

## Meeting of the South Bank University Enterprises Ltd Board

2.00 pm on Tuesday, 16 November 2021  
in MS Teams - MS Teams

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		PI
2.	Declarations of interest <i>Members are requested to declare any interest in any item on the agenda.</i>		PI
3.	Minutes of the previous meeting	3 - 4	PI
<b>Matters for approval</b>			
4.	Year end reports <ul style="list-style-type: none"><li>External audit findings (to follow)</li><li>External audit letter of representation</li><li>Draft annual report and accounts, 2020/21</li></ul>	5 - 32	RW

**Date of next meeting**  
**4pm on 15 November 2022**

**Members:** Paul Ivey (Chair) and Richard Flatman

**In attendance:** Michael Broadway and Rebecca Warren

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**Minutes of the meeting of the South Bank University Enterprises Ltd Board  
held at 2.00 pm on Tuesday, 10 November 2020  
via MS Teams**

**Present**

Paul Ivey (Chair)  
Richard Flatman

**In attendance**

Michael Broadway  
Kerry Johnson  
Rebecca Warren

**1. Welcome and apologies**

The Chair welcomed members to the meeting. No apologies were received.

**2. Declarations of interest**

All members of staff declared an interest in item six as they were members of the LPFA pension scheme.

**3. Minutes of the previous meeting**

The Board approved the minutes of the meeting of 14 July 2020.

**4. Matters arising**

All matters arising were noted as having been complete or as items to be reported to the Enterprise Advisory Board.

The Board noted that Linsey Cole, Acting Director of Research and Innovation, had now left SBUEL. Recruitment for her replacement was underway and the Chair was providing management oversight until a successor was in place.

**5. Draft financial statements**

External audit findings

The committee noted the audit findings report. The two misstatements referred to in the report had been corrected.

External audit letter of representation

The committee approved the draft letter of representation, which contained standard representations only. The letter of representation would be finalised by KPMG following further work on going concern.

Statutory accounts 2019/20

The Board discussed the statutory accounts which showed a profit of £124k.

The Board agreed that it would be necessary to recapitalise the balance sheet in order for SBUEL to continue to make Gift Aid payments. The Board noted that recapitalisation had last taken place in 2012.

The Board approved the accounts for year ending 31 July 2020, subject to the addition by KPMG of the tax figures.

**6. Pension proposals**

The Board discussed the implementation of the new Group-wide defined contribution pension scheme for employees of SBUEL.

The Board noted that an extensive consultation process had taken place, which included SBUEL staff.

The Board approved the new pension scheme for employees of SBUEL and delegated responsibility for implementation to the Group Executive.

**Date of next meeting  
2.00 pm, on Tuesday, 16 November 2021**

**Confirmed as a true record**

..... (Chair)

	CONFIDENTIAL
Paper title:	Year end reports
Board/Committee:	South Bank University Enterprises Ltd
Date of meeting:	16 November 2021
Author:	Rebecca Warren
Purpose:	Approval
Recommendation:	The Board is requested: <ul style="list-style-type: none"><li>• to note the audit findings;</li><li>• to approve the letter of representation; and</li><li>• to approve the statutory accounts for the year ended 31 July 2021;</li></ul>

## **Audit findings**

The audit findings document will follow. It will include pages relevant to SBUEL extracted from the group audit findings document.

## **Accounts, 2020/21**

Although they are marked "draft", no further changes are expected. As shown in notes 5 and 6, the company has made a taxable profit. A Gift Aid payment will be made to eliminate this profit so that no tax is payable.

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(Letterhead of Entity we audit)

KPMG LLP  
15 Canada Square  
Canary Wharf  
London E14 5GL  
*November 2021*

This representation letter is provided in connection with your audit of the financial statements of South Bank Enterprises Limited (“the Company”), for the yearended 31 July 2021, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Company’s affairs as at year end and of the Company’s profit or loss for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities (being Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“Section 1A of FRS 102”); and
- iii. whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

These financial statements comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the Company meets the definition of a small entity and therefore is permitted to prepare its financial statements in accordance with Section 1A of FRS 102.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

### **Financial statements**

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 30 March 2017, for the preparation of financial statements that:
  - i. give a true and fair view of the state of the Company’s affairs as at the end of its financial year and of its profit or loss for that financial year;
  - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities (being Section 1A of FRS 102); and
  - iii. have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition,

measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or paragraph 1AC.39 of Section 1A of FRS 102 requires disclosure (have been adjusted or disclosed).
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

### **Information provided**

5. The Board has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board for the purpose of the audit; and
  - unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Board confirms the following:

- i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud. [Error! Reference source not found.](#)

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Company and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and
  - b) allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you and has appropriately accounted for in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and/or disclosed (as under Section 1A of FRS 102 disclosure using the Section 21 of FRS 102 disclosure requirements may be required under paragraph 1A.17 of Section 1A of FRS 102 in order to meet the requirements set out in paragraphs 1A.5 and 1A.16 of Section 1A of FRS 102).
10. The Board has disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with paragraph 1AC.35 of Section 1A of FRS 102 and that may be required to be disclosed under Section 33 of FRS 102 (due to the fact that under paragraph 1A.17 of Section 1A of FRS 102 disclosure may be required under Section 33 of FRS 102 in order to meet the requirements set out in paragraphs 1A.5 and 1A.16 of Section 1A of FRS 102).

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

11. The Board confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Company's ability to continue as a going concern as required to provide a true and fair view.
- b) No material events or conditions exist that may cast significant doubt on the ability of the Company to continue as a going concern.  
n accordance with paragraph 1AD.1 of Section 1A of FRS 102 the directors.

12. On the basis of the process established by the Board and having made appropriate enquiries, the Board is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and in accordance with the requirements of section 28 of FRS 102.

The Board further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
  - statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,have been identified and properly accounted for; and
- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Board of Directors on *[date]*.

Yours faithfully,

[Chairman]

[Secretary]

Optional cc: Audit Committee

## **Appendix to the Board Representation Letter of South Bank Enterprises Limited: Definitions**

### **Financial Statements**

A complete set of financial statements comprises:

- *a Balance Sheet as at the end of the period;*
- *a Profit and Loss account for the period;*
- *notes, comprising a summary of significant accounting policies and other explanatory information.*

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### **Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Appendix to the Board Representation Letter of South Bank Enterprises Limited:  
Unadjusted Misstatements**

	<b>SOCI&amp;RE £m</b>	<b>SOFP £m</b>	

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**South Bank University Enterprises Limited**

**Report and Financial Statements**

**31 July 2021**

DRAFT

# South Bank University Enterprises Limited

## Report and financial statements 2021

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# **South Bank University Enterprises Limited**

## **Report and financial statements 2021**

### **Officers and professional advisers**

#### **Directors**

Professor Paul Ivey (Chair)

Mr Richard Flatman

#### **Secretary**

Mr Michael Broadway

#### **Registered Office**

103 Borough Road  
London  
SE1 0AA

#### **Bankers**

Barclays  
Level 12  
One Churchill Place  
London E14 5HP

#### **Solicitors**

Shakespeare Martineau LLP, 1 Colmore Square, Birmingham B4 6AA

Shoosmiths LLP, Witan Gate House, 500-600 Witan Gate West, Milton Keynes MK9 1SH

Mills and Reeve LLP, Botanic House, 100 Hills Road, Cambridge CB2 1PH

Michelmores LLP, 48 Chancery Lane, London WC2A 1JF

Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol, BS1 4QA

#### **Auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

# South Bank University Enterprises Limited

## Company Registration No. 2307211

### Directors' report

#### Ownership

The Company is a wholly owned subsidiary of London South Bank University.

#### Review of Activities

The Company's principal activities are consultancy, research contracts, the hire of facilities, and property letting. In addition, the Company is involved with the protection and commercialisation of Intellectual Property (IP) arising out of the University's research activities.

During the year the Company continued to meet the patent application costs relating to the commercialisation of the University's research.

#### Result for the year

Turnover of £3,660,644 was an increase of 4% from 2020. The company reported a profit before tax of £295,464.

Patent costs incurred in support of the Company's licences, company spin-outs and new opportunities continue to be a part of the Company's annual expenditure.

#### 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 applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 judgements and estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### Future Prospects

The Company foresees trading conditions to remain challenging over the next 12 months. Strong competition from other universities and external organisations, allied to generally tight trading conditions and cutbacks in Central and

# **South Bank University Enterprises Limited**

## **Company Registration No. 2307211**

### **Directors' report**

Local Government expenditure, are expected to impact upon the Company's activities and income. The Company continues to focus on opportunities to increase and grow its research and enterprise activities. The Company continues to lead and build its commercial engagement with the local community of start-ups and SMEs in South East London and more widely. The Company will continue to support the protection of and commercialisation of intellectual property generated by the University. The activity of the company has been curtailed due to Covid 19 but the team at SBUEL are confident that the financial controls in place and business development skills that have been developed will ensure that SBUEL will be well placed for future growth as the external environment improves. The Directors are of the opinion that the organisation will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of these accounts.

#### **Directors who served during the year**

Professor Paul Ivey (Chair)

Mr Richard Flatman

#### **Directors' Interests**

No Director had any interest in any contract which subsisted during the period of the report, other than in the ordinary course of the Company's business (2020: none).

No Director had any interests in the shares of the Company or any other group company (2020: none).

#### **Employees**

As at the year-end the Company had 50 employees. All other persons associated with the Company are employees of London South Bank University.

#### **Auditors**

A resolution to re-appoint KPMG LLP as auditors of the company will be proposed.

In preparing this report, the directors have taken advantage of the small companies exemption in Part 15 of the Companies Act 2006.

#### **Approval**

Authorised and approved by the Board of Directors and signed on behalf of the Board by:

Paul Ivey

Chair

25 November 2021

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH BANK ENTERPRISES LIMITED

## Opinion

We have audited the financial statements of South Bank Enterprises Limited (“the Company”) for the year ended 31 July 2021, which comprise the Statement of income and retained earnings, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in the Principal Accounting Policies – Basis of Preparation on page 10 of the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of management, the Audit and Risk committee and internal audit as to the Company’s high-level policies and procedures to prevent and detect fraud, including the

internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud; and

- Reading Board and Audit and Risk Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation of some of the Company's fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include the last journals posted and;
- Sample testing of income received in the period 01 July 2021 to 31 October 2021 to determine whether income was recognised in the correct accounting period.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), taxation legislation and pensions legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety legislation, employment and social security legislation, anti-bribery, money laundering and contract legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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 prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.

Fleur Nieboer

**(Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London  
E14 5GL  
25 November 2021

## South Bank University Enterprises Limited

### Statement of income and retained earnings Year ended 31 July 2021

		2021	2020
	Note	£	£
<b>Turnover</b>	1	3,660,644	3,528,426
Cost of sales		<u>(1,962,714)</u>	<u>(1,517,292)</u>
<b>Gross profit</b>		1,697,930	2,011,134
Administrative expenses		<u>(1,402,860)</u>	<u>(1,886,909)</u>
<b>Operating profit</b>	2	295,070	124,225
Interest receivable	4	394	-
		<u>295,464</u>	<u>124,225</u>
<b>Profit on ordinary activities before taxation for the financial year</b>		295,464	124,225
Tax on profits on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Profit for the financial year after taxation</b>		<u>295,464</u>	<u>124,225</u>
<b>Retained profit at 1 August</b>		<u>166,545</u>	<u>159,569</u>
Gift aid paid	5	(188,914)	(117,249)
Recapitalisation	11	<u>500,000</u>	<u>-</u>
<b>Retained profit at 31 July</b>		<u><u>773,095</u></u>	<u><u>166,545</u></u>

All activities relate to continuing operations.

There are no gains or losses other than those reported in the profit and loss account.



**South Bank University Enterprises Limited**  
**Company Registration No. 2307211**

**Balance sheet**  
**As at 31 July 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	7	24	24
<b>Current assets</b>			
Debtors	8	2,388,434	931,368
Cash at bank and in hand		64,840	20,557
		2,453,274	951,925
<b>Creditors: amounts falling due within one year</b>	9	(1,680,188)	(785,394)
<b>Net current assets</b>		773,086	166,531
<b>Total assets less current liabilities</b>		773,110	166,555
<b>Net assets</b>		773,110	166,555
<b>Capital and reserves</b>			
Called up share capital	10	15	10
Profit and loss account	11	773,095	166,545
<b>Total equity shareholders' funds</b>		773,110	166,555

These financial statements have been prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies.

These financial statements were authorised and approved by the Board of Directors on 16 November 2021.

Signed on behalf of the Board of Directors

Paul Ivey

Chair

# South Bank University Enterprises Limited

## Principal accounting policies Year ended 31 July 2021

### Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Section 1A of Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The individual accounts of South Bank University Enterprises Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes

All members of the company have consented to the preparation of an abridged balance sheet.

### Accounting Convention

The accounts have been prepared under the historical cost convention.

### Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a medium term financial plan, including forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that, taking account of severe but plausible downsides, including changes arising from the Covid-19 pandemic, the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements.

The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

### Areas of judgement and estimation uncertainty

There are no areas that the directors consider likely to give rise to a material misstatement as a result of the judgement and estimation involved.

### Turnover

Turnover, net of value added tax, comprises sales in relation to consultancy work, contract research, sale of materials and letting facilities.

### Cost of Sales

Cost of sales comprises costs of consultancy work, contract research, sale of materials and letting facilities.

### Fixed Asset Investments

Investments are carried at cost, less provision for any impairment in value.

### Cash Flow Statement

As a wholly owned subsidiary, the company is exempt under Financial Reporting Standard number 1 "Cash flow statements" from the requirement to prepare a cash flow statement. The cash flows of the company are included in the consolidated accounts.

### Taxation

The Company makes a Gift Aid payment to London South Bank University during the year intended to be sufficient to reduce any taxable profit for the year to zero, subject to the requirement not to cause the reserves of the Company to become negative. Following a change in accounting treatment, this policy in relation to taxation has changed to treat the gift aid payment as a movement in reserves rather than a reduction in profit before tax. This movement is shown on the face of the Statement of income and retained earnings, where the gift aid paid is shown as a movement in retained profit rather than as expenditure prior to taxation.

## **South Bank University Enterprises Limited**

### **Principal accounting policies Year ended 31 July 2021**

Taxable profit differs from the net profit as reported in the profit and loss account because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

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# South Bank University Enterprises Limited

## Notes to the accounts Year ended 31 July 2021

### 1. Turnover

Turnover and pre-tax profits are attributable to the principal activities of the Company. An analysis of turnover by geographical destination is as follows:

	2021	2020
	£	£
United Kingdom	3,554,181	3,267,103
Europe	6,463	3,835
North America	100,000	202,300
Asia	-	55,188
	<u>3,660,644</u>	<u>3,528,426</u>

### 2. Operating profit/(loss)

	2021	2020
	£	£
<b>Operating profit/(loss) is stated after charging</b>		
Fees payable to the Company's auditor:		
- for tax assurance work	5,035	4,920
	<u>5,035</u>	<u>4,920</u>

The Company's audit fee of £2,935 has been included in the audit fee charged to London South Bank University. (2020: £2,915). The fee paid for tax assurance work is £5,035 exclusive of VAT (2020: £4,920).

### 3. Staff costs and Directors' remuneration

The Company had 50 employees at the year-end (2020: 48). All other persons associated with the Company are employees of London South Bank University.

	2021	2020
	£	£
<b>Costs:</b>		
Wages and salaries	2,272,766	2,005,943
Social security costs	229,311	207,149
Employers' pension contributions	210,660	175,039
	<u>2,712,737</u>	<u>2,388,131</u>

One Director employed by the company received remuneration totalling £162,312 (2020: one Director employed by the company received remuneration totalling £162,016).

### 4. Interest receivable

	2021	2020
	£	£
Bank interest receivable	394	-
	<u>394</u>	<u>-</u>

# South Bank University Enterprises Limited

## Notes to the accounts Year ended 31 July 2021

### 5. Payment under Gift Aid

For the year ending 31 July 2021 the company approved post-year-end to pay £258,280 of its taxable profit under the Gift Aid scheme to London South Bank University (2020: £188,914).

### 6. Taxation

The 2021 tax charge is nil (2020: nil).

	2021	2020
	£	£
Profit on ordinary activities before tax	295,464	124,225
Taxation on profit on ordinary activities at 19.00% (2020: 19.00 %)	56,138	23,603
Effects of:		
Expenses not deductible for taxation purposes	-	2,126
Amounts (charged)/credited directly to equity or otherwise transferred	-	(35,894)
Remeasurement of deferred tax for changes in tax rates	(3,317)	(786)
Unrelieved tax losses and other deductions	(3,713)	10,951
Gift Aid payment	(49,108)	-
Current tax	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances and trading losses as there is insufficient evidence that the asset will be recovered.

The amount of the asset not recognised is £13,822 (2020: £17,630).

The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

# South Bank University Enterprises Limited

## Notes to the accounts Year ended 31 July 2021

### 7. Fixed Asset Investments

At 1 August 2020	£ 24
At 31 July 2021	24

Details of companies, all registered in England, in which South Bank University Enterprises Limited holds more than 20% of the nominal ordinary share capital are as follows:

Name of company	Percentage holding of ordinary shares	Nature of business	Date of last accounts	Profit/(loss)	Reserves
				£	£
Biox Systems Limited	24%	Development of medical products	31 Oct 2020	(1,072)	468,817

### 8. Debtors

	2021	2020
	£	£
Trade debtors	954,771	364,284
Prepayments and accrued income	1,077,618	565,404
Other debtors	-	1,680
Amounts owed by parent company	356,045	-
	<u>2,388,434</u>	<u>931,368</u>

### 9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	-	24,302
Amounts owed to parent company	-	186,028
Other creditors	59,586	59,586
Accruals and deferred income	1,501,072	386,824
Payroll creditors	119,530	128,654
	<u>1,680,188</u>	<u>785,394</u>

# South Bank University Enterprises Limited

## Notes to the accounts Year ended 31 July 2021

### 10. Called up share capital

	2021 £	2020 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
15 ordinary shares of £1 each	15	10

### 11. Movement on total reserves

	Share capital £	Profit and loss account £	Total shareholders surplus £
At 1 August 2020	10	166,545	166,555
Profit for financial year after taxation	-	295,464	295,464
Gift aid payment	-	(188,914)	(188,914)
Recapitalisation	5	500,000	500,005
<b>At 31 July 2021</b>	<u>15</u>	<u>773,095</u>	<u>773,110</u>

### 12. Related party transactions

The Company has taken advantage of the exemption which is conferred by Financial Reporting Standard number 102 that allows it not to disclose related party transactions with wholly owned subsidiaries within the group.

### 13. Ultimate parent company

South Bank University Enterprises Ltd is a wholly owned subsidiary of London South Bank University, a company limited by guarantee, incorporated in Great Britain and registered in England and Wales.

London South Bank University is the ultimate parent and controlling company and is the parent company of the only group of which the company is a member for which consolidated financial statements are prepared. The consolidated financial statements of London South Bank University can be obtained from 103 Borough Road, London, SE1 0AA.

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