

# **Warwick University Training Limited**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 July 2016**

**Registered number 02446501**

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# **Warwick University Training Limited**

**(Registered Number 2446501)**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 July 2016**

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## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016**

### **Business Strategy and Objectives**

Warwick University Training Limited is a wholly owned subsidiary of the University of Warwick and as such is governed by the University's guidelines and strategic guidance.

Warwick University Training Limited operates three training and conference centres, a bookshop and a grocery store on the campus of The University of Warwick. The company aims to deliver exceptional service to its customers, including the University community, and all its profits are covenanted to the University to reinvest in pursuance of its objectives.

The business has a number of KPIs against which it measures its performance on a regular periodic basis, at the business unit and company level.

### **Principle Risks and Uncertainties**

The training and conference business is exposed to cycles in the wider economic environment, which can affect levels of demand in the market. Through careful planning and monitoring of the business the company manages this risk by ensuring it can react appropriately when such factors present themselves.

The supermarket grocery business is subject to competitor pressure in the retail market. This is mitigated to some extent by being the only such outlet on the campus. However, the business also ensures it remains as competitive as possible against other local retail offerings.

The bookshop operates in a mature market, and continues to diversify its offering in order to maintain performance.

### **Performance**

Turnover has declined 1.7% from last year. The management training centre activities generated a slightly lower turnover (by 0.6% or £83k), whilst the turnover of the bookshop and grocery store sales fell by 4.3% or £250k.

Gross Profit decreased by 1.4% from last year, which reflects both the increased cost of products for sale in the bookshop and the effect of a partial closure of one of the training centres during the year leading to a less profitable product mix during that time.

Overall for the year ended 31 July 2016, the Company has generated a net profit of £203,058 before taxation (2015 - £912,739) which, after Deed of Covenant payments, resulted in a retained profit of £10,308 (2015 – profit of £9,264).

In the year to 31 July 2017, the businesses are expected to benefit from the opening of a new meeting room space and the positive effect of the programme of refurbishment of the training centre accommodation facilities.



**P GLOVER**  
*Company Secretary*

University House  
University of Warwick  
Coventry  
CV4 8UW

Date: 15 November 2016

# Warwick University Training Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016

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

### Principal Activities, Business Review & Future Developments

The Company is a wholly owned subsidiary of the University of Warwick.

The principal activities of the Company are the operation of post-experience management training centres, and the trade of the University of Warwick's bookshop and supermarket retail outlets.

The company is operating within a five year plan and associated budget which is planned to deliver sustainable growth in income and profit.

This plan includes significant investment in order to maintain the quality of the company's facilities and customer service levels.

### Principal Risks & Uncertainties

The Company operates in a highly competitive market place where continuing growth is dependent on maintaining existing customer relationships and by winning new clients. The directors are confident that the Company can achieve these objectives and minimise the risk of falling short of its targets by providing exceptional service quality to its customers at competitive prices.

### Going Concern

The activities of the company, together with the factors likely to affect its future development and performance are set out in the Directors' Report. The financial position of the Company, its cashflow and liquidity are described in the Financial Statements and accompanying Notes.

The company has sufficient financial resources and the directors believe that the company is well placed to manage its business activities successfully.

Accordingly the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### Directors and their interests

The directors of the Company during the year and up to the date of signing these accounts were as follows:

S Croft	
R A Drinkwater	
C T Ennew	(Appointed 1 August 2016)
R M Sandby-Thomas	(Appointed 7 September 2016)
M V F Zingraff	
M P E Fisher	(Resigned 31 July 2016)
T S Jones	(Appointed 1 February 2016, resigned 31 July 2016)
K M Sloan	(Resigned 6 September 2016)
N Thrift	(Resigned 31 January 2016)

None of the directors held any beneficial interest in the Company's share capital at 31 July 2016 or at any time during the year then ended.

# **Warwick University Training Limited**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016 (continued)**

### **Deed of covenant**

By deed of covenant dated 5 March 2008, the Company covenanted to pay the University of Warwick a sum equal to the taxable profit for corporation tax purposes, with effect from and including the year ended 31 July 2008.

### **Dividend**

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

### **Fixed assets**

There are no fixed assets held in the company at 31 July 2016 (31 July 2015 £nil).

### **Employees**

Details of the number of employees and related costs can be found in note 4 to the financial statements.

### **Disclosure of information to the 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 are aware of that information.

### **Auditor's reappointment paragraph**

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.

### **Post Balance Sheet Date Events**

Since the year end, the Company has issued 500,000 £1 ordinary shares to its sole shareholder, the University of Warwick, for cash consideration, increasing its called up share capital to £600,004.

By order of the Board



**P GLOVER**  
*Company Secretary*

University House  
University of Warwick  
Coventry  
CV4 8UW

Date: 15 November 2016

# **Warwick University Training Limited**

## **Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements.**

The directors are responsible for preparing the Strategic Report, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK UNIVERSITY TRAINING LIMITED**

We have audited the financial statements of Warwick University Training Limited for the year ended 31 July 2016 set out on pages 6 to 15. 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 the 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and the auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 web-site at [www.frc.org.uk/auditscopeukprivate](http://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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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



**Michael Rowley (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date 16 November 2016

# Warwick University Training Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 July 2016

	<i>Notes</i>	<b>2016</b> £	<b>2015</b> £
<b>Turnover</b>	<b>2</b>	<b>19,793,619</b>	<b>20,126,243</b>
Cost of sales		<b>(11,579,198)</b>	<b>(11,792,718)</b>
<b>Gross profit</b>		<b>8,214,421</b>	<b>8,333,525</b>
Distribution costs		<b>(1,797,361)</b>	<b>(1,489,690)</b>
Administrative expenses		<b>(6,239,989)</b>	<b>(5,954,623)</b>
<b>Operating profit</b>	<b>3</b>	<b>177,071</b>	<b>889,212</b>
Interest receivable		<b>25,987</b>	<b>23,527</b>
<b>Profit on ordinary activities before taxation</b>		<b>203,058</b>	<b>912,739</b>
Taxation	<b>5</b>	<b>(38,550)</b>	<b>(186,748)</b>
<b>Profit for the financial year</b>		<b>164,508</b>	<b>725,911</b>

## OTHER COMPREHENSIVE INCOME for the year ended 31 July 2016

There were no recognised gains or losses other than the profit attributable to the shareholder of the company of £164,508 in the year ended 31 July 2016 (2015: £725,911).

All amounts relating to continuing activities.

The notes on pages 9 to 15 form part of the financial statements.



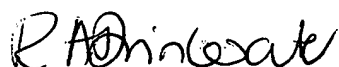
# Warwick University Training Limited

## BALANCE SHEET at 31 July 2016

	Notes	2016 £	2015 £
<b>Tangible fixed assets</b>	7	-	-
<b>Current assets</b>			
Stock		419,713	425,127
Debtors	8	1,598,021	1,999,786
Cash at bank and in hand		43,517	26,710
		<hr/>	<hr/>
		2,061,251	2,451,623
<b>Creditors:</b> Amounts falling due within one year	9	(1,427,177)	(1,827,857)
		<hr/>	<hr/>
<b>Net current assets</b>		634,074	623,766
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		634,074	623,766
		<hr/>	<hr/>
<b>Capital &amp; reserves</b>			
Called up share capital	10	100,004	100,004
Profit and loss account		534,070	523,762
		<hr/>	<hr/>
<b>Shareholders' funds</b>		634,074	623,766
		<hr/>	<hr/>

The notes on pages 9 to 15 form part of the financial statements.

These financial statements were approved by the Board of Directors in November 2016 and were signed on its behalf by:



**R A DRINKWATER**  
Director

Company registered number: 2446501

# Warwick University Training Limited

## STATEMENT OF CHANGES IN EQUITY at 31 July 2016

	Called Up Share Capital £	Profit and Loss Account £	Total Equity £
Balance at 1 August 2014	100,004	514,498	614,502
<b>Total comprehensive income for the year</b>			
Profit for the year	-	725,991	725,991
Deed of covenant payable		(903,475)	(903,475)
Current tax credit		186,748	186,748
Total comprehensive income for the year	-	9,264	1,340,493
Dividends	-	-	-
<b>Balance at 31 July 2015</b>	<b>100,004</b>	<b>523,762</b>	<b>623,766</b>
Balance at 1 August 2015	100,004	523,762	623,766
<b>Total comprehensive income for the year</b>			
Profit for the year	-	164,508	164,508
Deed of covenant payable		(192,750)	(192,750)
Current tax credit		38,550	38,550
Total comprehensive income for the year	-	10,308	10,308
Dividends	-	-	-
<b>Balance at 31 July 2016</b>	<b>100,004</b>	<b>534,070</b>	<b>634,074</b>

# Warwick University Training Limited

## NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016

### 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.

Warwick University Training Limited (the “Company”) is a company limited by shares 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 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 16.

The Company’s ultimate parent undertaking, The University of Warwick, includes the Company in its consolidated financial statements. The consolidated financial statements of The University of Warwick are prepared in accordance with FRS 102 and are available to the public and may be obtained from The University of Warwick. In these financial statements, the company 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 following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of The University of Warwick include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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.

#### ***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.

# **Warwick University Training Limited**

## **NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016 (Continued)**

### ***Basic financial instruments***

#### ***Financial Assets- Trade and other debtors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. At the end of each reporting period the financial assets are assessed for evidence of impairment. If an asset is impaired, the impairment loss is recognised in the profit and loss.

#### ***Financial Liabilities- Trade and other creditors***

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Financial Liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances.

### ***Operating leases***

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

### ***Pensions***

Pension costs are recognised in the financial statements as recharged by the University of Warwick.

### ***Stock***

Stocks include food and bar stocks and are valued at the lower of cost and net realisable value. Stocks of other consumable materials are written off to revenue as incurred.

### ***Deferred Tax***

No provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by deed of covenant to the University of Warwick and therefore no deferred tax asset or liability will be realised in the company.

## **2. TURNOVER**

Turnover arises from continuing activities in the United Kingdom, being the operations of post experience management training centres, a bookshop and a grocery store.

## Warwick University Training Limited

### NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016 (Continued)

#### 3. OPERATING PROFIT

This has been arrived at after charging:

	2016	2015
	£	£
Auditor's remuneration - audit fees	11,816	11,463
Operating lease payments - land and buildings	2,735,000	2,351,000

#### 4. STAFF COSTS

The Company does not employ any staff directly. All staff providing their services to the Company are employed by the University of Warwick. The total of their remuneration and related costs recharged to the Company during the year amounted to:

	2016	2015
	£	£
Wages and salaries	5,779,801	5,237,754
Social security costs	277,418	236,948
Other pension costs	507,637	431,394
	<hr/>	<hr/>
Total employees' remuneration	6,564,856	5,906,096
	<hr/>	<hr/>

The average number of such persons (excluding directors) recharged to the Company during the year was 140 (2015 – 150).

No directors have received any fee or remuneration for their services during the year (2015 - £nil). Under Company law, the remuneration of all of the directors falls to be disclosed within the band £nil - £5,000.

Directors' and officers' liability insurance amounting to £813 (2015 - £871) has been paid by the University of Warwick on behalf of the directors.

# Warwick University Training Limited

## NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016 (continued)

### 5. Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

The tax charge is made up as follows:

	2016	2015
	£	£
<i>Current tax</i>		
UK corporation tax on the profit for the year	<u>38,550</u>	<u>186,748</u>

#### Factors affecting the tax charge for the current year

The effective rate for 2016 is a weighted average of the applicable corporation tax rates during the year. The 21% rate was reduced to 20% from April 2015. The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.67%).

The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>203,058</u>	<u>912,739</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.67%)	<u>40,611</u>	<u>188,663</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	510	1,325
Depreciation less than capital allowances	(2,571)	(3,240)
Deed of Covenant (note 6)	<u>(38,550)</u>	<u>(186,748)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

#### Deferred Taxation

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the Company transfers its taxable profits by deed of covenant to the University of Warwick and therefore no deferred tax asset or liability will be realised in the Company.

# Warwick University Training Limited

## NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016 (continued)

### 6. DEED OF COVENANT PAYABLE

The Deed of Covenant payable is analysed as follows:

	2016 £	2015 £
Payable in respect of 2014/15	-	903,475
Payable in respect of 2015/16	192,750	-
	<hr/>	<hr/>
	192,750	903,475
	<hr/>	<hr/>

### 7. TANGIBLE FIXED ASSETS

The Company had no Fixed Assets at the balance sheet date (2015: £nil)

### 8. DEBTORS

	2016 £	2015 £
Trade debtors	1,230,225	972,838
Other debtors and prepayments	38,526	105,550
Amount due from the University of Warwick	328,838	921,298
Amount due from fellow subsidiaries	432	100
	<hr/>	<hr/>
	1,598,021	1,999,786
	<hr/>	<hr/>

Trade debtors are stated after provision for impairment of £5,240 (2015: £11,293).

Amounts owed by group undertakings are trading balances repayable on demand. Interest is chargeable on the balance owed by the University of Warwick, amounts owed by other group companies are non-interest bearing.

### 9. CREDITORS (amounts falling due within one year)

	2016 £	2015 £
Trade creditors	133,304	203,080
VAT payable	471,268	425,560
Accruals and deferred income	184,965	233,241
Amount due to the University of Warwick	564,909	920,354
Amount due to fellow subsidiaries	72,731	45,622
	<hr/>	<hr/>
	1,427,177	1,827,857
	<hr/>	<hr/>

Amounts due to the University of Warwick and to fellow subsidiaries are repayable on demand and non-interest bearing.

# Warwick University Training Limited

## NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016 (continued)

### 10. SHARE CAPITAL

	2016	2015
Number of £1 ordinary shares allotted	100,004	100,004
Issued and fully paid: At 1 August 2015	£ 100,004	£ 100,004
At 31 July 2016	100,004	100,004

### 11. PENSIONS

The pension costs charged to the profit and loss account during the year under review were £507,637 (2015 – £431,394) and represent amounts recharged by the University of Warwick.

Details of the latest actuarial valuations and disclosures required by FRS102 are included in the report and accounts of the University of Warwick.

### 12. OTHER FINANCIAL COMMITMENTS

At 31 July 2016, non-cancellable operating lease rentals are as follows:

	2016		2015	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating lease which expire:				
- In less than one year	958,750	-	1,278,750	-
- Between one and five years	-	-	-	-
- Over five years	-	-	-	-

Operating lease expenses recognised during the year were £2,735,000 (2015: £2,351,000).

### 13. ULTIMATE PARENT ENTITY

The ultimate parent entity and controlling party is the University of Warwick, which is the parent undertaking which consolidates the group accounts. The consolidated parent accounts can be obtained from the principal place of business at University of Warwick, Coventry, CV4 8UW.



# **Warwick University Training Limited**

## **NOTES TO THE FINANCIAL STATEMENTS – 31 JULY 2016 (continued)**

### **14. RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS102, (Related Party Disclosures), on the grounds that it is a wholly owned subsidiary of a group headed by the University of Warwick, whose financial statements are publicly available.

### **15. ACCOUNTING ESTIMATES AND JUDGEMENT**

#### ***Key sources of estimation uncertainty***

The company makes estimates and assumption concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are addressed below.

#### ***Impairment of debtors***

The company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 8 for the net carrying amount of the debtors and associated impairment provision.

#### ***Critical accounting judgements in applying the Company's accounting policies***

There are no such judgements in either the current or prior year.

### **16. EXPLANATION OF TRANSITION TO FRS102 FROM OLD UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 July 2016 and the comparative information presented in these financial statements for the year ended 31 July 2015.

In preparing its FRS102 balance sheet no adjustments have been necessary to the amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).