

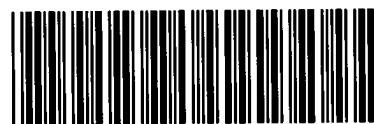
NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

(Registered Number 02464629)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

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NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

The Directors present their strategic report for the year ended 31 July 2023.

Business Review, Principal Activities and Future Developments

The activities of the Nottingham University Industrial and Commercial Enterprise Limited ("the Company") include the fostering of technology transfer, consultancy services, power and heating services principally to the University of Nottingham.

The Company is a wholly owned business of the University of Nottingham. In turn the Company owns subsidiary companies, details of which can be found in note 9.

Nottingham University Industrial and Commercial Enterprise Limited trades under the following business names which operate as divisions:

- Nottingham University Consultants Limited
- Nottingham University Power Management Limited

The largest division, Nottingham University Power Management Limited, provides energy to the University of Nottingham and its subsidiary companies and a few external customers, notably to two companies managing accommodation for University students and the Nottingham University Samworth Academies Trust. The division procures Gas and Power through a partnership with The Energy Consortium Limited (TEC) and water is supplied through Water Plus Limited. Sales during the year for the division amounted to £25,897,000 (2022: £18,898,000). The division's share of net profit before interest and tax amounted to £722,000 for the year ended 31 July 2023 (2022: £561,000).

The division referred to as Nottingham University Consultants Limited generated sales of £1,555,000 (2022: £2,322,000) and a net loss before interest and tax of £32,000 (2022: profit of £100,000) was generated. Nottingham University Consultants Limited facilitates consultancy services across a number of disciplines to customers worldwide.

Rising global natural gas prices exacerbated by the conflict in Ukraine and the action of Russia, diverged LNG shipments, inflation caused by Brexit and Covid-19, and adverse weather conditions across Europe impacting on energy production have contributed to soaring energy prices over recent months, increasing the company's turnover as it re-sells energy at a margin.

Future developments

No changes to the trading of the Company's divisions (as detailed above) are currently anticipated.

The business manages its operations on a trading division basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Results for the Year

A profit before taxation of £477,000 has been earned during the year (2022: £622,000). The Directors do not recommend the payment of a dividend, but have resolved to make a payment under covenant (Gift Aid) to The University of Nottingham of £705,000 (2022: £400,000). Additionally, £700k was paid by gift aid relating to the prior year. Only £400k had been declared at 31 July 2023. The further £300k payment arose when the directors assessed that a higher payment could be made than that originally declared.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023 - CONTINUED

Principal Risks, Uncertainties and Opportunities

The principal risks of the Company are borne by Nottingham University Power Management and follow the trend in the overall energy market, the prime financial risk being the commodity unit market prices & non-commodity levies & other costs. Utility supply contracts are utilised and the commercial risks and rewards of these contracts are assessed on renewal. The Company utilises the expertise of the University's Energy Management Engineer to manage the operation of this division and minimise the Company's exposure to these external factors.

Since 2013 Nottingham University Power Management has used the services of TEC to procure its energy. This approach uses a framework agreement to deliver a flexible energy purchasing arrangement, with the risk management undertaken across the TEC portfolio. Procuring through a framework and having a forward purchase approach has significantly reduced financial risk in the current market.

The University's Environmental Strategy covers a number of key operational areas including energy and water. The University is constantly looking at smarter ways to save on consumption.

The Company's principal financial assets are bank balances, trade receivables and intercompany borrowings. The directors believe that credit risk is low as a high proportion of the debtor balances are due from fellow group companies; in the directors' opinion, the owing companies have sufficient resources that there is minimal risk of the debt being irrecoverable.

The directors also believe that liquidity risk is low due to the confirmation received from the ultimate parent company with regard to intergroup debt being made available as required.

Corporate Governance Update

The Directors recognise the importance of their environmental responsibility. Further initiatives including installation of monitoring devices and recalibration of heating controls in areas where energy consumption can be reduced are part of this environment policy.

Approved by the Board and signed on its behalf by:



M J P Monckton
Director

Date: 22 April 2024

King's Meadow Campus, Lenton Lane, Nottinghamshire, NG7 2NR

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

DIRECTORS' REPORT AND RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2023

The Directors present their annual report together with the audited financial statements for the year ended 31 July 2023.

Directors

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

M J P Monckton
M N Hubbard

The Directors did not have any disclosable interests in the shares of the company.

Future Developments

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Directors' indemnities

Directors' and Officers' insurance was provided during the year for the Company directors and the directors of the other subsidiary companies by their Parent the University of Nottingham, and remains in force at the date of this report.

Going Concern

The Directors believe that the Company will continue with its current business. The Company's Parent company, The University of Nottingham, has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period no less than twelve months from the signing of the Company's financial statements. As a result, the Directors believe that the entity will continue to be a going concern for at least the next 12 months and have adopted the going concern accounting convention. At 31 July 2023 the Company had net current liabilities of £4,685k (2022: £4,272k), which includes an inter-group loan of £3.2m (2022: £3.2m) from the University Parent.

The Directors believe that the parent entity, The University of Nottingham, will continue to support the company as it benefits from the Company's operations and holds commercial value through its provision of energy supplies and consultancy. The parent entity has sufficient resources to support the company.

Dividends

The Directors do not recommend payment of a dividend (2022: £nil).
Gift aid payments are described in the strategic report.

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The 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.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**DIRECTORS' REPORT AND RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

Directors' Responsibilities Statement (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Financial risk management objectives and policies

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.

Details of financial risk management objectives and policies can be found in the principal risks section of the Strategic Report and this forms part of this report by cross-reference.

Any post balance sheet events or future developments are also referenced in the Strategic Report.

Provision of Information to Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution to reappoint BDO LLP will be proposed to the board.

Approved by the Board and signed on its behalf by:



M J P Monckton
Director

Date: 22 April 2024

University of Nottingham, King's Meadow Campus, Lenton Lane, Nottingham, NG7 2NR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

Opinion on the 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 2023 and of its profit 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.

We have audited the financial statements of Nottingham University Industrial and Commercial Enterprise Limited ("the Company") for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that the Company is reliant on the ongoing financial support of its parent, the University of Nottingham, which is not legally binding. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM
UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED (CONTINUED)**

material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM
UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED (CONTINUED)**

Extent to which the audit was capable of detecting irregularities, including fraud¹

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice), and tax legislations.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, the Bribery Act 2010, and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates. In addition, we considered revenue recognition an area to be susceptible to fraud, particularly in relation to the posting of manual journals to material revenue streams.

Our procedures in respect of the above included:

- In addressing the risk of fraud through improper income recognition, we tested the appropriateness of certain journals to material revenue streams;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAM
UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED (CONTINUED)**

- In addressing the risk of fraud through management override of controls, testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant judgements and estimates made by management for bias including assessment of indicators of impairment of the tangible assets, useful economic lives of assets of tangible fixed assets and bad debt provision.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:

Kyla Bellingall

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Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

22 April 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023**

	NOTE	2023 £000	2022 £000
Turnover	3	27,452	21,220
Cost of Sales		(26,387)	(20,134)
GROSS PROFIT		1,065	1,086
Administrative expenses		(428)	(414)
OPERATING PROFIT	4	637	672
Net interest payable	6	(160)	(50)
PROFIT BEFORE TAXATION		477	622
Tax on profit	7	-	(138)
PROFIT AFTER TAXATION		477	484

The notes on pages 14 to 18 form part of these financial statements.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JULY 2023**

	NOTE	2023 £000	£000	2022 £000	£000
FIXED ASSETS					
Investments	9	-			
Tangible assets	10	<u>4,784</u>	4,784	<u>4,900</u>	4,900
CURRENT ASSETS					
Debtors falling due within one year	11	<u>2,478</u>		<u>2,018</u>	
Cash at bank and in hand		<u>3,487</u>		<u>335</u>	
		<u>5,965</u>		<u>2,353</u>	
CURRENT LIABILITIES					
Creditors - amounts falling due within one year	12	<u>(10,649)</u>		<u>(6,625)</u>	
NET CURRENT LIABILITIES			<u>(4,684)</u>		<u>(4,272)</u>
NET ASSETS			<u><u>100</u></u>		<u><u>628</u></u>
CAPITAL AND RESERVES					
Called up Share Capital	13		<u>100</u>		<u>100</u>
Profit and Loss Account	13		-		<u>528</u>
SHAREHOLDERS' FUNDS			<u><u>100</u></u>		<u><u>628</u></u>

The financial statements of Nottingham University Industrial and Commercial Enterprise Limited (registered number 02464629) on pages 11 to 18 were approved by the Board and authorised for issue on: 22 April 2024

They were signed on its behalf by:



M J P Monckton
Director

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023**

	NOTE	Called up share capital £000	Other distributable reserves £000	Profit and loss account £000	Total £000
At 1 August 2021		100	300	144	544
Profit for the financial year		-	-	484	484
Total comprehensive income		-	-	484	484
Gift aid	8	-	(300)	(100)	(400)
At 31 July 2022		100	-	528	628
Profit for the financial year		-	-	477	477
Total comprehensive income		-	-	477	477
Gift aid	8	-	-	(1,005)	(1,005)
At 31 July 2023		100	-	0	100

The notes on pages 14 to 18 form part of these financial statements.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

1 ACCOUNTING POLICIES

The Directors consider that the financial statements should be prepared to reflect the Company's aims and to satisfy the different reporting needs of users. Therefore the Gift Aid donation to The University of Nottingham has been separately disclosed.

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

(a) Basis of preparation of financial statements

Nottingham University Industrial and Commercial Enterprise Limited is a private company limited by shares registered in England and Wales, incorporated in the United Kingdom under the 2006 Companies Act. The nature of the group's operations and its principal activities are set out in the strategic report on page 3.

The functional currency of Nottingham University Industrial and Commercial Enterprise Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Amounts have been rounded to the nearest thousand pounds in presenting amounts in the financial Statements

Nottingham University Industrial and Commercial Enterprise Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Nottingham University Industrial and Commercial Enterprise Limited is consolidated in the financial statements of its ultimate parent the University of Nottingham, whose office is University Park, Nottingham, NG7 2RD.

Exemptions have been taken in the separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, remuneration of key management personnel, and has also taken exemption from preparing group accounts under Section 400 of the Companies Act 2006 as they are consolidated in the parent.

(b) Going concern

As stated on the balance sheet at 31 July 2023 the Company had net current liabilities of £4,685k and holds a £3.2m intercompany loan from the parent. The Directors have reviewed all ongoing Operations and future forecasts and believe that the company will continue with its current business. The Company's parent company, the University Of Nottingham has confirmed that it will provide continued support for the Company to meet its obligations as they fall due for a period at least 12 months from the signing of the Company's financial statements. As a result, the Directors believe that the entity will continue to be a going concern into the foreseeable future and have adopted the going concern accounting convention.

The Directors assessments include their consideration of the loan from the parent company and have confirmed that there are no intentions to recall the loan; an agreement to support the subsidiary exists. The directors have confirmed the University is capable of providing this financial support but recognise that, owing to the informal (non-legally binding) nature of this support agreement and the Company's reliance on this support, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 JULY 2023

1 ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(d) Fixed assets

The cost of fixed assets is their purchase cost plus any incidental costs of acquisition. Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives (from date of purchase) as follows:

Plant and Equipment	3 to 50 years
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Assets in the course of construction	nil
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In accordance with Group accounting policies only fixed assets with a cost in excess of £30,000 are capitalised, with items of a lesser value being expensed as incurred.

(e) Investments

Fixed asset investments are shown at cost less provision for impairment. Listed investments are valued at market value.

(e) Stocks

Stocks of food & drink, oil, printed material and components have been valued at the lower of cost and net realisable value.

(f) Turnover

Turnover is stated net of VAT and trade discounts. As noted in the Directors' report, the Company supplies various services. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

(g) Investment income

Investment income is credited to the Profit and Loss Account on a receivable basis.

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Deferred tax liabilities are not recognised on gift aid payments made to the parent undertaking when qualifying conditions are met. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2023**

1 ACCOUNTING POLICIES (continued)

(i) Gift aid

Under a non-binding gift aid agreement with the University of Nottingham the Company shall pay the University an amount equivalent to the taxable profits of the Company in each accounting period. The gift aid claim is therefore recognised as a liability in the financial statements and is shown as a distribution in the statement of changes in equity.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

There are not considered to be any key sources of estimation uncertainty.

There are no critical judgements in applying accounting policies.

3 TURNOVER

An analysis of the Company's turnover by class of business is as follows:

	2023 £000	2022 £000
Provision of energy	25,897	18,898
Consultancy	1,555	2,322
	<u>27,452</u>	<u>21,220</u>

An analysis of the Company's turnover by geographical market is as follows:

	2023 £000	2022 £000
United Kingdom	27,159	20,351
United States of America	71	73
Europe	79	258
Rest of the World	143	538
	<u>27,452</u>	<u>21,220</u>

4 OPERATING PROFIT IS STATED AFTER CHARGING:

	2023 £000	2022 £000
Depreciation	306	306
Audit fee - audit of the company's annual financial statements	25	15
Audit fee - overruns relating to prior year	6	-
	<u>337</u>	<u>321</u>

There are no fees payable to the Company's auditor in respect of non-audit fees in the current year (2022: £nil).

5 STAFF COSTS

There are no staff employed directly by the Company and the Directors receive no remuneration for their services to the Company. Staff costs are recharged by the company's parent, The University of Nottingham.

6 NET INTEREST PAYABLE

	2023 £000	2022 £000
Inter-company loan interest payable	<u>160</u>	<u>50</u>

7 INCOME TAX

Tax expense included in profit or loss

	2023 £000	2022 £000
Current tax		
UK corporation tax on profit for the year	-	-
Adjustment in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	(138)
Impact of change in tax rate	-	-
Total deferred tax movement	<u>-</u>	<u>(138)</u>

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2023**

7 INCOME TAX (Continued)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as shown:

	2023 £000	2022 £000
Profit before tax	477	622
Tax on profit at standard UK corporation tax rate of 20.98% (2022: 19%)	100	118
Effects of:		
Fixed asset differences	-	-
Expenses not deductible for tax purposes	13	17
Accelerated capital allowances	35	38
Gift Aid to The University of Nottingham	(148)	(173)
Deferred tax liability movement	-	138
Group relief	-	-
Tax charge for the year	-	138

A deferred tax liability amounting to £89,000 (2022: £138,000) in respect of accelerated capital allowances has not been recognised because in the opinion of the directors, as profits are gift aided to the University of Nottingham, it is not probable that this tax would become payable.

8 GIFT AID

During the year the Company made a Gift Aid donation to its ultimate parent, The University of Nottingham in respect of:

	2023 £000	2022 £000
Current year	705	400
Prior year	300	-
	1,005	400

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £000
Cost	
At 1 August 2022	1
Disposals	-
At 31 July 2023	1
Provisions	
At 1 August 2022 and 31 July 2023	1
At 31 July 2023	1
Net Book Value	
At 31 July 2023	-
At 31 July 2022	-

The Company holds 100% of the ordinary share capital of Nottingham University Consultants Limited, Nottingham University Power Management Limited, Nottingham University Press Limited, which are incorporated in the United Kingdom were dormant in both the current and previous year.

The Company holds 100% of the ordinary share capital of Nottingham Venues Limited (previously called East Midlands Conference Centre Limited) a company incorporated in the United Kingdom. The company provides facilities for conferences and other events and operates a hotel.

The registered office address for its subsidiary companies incorporated in the UK is the same as the Company's registered office and is disclosed on page 4.

The Company holds 100% of the ordinary share capital of Nottingham Technology Asia Limited, a company incorporated in Hong Kong, its registered office is Units A&B, 15/F., Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong. The company is dormant and its cost of investment is fully provided against.

NOTTINGHAM UNIVERSITY INDUSTRIAL AND COMMERCIAL ENTERPRISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2023

10 TANGIBLE FIXED ASSETS

	Assets under construction £000	Plant and Equipment £000	Total £000
Cost			
At 1 August 2022	1,511	5,269	6,780
Additions	190	-	190
Disposals	-	-	-
Transfers	(1,575)	1,575	-
At 31 July 2023	<u>126</u>	<u>6,844</u>	<u>6,970</u>
Depreciation			
At 1 August 2022	-	1,880	1,880
Depreciation	-	306	306
At 31 July 2023	<u>-</u>	<u>2,186</u>	<u>2,186</u>
Net book value			
At 31 July 2023	<u>126</u>	<u>4,658</u>	<u>4,784</u>
At 31 July 2022	<u>1,511</u>	<u>3,389</u>	<u>4,900</u>

11 DEBTORS - amounts falling due within one year

	2023 £000	2022 £000
Trade debtors	1,251	792
Amounts owed by parent	124	386
Amounts owed by other group undertakings	158	385
VAT receivable	939	454
Prepayments and accrued income	6	1
	<u>2,478</u>	<u>2,018</u>

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 CREDITORS - amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	1,147	108
Amounts owed to parent	6,394	4,366
Amounts owed to other group undertakings	1	-
Climate Change Levy payable	83	9
Accruals and deferred income	3,024	2,004
Deferred Tax Liability	-	138
	<u>10,649</u>	<u>6,625</u>

Amounts owed to parent includes a loan of £3.2 million (2022: £3.2 million) from the University of Nottingham, on which interest of 1.5% above the Bank of England base rate is payable. It is unsecured and has no fixed date of repayment. The remainder of the amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. There is no impact on net assets or the shareholders' funds.

13 CALLED UP SHARE CAPITAL AND RESERVES

	2023 £000	2022 £000
Allotted, called up and fully paid: 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Company has one class of ordinary shares which carry no right to fixed income. The profit and loss reserve represents cumulative profits and losses, net of dividends paid and other adjustments. Other distributable reserves represent additional capital contributions made by the University of Nottingham.

14 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions in FRS 102 Section 33 Paragraph 1a not to disclose transactions with wholly owned group companies.

There are no other Related Party Transactions.

15 ULTIMATE PARENT UNDERTAKING

The immediate, ultimate parent undertaking and controlling party is the University of Nottingham. The smallest and largest group in which the results of this Company are included is that headed by the University of Nottingham. Copies of the consolidated financial statements of the University of Nottingham can be obtained from the address disclosed in note 1a.