

Meeting of the Board of Directors of South Bank University Enterprises Ltd

3pm on Tuesday, 15 December 2015
in room DCG08, Clarence Centre for Enterprise and Innovation, London SE1

Agenda

	<i>Paper No.</i>	<i>Presenter</i>
1. Welcome and Apologies		Chair
2. Declarations of Interest		Chair
3. Minutes of previous meetings (to approve):	UE.25(15)	
<ul style="list-style-type: none"> • 14 October 2015 • 11 November 2015 • 20 November 2015 		
 Business Matters		
4. CEO's report (to discuss and note)	UE.26(15)	CEO
5. Management Accounts	UE.27(15)	Acct
6. Debtors report	UE.28(15)	Acct
7. Investment Fund for LSBU student and graduate entrepreneurs (to approve)	UE.29(15)	CEO
8. Intellectual property and spin out company matters	UE.30(15)	CEO
9. Quiz Slides: An LSBU spin-out	UE.31(15)	CEO
10. Venture Simulations – Spin In Request	UE.32(15)	CEO
11. Date of Next Meeting – tbc		Chair

Members: James Smith (Chair), Richard Flatman, Paul Ivey and Gurpreet Jagpal (CEO).

In attendance: Accountant and Governance Manager.

Minutes of a Meeting of the Board of Directors
of South Bank University Enterprises Ltd
held at 3pm on Wednesday 14 October 2015 in Room DCG07,
Clarence Centre for Enterprise and Innovation,
St George's Circus, London, SE1

Present

James Smith Chair
Paul Ivey
Gurpreet Jagpal CEO

In attendance

Michael Broadway Governance Manager
Rebecca Warren Accountant for South Bank University Enterprises Ltd.

Welcome and apologies

1. The Chairman welcomed the directors to the meeting. Apologies had been received from Richard Flatman.

Tenant strategy

Adrian Tindall joined the meeting

2. The Board received a presentation on the proposed tenant strategy (paper **UE.15(15)**). The aims of the strategy were to improve engagement between the tenants and the University. The Board approved the tenant strategy.

Declarations of interest

3. No interests were declared in any item on the agenda.

Minutes of the meeting of 17 June 2015

4. The Board approved the minutes of the meeting of 17 June 2015.

Matters arising

5. The Board discussed company valuations (minutes 12 – 14 of 17 June 2015 refer). The Board agreed to invite a contact from the Carbon Trust to advise on this at a future meeting.

Future direction of the company

6. The Board discussed the future direction of the company and of enterprise activity in the University. The University Executive was considering undertaking enterprise activity overseas and engaging in opportunistic spin-in ventures using SBUEL. Further discussions are required on the future direction of SBUEL and the CEO will report back to future board meetings on progress.

Spin In

7. The Board noted an update on spin in from the CEO. Investment principles were being defined.

CEO's report

8. The Board discussed the CEO's report (paper UE.13(15)).

SBUEL draft accounts, 2014/15

9. The Board noted the draft accounts for 2014/15 (paper UE.14(15)), prior to the audit of the accounts. The Board noted that amendments would be made prior to approval in November 2015.

Debt write off

10. The Board approved the revised debt write off policy (paper UE.16(15)).
11. The Board approved the write-off of the total LKIC debt of £240,517.96. The debt was fully provided for.

Allocation of projects guidance note

12. The Board approved the *Guidance note as to the allocation of projects to SBUEL or the University* (paper UE.17(15)).

Declarations of Interest

13. The Board authorised the declared interests of its members (paper UE.18(15)), under section 175 of the Companies Act 2006. In addition, the Board authorised the following interest for Paul Ivey as declared at the meeting:
 - a. Member of the London Enterprise Panel Working Group for Employment and Skills

Any other business

14. The Board requested the CEO to review whether to wind up the agreement with London Knowledge Innovation Centre.

Date of the next meeting

15. The date of the next meeting was noted as Wednesday 11 November 2015 at 4.15pm.

The Chairman closed the meeting.

Approved as a true record:

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Chairman

Minutes of a Meeting of the Board of Directors
of South Bank University Enterprises Ltd
Held at 2pm on Wednesday 11 November 2015
in Room 1B16, Technopark, London, SE1 and by conference call

Present

James Smith Chairman (*via conference call*)
Paul Ivey
Richard Flatman
Gurpreet Jagpal CEO

In attendance

Michael Broadway Governance Manager
Rebecca Warren Accountant for South Bank University Enterprises Ltd.

Welcome and apologies

1. The Chairman welcomed the directors to the meeting. Paul Ivey agreed to chair the meeting.

Declarations of interest

2. No interests were declared in any item on the agenda.

Audit Findings

3. The Board discussed the audit findings report from Grant Thornton, the University's external auditors (paper **UE.19(15)**). The audit findings had been considered in detail by the University's audit committee. It was noted that much of the report covered LSBU and the Board discussed the areas relevant to SBUEL. It was noted that no significant issues were identified as a result of the audit procedures performed in relation to South Bank University Enterprises Ltd.

Letter of representation

4. The Board considered the letter of representation to the auditors (paper **UE.20(15)**). The Board noted that the letter contained standard representations only and that no items had been inserted specific to the company. The Board approved the letter of representation and authorised any director to sign on its behalf at the same time as the accounts were signed.

Statutory accounts to 31 July 2015

5. The Board considered the statutory accounts for the year ended 31 July 2015 (paper **UE.20(15)**). The Board noted the profit of £410k before Gift Aid.
6. The Board approved the proposed Gift Aid payment to the University of £350k, which was in line with the Gift Aid Policy. The Board requested minor amendments to the current Gift Aid Policy.
7. The Board approved the accounts. The Board authorised any director to sign the revised accounts on its behalf at the University Board of Governors meeting of 26 November 2015.
8. The Board thanked the finance team for the good work in preparing the accounts.

Re tender of external auditors

9. The Board noted that this was the final year of Grant Thornton's five year contract as the University's group external auditor. The contract gives the option for two 12 month extensions. The Board supported the LSBU audit committee decision to re-appoint Grant Thornton as External Auditors for an additional 12 months. At the end of this extension the contract would go out to tender.

Staff bonuses, 2014/15

10. The Board would consider staff bonuses by conference call at an additional meeting.

CEO bonus

Gurpreet Jagpal left the meeting

11. The Board would consider the CEO's bonus by conference call at an additional meeting.

Date of the next meeting

12. A meeting by conference call would be set up to approve staff and CEO bonuses. The date of the next full Board meeting was noted as Tuesday 15 December 2015 at 3pm.

The Chairman closed the meeting.

Approved as a true record:

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Chairman

Minutes of a Meeting of the Board of Directors
of South Bank University Enterprises Ltd
Held at 12noon on Wednesday 20 November 2015
in Room 1B07, Technopark, London, SE1 and by conference call

Present

James Smith Chairman (*via conference call*)
Paul Ivey
Richard Flatman
Gurpreet Jagpal CEO (*for minutes 1 – 4*)

In attendance

Michael Broadway Governance Manager
Rebecca Warren Accountant for South Bank University Enterprises Ltd.

Welcome and apologies

1. The Chairman welcomed the directors to the meeting. Paul Ivey agreed to chair the meeting.

Declarations of interest

2. No interests were declared in any item on the agenda.

Staff Bonuses, 2014/15

3. The Board considered the proposed individual performance bonuses for qualifying employees (paper UE.23(15)) under the SBUEL bonus scheme, which was tabled at the meeting. The performance ratings had been given by each employee's line manager during the appraisal process and had been reviewed by the CEO.
4. The Board approved the proposed individual performance bonuses as set out in the paper, with the following amendments:
 - a. Yvonne Mavin – performance bonus of 4% awarded. Spot bonus of £1000 awarded for post award audit review work.
 - b. Howard Thomas – performance bonus of 4% (as BDM) and 4% (as Head) awarded.

CEO bonus

Gurpreet Jagpal left the meeting

5. The Board considered the CEO's bonus. It was noted that under the terms of his contract he was eligible for a bonus of up to 10% of his salary. As part of his appraisal the Pro Vice Chancellor (Research and External Engagement) and the Chair of the Board had considered his performance "good". Accordingly, the Board awarded a performance bonus of 5%.

Date of the next meeting

6. The date of the next Board meeting was noted as Tuesday 15 December 2015 at 3pm.

The Chairman closed the meeting.

Approved as a true record:

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Chairman

	PAPER NO: UE.26(15)	
Board:	SBUEL Board	
Date:	15 th December 2015	
Paper title:	CEO Update Paper	
Author:	Gurpreet Jagpal Director Research, Enterprise and Innovation, and CEO South Bank University Enterprises Ltd.	
Recommendation:	For information only – provide an update on SBUEL and Enterprise Activity.	
Matter previously considered by:	N/A	N/A:
Further approval required?	N/A	N/A:
Communications – who should be made aware of the decision?	N/A	

1. Executive Summary

1.1. Enterprise Income Analysis for 2015/16

- Full year budget forecast - £10,212,000
 - Current YTD Actuals - £1,760,628
 - Remaining to achieve - £8,451,372

 - Full year income (currently budgeted) - £7,258,118
 - Unallocated income - £1,193,254
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2. Analysis

2.1. For enterprise we have secured slightly over £1.7m of income with a further £8.4m to target. Of this £8.4m there is planned activity totalling £7.3m that leaves £1.1m of unidentified income.

3. Pipeline Analysis

3.1. The enterprise income pipeline has a value totalling £10m, resulting in likely income (based on historical performance) of £1.7m. The predicted conversion rate of nearly 18% is in line with our achieved average for 2014-15.

3.2. Table showing open enterprise opportunities by School end November 2015:

School	Volume	Value	Value (based on conversion)
ACI	1	£0	£0
APS	44	£610,650	£247,808
BEA	14	£1,974,100	£454,500
BUS	2	£7,500	£1,125
ENG	12	£1,261,660	£123,245
HSC	13	£615,558	£125,930
LSBU	3	£3,795,246	£509,049
LSS	6	£315,156	£43,578
Other	2	£1,400,000	£200,000
SBUEL	6	£28,000	£14,622
SE	1	£500	£375
Total	104	£10,008,370	£1,720,231

4. Systems Development

- 4.1. The new Enterprise Approval process, which aims to establish robust process from initial client proposal to approved contract signature, is in the final project implementation stages. The SharePoint site/system has been signed off with ICT, and the user manual and template Business Justification and Financial Appraisal documents that are integral to the process have been signed off by Finance and Legal. Subject to confirmation of the required changes in the Financial Regulations we expect to go live early January 2016, after having briefed the Deans and School Directors of Research and Enterprise on the changes.
- 4.2. REI management of risk requires more than updates of our standard Corporate and Operations Risk registers. The Compliance and Systems team has produced a draft paper to prompt internal discussion across Corporate and Business Planning and REI and begin the formal review of the approach needed.
- 4.3. We are aiming to improve the scope, timing and resource required for reporting of enterprise projects in development. The provision of on-demand Cognos analyses will replace the previous monthly excel reporting from our Raiser's Edge CRM database. There are four suites of performance reports giving views of either open or closed projects, with a choice of perspectives designed to cover the requirements of individual Schools or senior management. We are currently completing UAT and expect to go live in January.
- 4.4. KPI/PI reporting for REI has been delayed. For the 2014-15 year end baseline data we are waiting for a) formal sign off from Finance of our year end HEBCI data submission which is due by 11th December b) research bid pipeline data.

5. Health and Wellbeing Institute

- 5.1. The Health and Wellbeing Institute has won £265K of sales this FY. It has a sales pipeline of £1,312K weighted at £422k. Our Sales Forecast for the FY as of November is £687k.
- 5.2. Revenue on the £265k sales is expected to be £212k, around 80% of total sales.

- 5.3. The Health and Wellbeing Institute has supported delivery of the 3 HSC Health Debates, the last being commissioned by Jane Cummings, the Chief Nursing Officer of Health Education England. We had external guests, live streamed the debate, held a Twitter debate that reached over 11M users and had over 170 contributors.
- 5.4. The Health and Wellbeing Institute supported on the delivery of the largest student organised (and first) healthcare event in London.
- 5.5. The Health and Wellbeing Institute is leading on the development of overseas collaboration in Saudi Arabia and India.
- 5.6. The Health and Wellbeing Institute has led developments on the first, fully validated programme (PG Cert and PG Dip) in the world for Obesity Care and Management in collaboration with a Tenant, The College of Contemporary Health
- Saudi Arabia: the opportunity is focused on supporting the Saudi Ministry of Health develop their Primary Healthcare Sector, and delivery will be in collaboration with the University of Hertfordshire, DeMontfort University and the University of Northampton. Progress is predicated on a successful ministerial visit in the New Year.
 - India: the opportunity is around supporting the Kerala Nurse Institute for Career Enhancement (NICE) delivery skills based education that will support Indian nurses work in the UK. The HWI is working with HSC around the development of an innovative delivery and financial model where both partner Trusts and 'consumers' pay for the education, helping increase revenues for HSC.
- 5.7. The HWI are working with a start-up company, Engaged Nurses, around becoming a Tenant in Residence. The organisation is currently working with the HWI and HSC to develop an investment plan for seed funding to develop a non-profit agency model to exploit the recent announcement of agency cost caps. Profits will be re-invested in training staff, for which HSC will be the sole provider.
- 5.8. The HWI is currently negotiating a £50k project with Datix (online incident reporting) around data mining and system automisation.
- 5.9. The HWI secured LSBU's place as an approved supplier in the Defence Human Capability Science and Technology Centre (DHCSTC) Framework Agreement and is now leading discussions with QinetiQ around a potential project. Funding will be by competitive tender, managed by BAE Systems.

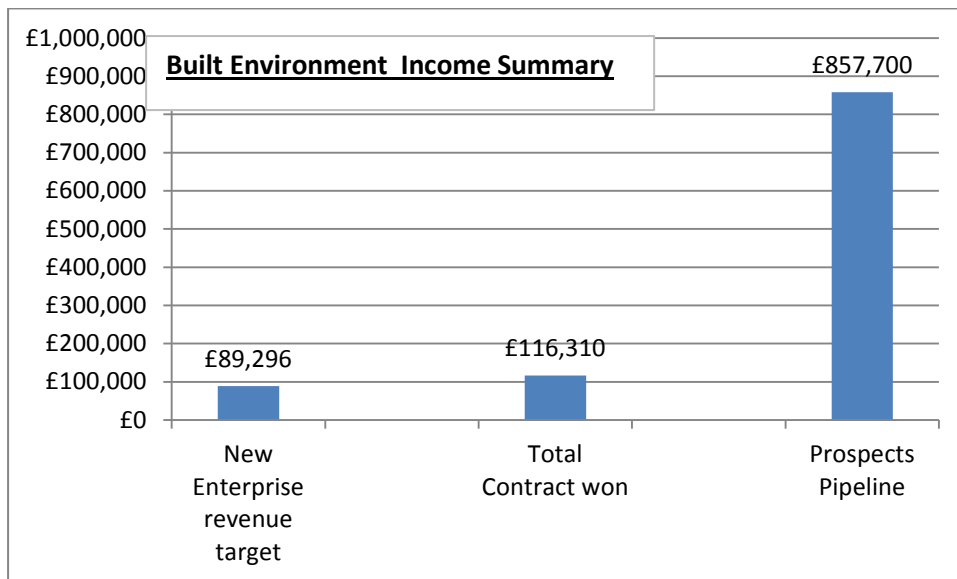
6. Sustainable Communities Institute Summary (for SBUEL Board Report)

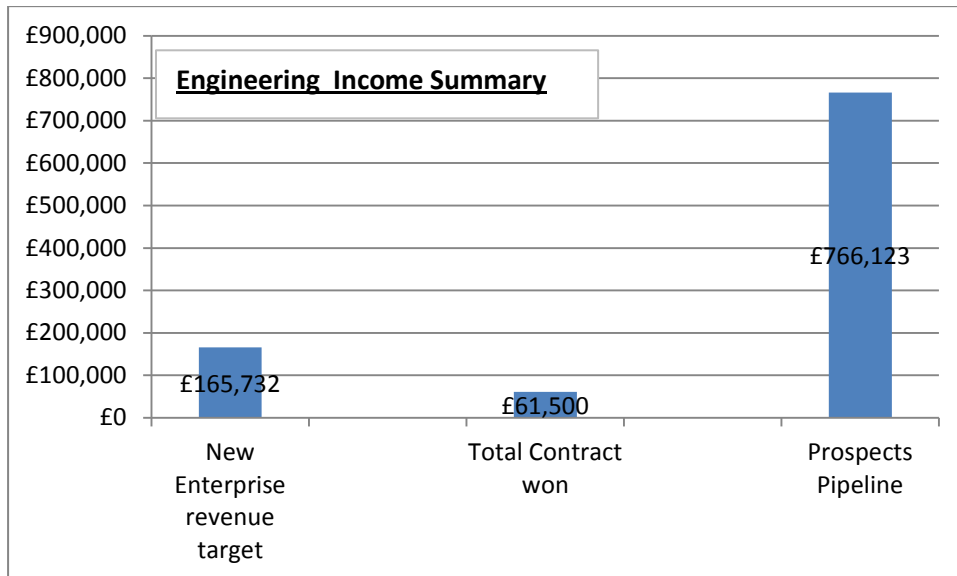
6.1. The Sustainable Communities Institute has been established to develop business opportunities within the engineering, construction and arts sectors in the communities and economy of greater London in particular and further afield as the opportunity arises. We are building commercial relationships with a range of companies both large and small. Some of the companies we are currently working with include Scottish Power Renewables, Babcock International, Skanska, Ministry of Sound, London Philharmonic Orchestra, Tate Britain, Lambeth Council and London Underground plus a wide range of SME's.

Built environment (BEA) = 13 contracts won, 8 prospects

Engineering (ENG) = 4 contracts won, 5 prospects

Summary of our financial performance to date:





Recent Funding applications include the following:

	Value
ESIF Low Carbon Call Priority Axis 4f (A2i)	£1,288,246
Innovate UK Smart Fund - GEP TEC Ltd	£ 100,000
Innovate UK Phase 2 Cold Water Heat Network	£ 671,000

Recent successful contracts won include:

Lambeth Council data mining/analysis (ENG)	£16 500
Open Date Instrumental Ltd (ENG)	£40 000
MacMillan post occupancy study (BEA)	£17 000
Solar Polar (BEA)	£10 000
Take Parts (BEA)	£37 000

6.2. In addition to the above, we have just won a new contract with Endosolutions Ltd for £6 800 and are currently in early stage negotiations with Southwark Council, Mitie, Skanska and Babcock International on a variety of commercial contracts.

6.3. We can also confirm that with the help of Adrian Tindall we have now signed contracts with Energy Transitions Ltd and Solar Polar Ltd as our new tenants in residence in E137 and a small office in Technopark.

6.4. The EU ESIF funding bid is 50/50 match funded and therefore has been included at half its value (£644 123). There will be a significant focus on engineering based funding applications during the next 2 quarters with a number of funding opportunities having already been identified and work having already commenced on applications.

6.5. The TUCO contract, led by Peter Hadfield is progressing well with positive feedback from the client. This will drive £65,800 for SBUEL with potential for additional revenue within the current financial year.

6.6. Film location and Edric Theatre hiring brought in around £6,000 in the month of November and there is now demand outstripping supply for filming opportunities. (Mostly at weekends). Consideration is being given to finding the right intern with the necessary skills to support this growing revenue stream.

7. Knowledge Exchange Institute

7.1. There are 4 KTPs currently running with one having ended. The KTP Associate (and LSBU alumni) for this project was awarded the Innovate UK Future Business Leader of the Year award. Currently working on 6 EOIs with a further 5 “hot” leads being developed. One existing KTP client is now also being engaged on the possibility of partnering through Horizon 2020. 1 KTP is due to finish in February 2016. The overall level of academic engagement continues to rise.

7.2. As a result of the CSR the process for bidding for KTPs has been made even more onerous. All proposals will now be part of a competitive tender at each PAG with scoring done on a UK wide basis. The structure and size of the client partner and their business strategy will now also be considered in addition to the innovation to be developed. One result of this is that the marketing strategy has been refined to a narrower field of potential partners. In the last 6 month there has been a reduction of KTPs in the UK from 803 to 764 and it is expected that the number will decline further.

7.3. KEI currently has no BDMs although the recruitment and selection process has resulted in offers made to candidates to fill both positions.

8. Entrepreneurship and Innovation Institute

8.1. We have recruited 20 students to the Spark programme (idea validation) and 4 businesses to our Graduate Entrepreneur Scheme for 15/16.

8.2. The Ignite Project, funded by the Intellectual Property Office, has supported over 1,000 students to increase their knowledge of IP since April 2015.

8.3. LSBU held a range of events to celebrate Global Entrepreneurship Week, including a Pop-Up Market, a Cartoon Challenge related to IP and a Pitch It Competition

8.4. We are piloting a new internship scheme with start-ups and micro-enterprises to help graduates to develop their entrepreneurial awareness and enterprise skills.

9. Programme Management

9.1. There are circa 616 approved SMEs registered on the Investment Escalator (IE) programme to date. Approximately 49% of referrals are from London Small Business Centre (LSBC) and 51% are from the IE project team's marketing and comms activity which includes external engagement with Enterprise Agencies, BIDs, Local Councils and other business and community focused organisations. Out of 616 approved SMEs, c346 (65%) are actively participating in academic led workshops, one to one sessions, student consultancy projects, networking events and/or business advice sessions.

9.2. The relationship with LSBC as a provider of Business Advice and Access to Finance coaching is very strong with 952 hours of support delivered and loans being delivered to Investment Escalator businesses via LSBC.

9.3. To date there have been approximately 130 workshops and 175 one to one sessions run by Academics from BUS, ENG and ACI held at the Clarence Centre and external partners such as NatWest and Red Ochre.

9.4. We currently have 33 completed student/video consultancy projects and 10 live projects. They'll be a new round of both student and video consultancy in the near future.

9.5. Progress towards ERDF outputs and results is excellent:

- 187 SMEs with at least 12 hours of support on the programme (target 200)
- 56 businesses raising £871,285 finance on the programme (target £1m)
- 41 jobs created by SMEs (target 40)
- 40 jobs safeguarded by SMEs (target 16)
- 32 businesses on the programme have entered new markets (target 24)

9.6. We fully expect to have reached target on finance raised and 12 hours support in time for submission of the final claim in January 2016.

9.7. Claim 7 £106K (April-June 2015) & Claim 8 £143K (July-September 2015) are currently awaiting approval (as this is tied to completion of the audit process). This will bring total expenditure claimed to £629K, leaving a

potential £161K to claim in the remaining quarter of 2015. Currently our profiled expenditure to the project end is £767K. This leaves us a potential underspend of £23K as the total grant available is £790K.

9.8. Key risks are 1) collating required evidence from SMEs on outputs and results, mitigation PM team currently focusing on collating evidence for outputs on a daily basis with excellent results being achieved, 2) collating timesheets from staff, mitigation PM ensuring that staff are aware of the importance of timesheets for this final claim period 3) costs being defrayed within claiming period, mitigation PM to ensure all invoices are submitted to accounts payable before internal deadline for last payment run before the end of the year

9.9. A recent Article 13 Audit conducted by GLA proved our project and financial management systems to be fully compliant with ERDF regulations. Only 2 very minor financial changes were made to claims totalling less than £100.

9.10. New bids have been submitted under Priority Axis 1: Research and Innovation with the HSC and BEA. We expect to receive notification on these before end of calendar year.

9.11. Fresh funding is being actively perused to continue to deliver Investment Escalator this includes EU and private sector funding. It is expected there will be a further round of ERDF calls for Priority Axis 3: SME Competitiveness in December 2015.

9.12. Potential ESF funded initiatives are also being developed although there are no live calls for ESF bids at present. ESF calls are expected to go live in the new year.

10. Tenants

10.1. Clarence Centre 96% occupied . Occupancy for the Centre is 96% against a target of 85% within the first 36 months of operations. Average per square foot rate stands at £42.00. New vacant property continues to achieve £50 per square foot.

10.2. Technopark occupancy stands at 82%. New tenancies continue to achieve £45 per square foot. Negotiations with Revolving Doors to take space are ongoing but may not bear fruit until February 2016. Age UK have not taken space however the vacant space will now be taken by 3 Hands.

- 10.3. Silverprint will be leaving their retail unit on London Road in January 2016 and will be replaced by Factory Fifteen, an animation led architectural practice.
- 10.4. New leases and tenant strategy are being rolled out to tenants; new leases include a number of milestones for engagement with LSBU that the tenant must achieve through the year to benefit from tenancy with us. New tenants will also have to align with Schools to enhance engagement.
- 10.5. Awaiting the announcement of London Regeneration Fund projects with Peabody Trust and WeAreWaterloo.

	PAPER NO: UE.27(15)
Board:	Board of Directors
Date:	15 December 2015
Paper title:	Management Accounts to 31 November 2015
Author:	Keith Would, Reporting Business Support Manager – Enterprise
Recommendation:	That the Board note the management accounts to 31 November 2015

Executive summary

The Board is requested to note the management accounts to 31 November 2015.

SMT Area: All

Cost Centre: All

REF MANSUM

Full Year Outturn Last Year	YTD Actuals Last Year	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD		
			2015 Forecast	2015 Budget	Variance - Forecast to Budget		Note	2015 Actuals	2015 Budget	Variance - Actuals to Budget		Note	
(£)	(£)		(£)	(£)	(£)	%		(£)	(£)	(£)	%		(£)
(536,590)	(178,863)	Funding Grants	(543,157)	(543,157)		%		(181,052)	(181,052)		%		(362,105)
(162,621)	(127,740)	Enterprise - Research Related Activities				()		3,800		(3,800)			(3,800)
(1,485,291)	(427,929)	Enterprise - Other	(1,583,424)	(1,583,424)		()	(%)	(475,998)	(505,974)	(29,977)	(6%)		(1,107,426)
(3,406)	(1,726)	Endowment Income & Interest Receivable	(4,200)	(4,200)			%	(347)	(1,400)	(1,053)	(75%)		(3,853)
(2,187,907)	(736,258)	Total Income	(2,130,781)	(2,130,781)		()	(%)	(653,598)	(688,427)	(34,829)	(5%)		(1,477,183)
177,028	53,602	Academic - Permanent staff						26,624		(26,624)			(26,624)
13,062	5,383	Academic - Temporary staff						5,369		(5,369)			(5,369)
755,808	237,773	Support - Permanent staff	1,095,508	1,095,508			%	321,721	352,344	30,623	9%		773,787
8,063	1,738	Support - Temporary staff	10,200	10,200			%	1,707	3,400	1,693	50%		8,493
52,584	16,555	Third party staff	10,000	10,000			%	15,181	3,333	(11,847)	(355%)		(5,181)
1,006,544	315,051	Total Staff Costs	1,115,708	1,115,708			%	370,602	359,077	(11,524)	(3%)		745,106
20,487	(9,581)	Staff Related	101,450	101,450			%	5,886	42,483	36,598	86%		95,565
17,320	(1,141)	Marketing and PR	200,201	187,701	(12,500)	(7%)		1,165	62,567	61,402	98%		199,035
916	(816)	Student Related	200	200			%		67	67	100%		200
2,197	749	Equipment						1,348		(1,348)			(1,348)
126,467	70,032	Computing	64,017	64,017			%	4,000	57,617	53,617	93%		60,017
364,298	231,833	Utilities	378,500	378,500			%	224,230	213,500	(10,730)	(5%)		154,270
68,202	(101,676)	Maintenance & Other Estate	105,996	105,996			%	10,404	35,332	24,928	71%		95,592
6,866	(1,423)	Cleaning & Security	15,000	15,000			%	1,320	5,000	3,680	74%		13,680
385,737	47	Financial						338		(338)			(338)
11,637	2,725	Communications	18,000	18,000			%	3,823	6,000	2,177	36%		14,177
77,334	12,175	Legal & Professional	44,000	44,000			%	1,355	14,667	13,311	91%		42,645
16,402	598	Subscriptions and Membership Fees	11,440	11,440			%	2,453	4,613	2,160	47%		8,987
2,614	263	Photocopying and Stationery						442		(442)			(442)
20,763	3,720	Other	74,600	74,600			%	1,666	24,867	23,200	93%		72,934
	53	Internal Recharges											
1,121,239	207,559	Total Other Operating Expenses	1,013,404	1,000,904	(12,500)	(1%)		258,429	466,713	208,284	45%		754,975
(60,124)	(213,648)	Contribution	(1,669)	(14,169)	(12,500)	(88%)		(24,567)	137,363	161,930	118%		22,898
		Contribution %	0.1%	0.7%				3.8%	(20.0%)				

	PAPER NO: UE.28(15)
Board:	South Bank University Enterprises Ltd
Date:	15 December 2015
Paper title:	South Bank University Enterprises Ltd: aged debtors report
Author:	Rebecca Warren
Recommendation:	The Board is requested to note the aged debtors.

The first section of the attached report shows the aged debtors on the sales ledger, up-to-date as 10 December 2015.

The second section shows historical arrears for several Technopark tenants.

All debts dated 30 April 2015 or earlier were provided for in the 2015 accounts, if not already provided for.

SALES LEDGER

CustID	CustID (T)	current	1-30 days	31-60 days	61-90 days	90+	Rest amount
1252	PEABODY TRUST	-	1,135	-	-	-	1,135
1341	COSTAIN CONSTRUCTION LTD	-	-	-	837	-	837
1439	TOMORROW'S PEOPLE	138	138	-	-	-	276
1479	CARA (Council for Asisting Refugee Acdmics)	-	-	-	-	7,200	7,200
1634	SOUTH EAST csu	-	-	2,399	-	2,355	4,754
1651	NURSING & MIDWIFERY COUNCIL	1,020	-	-	-	-	1,020
1787	Southwark & Lambeth Integrated Care	-	-	412	-	-	412
1918	BADMINTON ENGLAND	1,517	-	-	-	-	1,517
1927	SOLION LTD	-	-	-	-	5,884	5,884
2157	NHS PROPERTY SERVICES	-	-	1,421	-	-	1,421
2163	CAMERON AND WILDING	-	-	-	-	558	558
2185	INTERACTIVE	-	-	-	-	766	766
2195	SHARP CLOUD SOFTWARE	-	217	-	-	2,252	2,469
2218	Naked Creativity	-	-	-	-	1,058	1,058
2221	ARIADNE DESIGNS	663	-	-	-	-	663
2223	BLACK STAR GLOBAL	-	-	-	-	797	797
2225	CAMERON WILDING	4,104	4,104	-	-	3,965	12,173
2226	COGITARE	14	-	-	-	-	14
2229	FIRST THOUGHT IP	2,683	2,683	2,655	0	5,708	13,729
2231	IHRA	108	-	-	-	348	456
2232	INTERACTIVE	-	-	-	-	7,228	7,228
2233	LONDON YOUTH GAMES	19	19	-	-	-	38
2234	KINASE LTD	72	-	-	-	-	72
2235	MILLION+	48	-	7,360	-	7,591	14,999
2236	NEW MEDICA	4,058	4,058	3,343	3,343	-	14,801
2237	OAK SOLICITORS	655	-	-	-	-	655
2239	PROTIMOS FOUNDATION	792	792	792	68	14,019	16,463
2240	SELF ENERGY	-	-	-	-	1,446	1,446
2241	SHARPCLOUD	2,718	-	2,718	-	-	5,437
2242	Jevon Davies T/a Silicon Thoughts	-	-	-	18	-	18
2243	SOLION	-	-	-	-	6,083	6,083
2245	TOCA TRAINING	14	-	-	-	-	14
2246	TRYTAG RUGBY	-	-	-	-	1,508	1,508
2247	VANGUARDIA	-	43	4,870	-	-	4,913
2248	WINE FUSION	2,923	43	0	-	1,400	4,366
2250	DIGITAL DETOX	5,040	4,986	-	-	-	10,025
2251	IMAGES & CO	1,396	1,378	-	-	-	2,773
2268	DISABILITY SPORTS COACH	1,700	1,700	-	1,700	3,316	8,416
2271	READY CACHE TECHNOLOGIES	-	-	0	-	1,483	1,483
2273	Valiant Business Media Ltd	-	-	-	-	1,087	1,087
2274	FOREAGSEKONOMISKA INSTITUET	-	-	-	-	2,948	2,948
2283	BREATHE ART HEALTH RESEARCH	-	-	-	-	1,454	1,454
2286	R J METIS LTD	1,600	1,474	-	-	51	3,023
2292	CareTrade Charitable Trust	1,439	-	-	-	1,501	2,940
2294	POST OFFICE LTD	-	-	-	-	65	65
2297	PULSE MEDIC SERVICES LTD	729	981	729	825	2,745	6,009
2312	PROPIA LTD	-	-	-	-	564	564
2314	MPS WORKS LTD	1,403	-	-	-	-	1,403
2321	INPUD	1,858	919	-	-	-	2,777
2330	Michael G Elhert Property Investment	-	-	-	-	968	968
2336	SCHOOL EXPLAINED LTD	4,474	-	-	-	288	4,762
2337	STOKE AND DAGGER	1,449	-	-	-	-	1,449
2348	SENTEL INDEPENDENT LTD	330	330	330	330	999	2,319
2357	Mykindacrowd Limited	5,592	-	-	-	5,400	10,992
2358	RED LANTERN DIGITAL MEDIA LTD	768	757	-	-	-	1,524
2359	KBM Training & Recruitment Ltd	2,484	2,160	-	-	2,232	6,876
2363	College of Contemporary Health	3,383	-	-	-	-	3,383
2387	SCHOOL OF WOK	770	-	-	-	-	770
2388	Clinical Science & Technology Ltd	774	774	774	774	2,322	5,418
2392	THREE HANDS LTD	27	-	-	-	-	27
2394	SISKIN PROPERTY INVESTMENTS LTD	32	-	-	-	-	32
2395	F & F Business Strategies Ltd	770	770	-	-	770	2,309
2398	STRATOS INTERNATIONAL LTD	-	1,560	1,560	1,289	-	4,409
2401	SQUARE 2 MARKETING	-	-	-	-	569	569
2405	LONDON HIGHER EDUCATION FORUM	-	147	-	-	-	147
2418	PLACE AND SPACE RESEARCH	-	-	-	-	958	958
2420	NOTTING HILL HOUSING	-	-	-	-	779	779
2427	PULSE MEDIC SERVICES LTD	-	-	-	500	-	500
2428	NUPLEX RESINS LTD	28,320	-	-	-	-	28,320
2433	National College for Teaching & Leadership	-	221	-	-	-	221
2436	Spectrecom Films Ltd	-	1,440	-	-	-	1,440
2443	STUDIO BAHMAN LTD	600	-	-	-	-	600
2449	GENERAL MEDICAL COUNCIL	1,080	-	-	-	-	1,080
TOTAL		87,564	32,829	29,362	9,683	88,660	248,098

Arrears from 2012-13

Self Energy	2,148
Protimos	5,486
Seyhan Tezel	5,060
TOTAL	12,694

	PAPER NO: UE.29(15)	
Board:	South Bank University Enterprises Ltd	
Date:	24 th November 2015	
Paper title:	LSBU Investment Fund	
Author:	Linsey Cole	
Recommendation:	To agree in principle to the creation of the Investment Fund	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	
Communications – who should be made aware of the decision?	Executive; Operations Team	

Executive summary

This paper seeks the agreement in principle of the SBUEL Board for the creation of an Investment Fund.

We wish to create an Investment Fund to further support the university's ambitions around student and graduate start-up. The Investment Fund will further enhance the grant and loan financial support that we currently provide by helping fledging start-ups to secure the early stage investment they need to establish firm foundations for their business.

The Fund will be supported by the Dr Rami Ranger MBE Fund for Enterprise Excellence.

The Board is asked to agree in principle to the creation of the Investment Fund. If the Board give their approval, LSBU Legal and Governance will prepare a legal agreement for the Board to consider, at which point the Board will be asked to give its formal approval to establish the Investment Fund.

LSBU Investment Fund

We wish to establish an Investment Fund (IF) to support student and graduate start-ups to flourish. The IF will support current students and alumni for up to 5 years after they graduate.

This will enhance our current start-up support offer by providing a way for us to continue to support those that have gained early traction on our start-up schemes (Rocket and the Graduate Entrepreneur Scheme – see Appendix) to push their businesses forward. Currently, we offer test trade grants and competition prizes to students looking to validate an idea and start-up loans (up to £7k in value) to businesses on our start-up programmes. However, many of our students and recent graduates need more investment than we currently provide to establish firm foundations for their business, yet it is often impossible for them to secure early stage investment from banks or angel investors given the levels of debt they have accumulated during their studies. The IF will provide us with a means to support fledgling businesses to establish themselves in the market.

The IF will be managed by The Investment Board (IB) that will mirror other 'real-life' investment situations, with a business needing to prepare an application form/business plan and an investment pitch, thereby better preparing them for other investment situations outside of this IF.

It is intended that the Investment Fund will be self-sustaining, with the loan repayments supporting the fund to exist to 2020 and beyond.

Membership of Investment Board

The proposed members of the Investment Board are:

- Dr. Rami Ranger MBE
- Richard Farleigh
- Daniel Thompson, Director Enterprise and Business Specialists, NatWest
- 1 SBUEL representative
- CFO, LSBU
- Head of Entrepreneurship and Innovation Institute
- LSBU Solicitor

The members include experienced investors and entrepreneurs who have an existing relationship with the university and a passion for supporting young entrepreneurs. The IB members have been selected as they understand the challenges new businesses face and are well placed to help us to ensure that we invest appropriately. Representation from the CFO of LSBU and LSBU Solicitor will ensure compliance with LSBU and SBUEL Financial Regulations.

Funding available

A pot of £100,000 is available initially, from the Dr Rami Ranger MBE Fund for Enterprise Excellence. Additional donors will be approached to increase the value of the fund.

Investment terms

It is proposed to loan no more than £20k to each business.

The loans will be convertible and discussions around conversion will take place two years after the loan has been made.

Loans will be interest free for two years, after which interest will be accrued at a rate of Royal Bank of Scotland Base Rate +2% (October 2015 interest rate would be 2.5%).

If the loan is repaid in full before the two year period, there is no fee or interest to pay.

The loan should be repaid over a period of 3 years from the date that repayments begin, if the option to convert is not taken before this date (5 years from date of loan being made).

Frequency of Board meetings

The Investment Board will meet twice a year.

Governance

Legal and Governance will create all required contracts for the Investment Fund and will ensure that the Fund operates in accordance with required LSBU and SBUEL Financial Regulations.

Board decision

The Board is asked to agree in principle to the creation of the Investment Fund. If the Board give their approval, LSBU Legal and Governance will prepare a legal agreement for the Board to consider, at which point the Board will be asked to give its formal approval to establish the Investment Fund.

Appendix: LSBU's existing start-up support

LSBU Rocket

LSBU Rocket is an intensive six month accelerator programme delivered in partnership with start-up experts [Start Up Republic](#). Rocket is designed to help LSBU students and recent graduates develop their business through lean start up, build a Minimum Viable Product (MVP), refine it and give them the best possible support in their early start-up's life. In 2014/15, we received 33 applicants and took on and supported a diverse cohort of 7 businesses (more detailed information about the businesses can be found here www.lsburocket.com), ranging from an innovative music streaming app to an online fashion and beauty destination.

The programme culminated in a Demo day at Google Campus. Six of the businesses are now trading, three are seeking external investment to grow, one business won a place on Mass Challenge UK, London's largest business accelerator and one Founder has been shortlisted for the Duke of York new Entrepreneur of the Year Award in 2015.

Graduate Entrepreneur Scheme

The Graduate Entrepreneur Scheme (GES) is open to LSBU graduates (within 5 years of graduation) who have a business idea that they've validated and/or are at the early stages of running their business or social enterprise. The support includes workshops and talks, access to professional networks and potential mentors, the chance to work with LSBU's Entrepreneurs in Residence, access to specialist legal and intellectual property support, access to a desk in the Clarence Centre and a start-up loan of up to £7k to help them to start and grow their business.

In 2014/15, seven businesses joined the programme, including a Street Food business, an insurance product and a web-development agency. Six of the businesses are still trading and to date, they have turned over in excess of £90k.

	PAPER NO: UE.30(15)	
Board:	Board of Directors	
Date:	15 December 2015	
Paper title:	Intellectual property and spin out company matters	
Author:	Rahimunnessa Syeda, Intellectual Property Manager	
Recommendation:	That the Board note the report	
Matter previously considered by:	N/A	N/A
Further approval required?	No	N/A
Communications – who should be made aware of the decision?		

Executive summary

The Board is requested to note the report.

Confidential

IP monitor and plan: Updated 16/06/2014

Ref No.	Type of IP IP Company	Inventor and Title	Filing Date/Priority Date	Financials 2015/16	Development Plan & Stage	Commercial Potential	Progress since December 2014	Next steps
Staff Projects								
1	Copyright (small amount of practical know-how)	Martin Bush Product is QuizSlides Company name changed from Proper Computing Ltd to Quiz Slides	First raised Aug 2010	Investment into the project in 2013/14 were: Repayable £15,000 from Student Enterprise PoC fund BDM time input of minimum 50 days Coaching of QS team	Being reviewed in light of discussions on becoming a spin-out.	Technology – 8/10 Market – positive response from limited survey – market research is being carried out by Enterprise Department. Likelihood of income 50%	<i>No further sales reports received since the January 2014 update.</i>	The company activities are ongoing and a Paper is being submitted to SBUEL Board to class QuizSlides as an LSBU spin-out.
2	Copyright	Larissa Fradkin Sound Mathematics	First raised Jan 2010	Possible auditing costs	Assignment for no equity, 7.5% royalty until £50k has been paid.	Assigned out of SBUEL. Likelihood of income 20%	Following an email request, annual accounts for 2012 were provided. No royalties due.	2013 and 2014 accounts requested as no response to contact.
3	Patent UEL 007 (Lucas and Co)	Bob Imhof Measuring Vapour Flux	08/10/2002	Budget: £6000 Spent: 0 Forecast:0 Note that Biox have been directly paying their own patent costs – no reimbursements to SBUEL have been required.	Licensed to BIOX	Fully commercialised.	Royalty statement provided for YE Oct 2014. Royalties payable to SBUEL £7,449 Full 2014 Accounts provided Japan patent renewed Funding a PhD student. Email communication regarding when the inventor reward share kicks in.	Continued monitoring especially to check and advise when inventor reward threshold is reached. Most likely April 2016.

Ref No.	Type of IP IP Company	Inventor and Title	Filing Date/Priority Date	Financials 2015/16	Development Plan & Stage	Commercial Potential	Progress since December 2014	Next steps
4	Patent (First Thought IP)	Paul Jones Socket Lockit	15/07/2010 UK Patent	Budget: £0 Spent: £0 Forecast:£0	Submit to external database, takers of old IP.	Technology 8/10 Market 7/10	Patent dropped Feb 2014. SBUEL still own the trade mark.	No further interest generated. To drop from next report.
5	Patent (First Thought IP)	Simon Noyce Coursework submission system	25/01/2010	N/A	Requires evidence based Business Plan	Technology 7/10 Market 5/10 as limited to HEIs	No progress from inventors who wanted to spin-out a business	Inventors have not progressed this – drop from next report.
6	Patent (Potter Clarkson) The IP is a continuous process for the epoxidation of an olefinic compound with an oxidant in the presence of a catalyst. <i>http://patentscope.wipo.int/search/en/WO2011012869</i>	Basu Saha Alkenes Process	31/07/2009 Filed in EU, USA, China and India	Budget: £12,000 Spent: £5,556.67	Maintaining patents for generating research opportunities – proposals submitted in 2015, most recently Sept 2015. Awaiting outcomes.	This was identified as having potential but chemical companies do not want to take the licensing step. Technology 7/10 Market 5/10 for licensing but may be opportunities for gaining research consultancy or KTP.	Chinese patent filed US Divisional filed for permeable particle container. There were negotiations with a Slovakian company who visited LSBU in January 2015. Quotes were prepared and sent for conducting testing and replicating a similar rig in their new factory. No commitment was forthcoming.	Maintaining patents for generating research opportunities. Original market research report will be revisited to identify any other commercial opportunities.
7		Dr. Chris Brock Sous Vide Cooker	June 2013	Budget: £9,500 (POC funding) Spent: £4,000	Concept Prototype	2013 market research report showed potential of the sous vide oven market and	Prototype has been finished and tested. Tests conducted showed it does cook food and has proven the	To commission an updated market research report

Ref No.	Type of IP IP Company	Inventor and Title	Filing Date/Priority Date	Financials 2015/16	Development Plan & Stage	Commercial Potential	Progress since December 2014	Next steps
				Patent Costs: £3,376.85		the growth in sales	principle. UK filing has been updated A European patent has been filed	Project team to meet to plan the next steps. Need an external partner to come on board for further development – LSBU does not have the expertise
Graduate Projects – Note that this is no longer relevant as LSBU does not require an IP assignment from Graduate Entrepreneurs								
8	Patent (First Thought IP) Trademark Design Copyright (in controller).	Arnold Du Toit Rolleygolf	25/11/2010 Patents were assigned to the inventor IP in development of controller SBUEL holds the Design registrations filed in EU, USA & South Africa Trade Mark for Rolleygolf and Drive Daddy	N/A	Partnership with Texcel.	Technology 8/10 Market 8/10	After a period of no contact the company got in touch Summer 2014 to start negotiations. Then did not respond to any further communication. They got in touch again Summer 2015 to pick up on agreeing a contract. Since then there has been continued contact with Richard Thompson.	Executive have agreed to release the IP to Rolley Golf, subject to a revised equity stake. We are awaiting a legal agreement from Rolley Golf to confirm this.
9	Design Registration (First Thought IP)	Hayley Smith Wrap-around cup	Design registrations in Europe and USA	Budget: £2,000 Spent: 0 Forecast:	In production and market	Technology 7/10 Market 6/10	Licence Agreement signed Nov 2013. Since then they have been approached to sell the company. No longer running the company and	To check on outcome of the negotiations. If there was a sale then there will be

Ref No.	Type of IP IP Company	Inventor and Title	Filing Date/Priority Date	Financials 2015/16	Development Plan & Stage	Commercial Potential	Progress since December 2014	Next steps
		handle					both Directors are in other employment.	payment due to SBUEL.
10	Design Registration (First Thought IP)	Hayley Smith Hooks for hanging Crutch	As above				As above	
Invention Disclosures								
11	Invention Disclosure	Steve Dance Mega Sound Proofing	TBC		If Steve Dance needs to build a prototype before filing		No further progress	Email to Steve Dance regarding any continued interest in this
New Filings								
12	Patent Skin Guard used in Acupuncture	Ian Appleyard	June 2015		Patent attorney assessment of idea and patent filed	Skin-guards are haphazardly made by acupuncturists from cardboard etc The type of skin-guard created has potential to be professional-looking, hygienic and mould to the body area being treated	Patent filed	To meet with Health and Well-Being Institute to develop a commercial plan

	PAPER NO: UE.31(15)	
Board:		
Date:	15 December 2015	
Paper title:	Quiz Slides: An LSBU spin-out	
Author:	Linsey Cole	
Recommendation:	To approve Quiz Slides Ltd as an LSBU spin-out	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	
Communications – who should be made aware of the decision?	Executive; Operations Board	

Executive summary

This paper seeks the approval of the SBUEL Board for Quiz Slides Ltd to use the term London South Bank University (LSBU) spin-out in their marketing and business development activities.

QuizSlides is an innovative web-based platform for multi-choice testing that was developed in collaboration with LSBU. They now provide interactive, online tests to a small group of customers and are looking to grow this over the next 2 years.

Using the term spin-out would enhance the QuizSlides brand and support the growth of the business. There is reputational value for LSBU, as this positions the university as one which supports staff to commercialise their ideas.

The Board is requested to approve the use of the term LSBU spin-out by QuizSlides Ltd.

QuizSlides Ltd – an LSBU spin-out.

This paper seeks the approval of the SBUEL Board for Quiz Slides Ltd to use the term London South Bank University (LSBU) ‘spin-out’ as part of their marketing activities to help increase sales and grow the business.

The Directors of Quiz Slides Ltd are Dr Martin Bush from the School of Engineering, Lucia Otoyoy and Marcin Zbozien. Both Lucia and Marcin are LSBU alumni and Lucia is an HPL within the School of Engineering.

QuizSlides is an innovative web-based platform for multi-choice testing that was developed in collaboration with LSBU using sub-set selection and partial ordering to remove awards for guess work in multiple choice questionnaires. QuizSlides Ltd’s support from LSBU has included funding from the Proof of Concept Fund (POC) to develop the platform, market research support and ongoing mentoring. They now provide interactive, online tests to a small group of customers and are looking to grow this over the next 2 years.

Although SBUEL does not currently have shares in QuizSlides Ltd, there is an opportunity to acquire shares at a future date and further formalise the relationship between LSBU and QuizSlides Ltd. We do not recommend that SBUEL takes these shares now, given the relatively low turnover from the company to date.

There is reputational value for SBUEL and QuizSlides from allowing QuizSlides to use the phrase ‘LSBU spin-out.’ This positions the university as one that supports staff to commercialise their ideas and further enhances our reputation as an enterprising university.

The Board is requested to approve the use of the term LSBU spin-out by QuizSlides Ltd.

	PAPER NO: UE.32(15)	
Board:	Board of Directors	
Date:	15 December 2015	
Paper title:	Venture Simulations – Spin In Request	
Author:	Gurpreet Jagpal, Director Research, Enterprise and Innovation	
Recommendation:	To approve (subject to legal confirmation and agreement of terms) investment of £150k into Venture Simulations.	
Matter previously considered by:	Executive	Via email December 2015
Further approval required?	No	N/A
Communications – who should be made aware of the decision?		

Executive Summary

An opportunity exists to invest in a growing UK-based company (Venture Simulations Ltd – VSL) that specialises in providing business simulation technology to the Education and Corporate markets. LSBU can take a minority stake in a potentially high-growth software development company, supporting both LSBUs enterprise income ambitions and enterprise strategy as per the 2020 Corporate Strategy.

Request

The request to the board is for £150k that includes:

- £75k to purchase a 5% equity stake in VSL
- Directorship on the main Company Board for Gurpreet Jagpal (no voting rights)
- A total of 15 years' LSBU use of its new on-line simulation 'SimVenture Evolution'
- A total of 15 years' LSBU use of its original simulation 'SimVenture Classic', including its on-line upgrade*
- Up to 40% sales commission as a result of working with LSBU
- Elevated Partner status for LSBU (see 'about')

*Annual cost of SimVenture Evolution and SimVenture Classic is circa £15k

Analysis

Based on the projected sales figures and additional costs (see table 1), VSL plans to make significantly increased profits over the next 5 years. Their forecasted exponential sales growth is justified since their new simulation technology will be sold on a repeat annual basis whereas the original software was a one-off purchase. The sales figures are based on historical data and a loyal client base of 250+ university clients. Given that there are 16,000 HEIs worldwide, the opportunity for much greater growth is also evident. To support growth, SimVenture Evolution will be translated into Chinese, Arabic and Spanish from 2016 and the worldwide partner agent network will be boosted from 20 (current) to a minimum of 50 by 2019. Whilst overheads and costs of sale will rise, increases will be relatively marginal since the large financial investment (£600k+) to design and build the new technology has already been met.

Considering its financial position and trading history (see accounts), the company's investment in new technology and the brand value as well as market penetration of SimVenture Classic, VSL is valued at £1.5m. As such a 5% equity stake is worth £75k. However, based on the company's profit forecast, that 5% stake is set to rise considerably as shown in table 1. The equity stake calculation is provided within the appendix.

All figures are estimates	HE Sales Revenue	Corporate Sales Revenue	Total Sales	Total costs (Variable + Overhead)	Forecast Annual Profit (pre-tax)	LSBU 5% Sale Value
Year 1	£325k	£25k	£350k	£310k	£40k	£75k
Year 2	£450k	£50k	£500k	£400k	£100k	£115k
Year 3	£850k	£150k	£1m	£750k	£250k	£241k
Year 4	£1.5m	£300k	£1.8m	£1m	£800k	£391k
Year 5	£2.5m	£500k	£3m	£2m	£1m	£500k+

Table 1

Why?

There are 4 key reasons why we should look to work more closely with VSL.

Philosophy Over the past 6 years I have witnessed how a business brand (SimVenture) has become a strong and influential presence within the higher education global community. I have also learnt how the founding directors think, work and build sound long-term relationships. I can see a number of shared values that would sit very well with LSBU.

Performance SimVenture Classic is a multi-award winning product used in 40+ countries. Through 'Classic' the company has developed a strong platform for selling their new on-line simulation (Evolution). As an external investor LSBU will benefit significantly from a close working relationship with the company directors and their connections. Simulation competitors are limited and from my research I know of no

other tech that comes close to matching the quality and depth of either SimVenture products.

External Environment The increasing need and opportunity to use on-line educational resources shows the world of teaching and learning is changing. Students expect to use technology for learning (a fast-growing trend) and organisations that integrate on-line resources are much better positioned to offer greater educational value, flexibility and reach.

LSBU Internal Environment As a team we are looking to position LSBU as one of the UK's leading enterprise education institutions. The university recently appointed Peter Harrington, as an Entrepreneur in Residence and this closer working relationship with VSL will only help to strengthen our standing within the enterprise education community.

Timescales

The financial offer from VSL is open to LSBU until December 31st 2015. If we wish to accept their offer we need to have agreed terms within this period.

External Analysis

Clive Booth of Escal80r conducted an external analysis and this is concluded as follows:

“Other things such as product marketability, product development and most importantly, planned exit route being acceptable then this proposed investment is relatively prudent”.

The full detail of the report can be found in appendix item 5.

Summary

I think LSBU is presented with a unique opportunity to partner and take equity in a business that has already demonstrated immense value to the HEI sector and with the launch of SimVenture Evolution has the potential to see exponential growth.

If investment of £150k is not achieved, LSBU will continue to purchase SimVenture Classic and SimVenture Evolution year-on-year (£15,000 per annum), the added benefits of an equity stake; position on the board; up to 40% commission on sales and partner status is supportive of a larger investment in 2015. It is recommended that the Board, subject to final terms and conditions, approve the request.

Appendices

Further details on VSL and the external analysis report are available in the appendices.

Appendices:

1. **About VSL**
 2. **Press and PR**
 3. **Methodology for table 1 calculations**
 4. **External analysis report 1**
-

1. **About VSL**

Brothers Paul and Peter Harrington created Venture Simulations Ltd. Paul is an experienced software engineer and Peter is a successful serial entrepreneur with a deep interest in education. Following 4 years' development work, the brothers launched the original business simulation 'SimVenture Classic' in 2006.

'Classic' was built on the 3 principles of 'Authenticity', 'Engagement' & 'Sustainability'. It has been adopted by over 80 UK universities and is now used in 40+ countries in universities, colleges, schools and corporate training environments. Within 3 years of launch Classic had won 3 national awards (including a prestigious BETT title) and in November 2015 the software was recognised as the Enterprise Learning product of the year at the SFEDI/IOEE Awards held at the House of Lords. The company has also recently been nominated for the European Entrepreneurship Education organisation of the year award (news embargoed).

The company's new on-line simulation launches in January 2016. VSL collaborated with 8 UK university partners (UCL, Nottingham University, Nottingham Trent University, University of Hertfordshire, Southampton Solent University, Manchester College, Teesside University, University of Leeds) to ensure all features focus on what the market requires now and in the future. Peter Harrington reports that all global market and competitor research suggests SimVenture Evolution will be a clear market leader because of the sophistication of the technology it offers combined with its ease of use. Since SimVenture Evolution will be translated into Chinese, Arabic and Spanish it will be the first business simulation of its kind to be available on a such a large-scale within education.

2. **Press and PR**

Promoting the global launch of SimVenture Evolution

http://www.yorkpress.co.uk/news/14035848.Software_developers_embark_on_world_wide_tour_to_launch_new_online_education_tool/?ref=arc

Celebrating Enterprise 2015 – Award winners

<https://ioee.uk/celebrating-enterprise-2015-award-winners/>

SimVenture Evolution – Working in Collaboration with HE partners

<http://simventure.co.uk/about-us/new-articles/partnerships-power-new-simulation>

Academic research, case studies and published papers involving SimVenture

[http://simventure.co.uk/resource-library?tid\[\]=92&tid\[\]=93](http://simventure.co.uk/resource-library?tid[]=92&tid[]=93)

SimVenture: Cornerstone of Regional business competition

<http://www.harrogate-news.co.uk/2014/07/12/harrogate-student-entrepreneurial-yorkshire-business-competition/>

Mexican company translates SimVenture and distributes software throughout Latin America

<http://www.simuladordenegocios.com.mx/viewsimulator.php?simId=44>

SimVenture presented at EU Conference in Brussels

<http://simventure.co.uk/about-us/new-articles/euro-recognition-drives-international-success>

3. Methodology for calculations in table 1

For the purposes of this document, the value of Venture Simulations Ltd is based on the following calculation.

Est. value of company (IP assets + goodwill) + (average of 2 trading year profits + 1 future year) * multiplier of 10

Example – 2016 = £1m (goodwill & IP assets) + ((£10k + £40k + £100k) / 3 * 10) = £1.5m

4. External analysis report 1

**Venture Simulations Ltd
Proposed Equity Participation**

Objective

The objective of this short document is to consider whether the proposed equity investment in Venture Simulations Ltd (VS) is prudent.

Background

The current shareholders of VS have offered 5% of the Issued Share Capital in return for a capital injection of £75,000. The proposal is that new Ordinary £1 Shares

would be issued thus diluting the existing shareholders stock. The Net Asset Value (NAV) on the Balance Sheet of the company would increase via the cash input thus increasing Total Shareholders' Funds via a Share Premium Account.

Valuation Method

Whilst there are a number of ways a business can be valued, in recent years Enterprise Value has come to be the most accepted way.

This method takes the Earnings Before Interest and Tax (EBIT) and applies a Multiple sometimes called a Price to Earnings Ratio (P/E). This method tries to get at the underlying performance of the business. The EBIT is often adjusted to take out the earnings of the Directors for the same reason.

The Multiple varies greatly and is, of course, a figure which can form the basis of negotiations. It varies by sector, by economic climate and is also influenced by such things as Intellectual Property (IP) and long term contracts.

Venture Simulations Ltd

In the case of VS we have certain figures which we can call upon (£K):

	Y/E 31/3/15	Y/E 31/3/14
Profit Before Tax	28.3	55.9
Interest Payable	3.8	0.8
Directors' Remuneration	97.3	61.8
Adjusted EBIT	129.4	118.5

VS have asked for £75K for a 5% share holding. This would value the business at £1.5M (Post-Money).

A valuation of £1.5M would suggest a P/E ratio of 11.6 using the latest Adjusted EBIT.

Whilst this is at the top end of the current accepted spectrum, it is not untoward.

Other Considerations

The Net Asset Value (NAV) on the Balance Sheet for 31/3/15 is £13.3K which is low almost certainly due to the heavy drawdown of Dividends over the last couple of years.

The suggested process of equity participation whereby new shares are issued against the £75K injection will benefit the business greatly. The NAV (and thus the Total Shareholders' Funds) will increase to around £88K.

The caveat is, of course, that the Management Accounts for the six months to 30/9/15 have not been seen.

Conclusions

Other things such as product marketability, product development and most importantly, planned exit route being acceptable then this proposed investment is relatively prudent.

Recommendations

It is recommended that:

1. Adequate Due Diligence be undertaken especially in regard to the latest Management Accounts.
2. A seat on the Board, even if only as visitors, be a condition of the investment.
3. A Shareholders' Agreement be drawn up which specifically protects the minority shareholders against Dividend distribution to the detriment of the business.

Clive Booth

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