseeable losses.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Investments

Current asset investments are stated at the lower of cost and net realisable value.

Deferred tax

Provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Gift Aid

During the year the directors have reconsidered the presentation of Gift Aid payments in the financial statements. Previously the directors followed the Charity Commission guidance, but following the publication of the ICAEW Technical Release 'Guidance on donations by a company to its parent charity' on 31 October 2014, the directors have reviewed the company's position.

As the directors now consider the Gift Aid payment to be akin to a distribution rather than an expense, it is now presented outside of the profit and loss account as an adjustment to profit taken to retained earnings. This reclassification itself has no effect on net assets, although as set out at note 9, an adjustment has been made in the current year's financial statements regarding Gift Aid payments made in previous periods.

Notes (continued)

2 Loss on ordinary activities before taxation

| | 2014 £ | 2013 £ |
|-----------------------------------------------------------------------------|-------------------|-------------------|
| <i>Loss on ordinary activities before taxation is stated after charging</i> | | |
| Auditors' remuneration: | | |
| Audit work | 3,120 | 2,448 |
| Non-audit work | 2,377 | 2,382 |
| | <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 (2013: £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

UK corporation taxation at 22.33% (2013: 23.67%)

Adjustment in respect of prior years

Overseas taxation

| | |
|--------|-------|
| - | - |
| 26,506 | |
| 7,876 | 7,587 |
| | |
| 34,382 | 7,587 |

The company pays over the whole of its taxable profit under gift aid to its parent undertaking, Birmingham City University, an arrangement which is likely to remain in place for the foreseeable future, subject to the availability of distributable reserves (see accounting policies note). The company therefore has no taxable profit or tax charge for the year.

As explained in the accounting policies note, provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19. As at 31 July 2014 there was a deferred tax asset of £119,412 (2013: £98,485). This has not been recognised as the directors do not consider that the balance will be recoverable.

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK 22.33% (2013: 23.67%). The differences are explained below:

Factors affecting the tax charge for the current year

| | 2014 £ | 2013 £ |
|----------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| <i>Current tax reconciliation</i> | | |
| Loss on ordinary activities before gift aid and tax | (88,071) | (187,464) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in UK For small companies of 22.33% (2013: 23.67%) | (19,666) | (44,365) |
| <i>Effect of:</i> | | |
| Expenses not deductible for tax purposes | 22 | 285 |
| Other permanent differences | (1,759) | (1,796) |
| Capital allowances in excess of depreciation | (1,276) | (1,649) |
| Increase in losses carried forward | 22,679 | 47,525 |
| Adjustment to tax charge in respect of previous periods | 26,506 | - |
| Overseas taxation | 7,876 | 7,587 |
| Total current tax charge | 34,382 | 7,587 |

6 Investments

£

At 1 August 2013 and 31 July 2014

-

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.

Notes (continued)

7 Debtors

| | 2014 £ | 2013 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 439,404 | 321,261 |
| Prepayments and accrued income | 14,365 | 14,472 |
| Amounts owed by parent undertaking | - | 147,621 |
| | <u>453,769</u> | <u>483,354</u> |

8 Creditors: Amounts falling due within one year

| | 2014 £ | 2013 £ |
|------------------------------------|------------------|------------------|
| Accruals and deferred income | 866,016 | 1,183,671 |
| Amounts owed to parent undertaking | 292,932 | - |
| | <u>1,158,948</u> | <u>1,183,671</u> |

9 Provisions for liabilities and charges

| | 2014 £ | 2013 £ |
|-----------------|-----------|-----------|
| Corporation tax | 26,506 | - |

The ICAEW issued advice on 31 October 2014 which now requires the company to have distributable profits to make Gift Aid payments to its parent undertaking. After examining previous years' Gift Aid payments and distributable profit levels the company has recognised a receivable of £93,229 due from Birmingham City University (2013: £nil) reducing the intercompany creditor accordingly.

Following from the above, there may be a question over the eligibility of some of the previous years' Gift Aid payments for tax purposes. This is a sector wide issue and whilst the directors do not expect HMRC to levy any additional tax on the company, there can be no certainty of this while HMRC's considerations continue. Therefore the directors consider it appropriate to make a provision of £26,506 (2013: £nil) for the potential tax which may be repayable to HMRC.

10 Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

11 Related party transactions

The company is wholly owned by Birmingham City University and in accordance with the exemption granted by FRS 8 (revised), transactions between the company and other group members have not been separately disclosed.

Notes *(continued)*

12 Parent undertaking

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