

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

3pm on Wednesday, 17 June 2015
held in DCG07, Clarence Centre for Enterprise and Innovation,
London South Bank University

Agenda

	<i>Paper No.</i>	<i>Presenter</i>
1. Welcome and Apologies		Chair
2. Declarations of Interest		Chair
3. Minutes of the meeting of 18 March 2015 (to approve)		Sec
4. Matters Arising		Chair
Business Matters		
5. Future direction of the company (to discuss)	Verbal update	CEO
6. CEO's report(to discuss and note): <ul style="list-style-type: none"> • Management accounts to 31 May 2015 	UE.08(15)	CEO
7. Revised budget, 2014/15 (to approve)	UE.09(15)	CEO
8. Draft budget, 2015/16 (to approve)	UE.10(15)*	CEO
9. Company interests (to note)	UE.11(15)	CEO
10. Staff bonus (to approve)	UE.12(15)	CEO
11. Any Other Business		Chair
12. Date of Next Meeting – Wednesday 14 October 2015 at 3pm		Chair

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

In attendance: Accountant and Governance Manager.

* Paper to follow

Minutes of a Meeting of the Board of Directors
of South Bank University Enterprises Ltd
held at 3pm on Wednesday 18 March 2015 in Room DCG07,
Clarence Centre for Enterprise and Innovation,
St George's Circus, London, SE1

Present

James Smith Chairman
Richard Flatman
Prof Paul Ivey
Gurpreet Jagpal Interim CEO

In attendance

Michael Broadway Governance Manager
Linsey Cole Head of Student Enterprise
Rebecca Warren Accountant for South Bank University Enterprises Ltd.

Welcome and apologies

1. The Chairman welcomed the directors to the meeting. No apologies had been received.
2. The Chairman informed the Board that Julian Beer had resigned as a director following his appointment as Pro Vice Chancellor at Birmingham City University. The Board expressed its thanks to Julian for his contribution to the Board and the Company. The Board noted that the future direction of the company was being reviewed (minute 5 below refers) which may lead to a review of the membership of the Board.

Declarations of interest

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

Minutes of the meeting of 10 December 2015

4. The Board approved the minutes of the meeting of 10 December 2014.

Matters arising

5. The Board noted that a note on proposals for the future direction of the Company was being discussed by the Executive and would be brought to the June Board meeting for consideration.

Incorporation of South Bank Collective CIC

6. The Board discussed a proposal to establish South Bank Collective, a Community Interest Company limited by guarantee (paper **UE.01(15)**). The Collective would be a creative agency offering photographic services. It would be run by students on the LSBU Photography course supported by staff from the Research, Enterprise and Innovation team and the School of Arts and Creative Industries. South Bank University Enterprises Ltd would have a 12% interest in the Collective.
7. The Board requested the CEO to consider whether an SBUEL director should be on the Board of the Collective.
8. It was noted that the Collective would follow the same financial regulations as SBUEL.
9. The Board approved the incorporation of the South Bank Collective.

Linsey Cole left the meeting

SBUEL budget 2014/15

10. The Board discussed the SBUEL budget for 2014/15 (paper **UE.02(15)**). The Board noted that the proposed budget was a deficit budget. The Board requested the CEO to produce a positive budget by reviewing the rental recharge.
11. The Board approved the budget with the exception of the rental recharge. The Board requested revised figures to be circulated via email.

CEO's report

12. The Board discussed the CEO's report (paper **UE.03(15)**).
13. It was reported that the new Research, Enterprise and Innovation department should be fully staffed by May 2015.

14. Progress on the ERDF project had been good. The call for the next round of ERDF would probably be delayed until after the general election.
15. It was reported that the Enterprise team were building relationships with the tenants in the Clarence Centre and Technopark through KTPs and other engagement.

Management accounts to 28 February 2015

16. The Board discussed the management accounts to 28 February 2015 for University Enterprise (paper **UE.04(15)**). The Board noted that the forecast was £637k off target for the year.
17. The Board requested future management accounts to include School by School analysis and more detailed commentary.

Gift Aid Policy

18. The Board approved the revised Gift Aid Policy (paper **UE.05(15)**), which now included a statement that gift aid payments would not be made to the University if it caused the Company's reserves to become negative, or if the reserves are already negative.

Intellectual property and spin out company matters

19. The Board discussed an update on intellectual property and spin out company matters (paper **UE.06(15)**). The CEO was reviewing the Company's interest in, and engagement with, these companies and would bring a recommendation to the next Board meeting,

Travel and Expenses Policy

20. The Board approved the proposal for the Company to adopt the University's Travel and Expenses Policy (paper **UE.07(15)**).

Date of the next meeting

21. The date of the next meeting was noted as 17 June 2015 at 3pm.

The Chairman closed the meeting.

Approved as a true record:

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Chairman

	PAPER NO: UE.08(15)	
Board:	SBUEL Board of Directors	
Date:	17 June 2015	
Paper title:	CEO Update Paper and management accounts to 31 May 2015	
Author:	Gurpreet Jagpal, Interim Director of Enterprise, 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. Following the May Operations Board Business Support Managers (BSMs) have revisited the current enterprise income forecast on Agresso and adjusted accordingly.

1.2. BSMs have indicated that the remaining activity will be invoiced this financial year.

1.3. Income Analysis as of May 2015:

- Full year budget forecast - £9,884,000
- Full year forecast (Agresso) - £9,153,000
- Full year variance - -£731,000

1.4. Income Analysis as of 4th June 2015:

- Full year budget forecast - £9,884,000
- Full year forecast (Agresso) - £8,668,469
- Full year variance - -£1,215,531

1.5. Current position:

- YTD we have achieved - £6,126,000
- Remaining to achieve - £2,542,469
- Total expected - £8,668,469

2. Analysis

2.1. There has been a variance to budget of £1.2m as opposed to the £731k that had previously been reported.

2.2. Analysis of the variances can be found overleaf:

2.2.1. School and professional functions summary, and

2.2.2. Detailed summary of all enterprise activities

2.3. Major movements have been:

- £535k of unallocated enterprise income – income that was not assigned to any specific activity. (Included here: £329k from ENT; £106k FUNI and £100k Academy of Sport).

- £196k lost TechnoPark income – there has been a delay in conducting rent reviews and bringing on board more space.
- £184k lost ACCA income – loss of validation on foundation papers; competitive external environment and difficulties around enrolment.
- £170k from CPPD infill – course places we anticipated would be sold.
- £170k of targeted new income in HSC not achieved
- £116k Academy of Sport - sports courses and sports centre which was due to be delivered as a result of extended opening hours that were planned but delayed. This has now happened.
- £110k British College of Applied Studies - overseas collaboration in Sri Lanka. We are supposed to have 2 cohorts every year but due to late enrolment we will only have one cohort this FY. We have now reduced the forecast further as the numbers have finally been confirmed and the expected income is £90k instead of the £230K budgeted.

Full management accounts are included as an appendix.

Enterprise income forecast 2014/15

non default format (20,000)

		(9,884,000)	(9,153,000)	(731,000)	(8,668,469)	(1,215,531)		(6,126,000)	(2,542,469)
		Full year budget	Full year forecast - agresso	Full year variance to budget - agresso	Real full year forecast	Real full year variance to budget	Real full year variance to budget %	YTD actuals	To recognise
Smtareas	Smtareas (T)								
CATR	Catering	0	(35,000)	35,000	(61,000)	61,000		(61,000)	0
DACI	Arts and Creative Industries	0	(6,000)	6,000	(10,000)	10,000		(9,000)	(1,000)
DASC	Applied Science	(57,000)	(66,000)	9,000	(78,000)	21,000	37%	(61,000)	(17,000)
DBCM	Business	(920,000)	(920,000)	0	(917,000)	(3,000)	(0%)	(374,000)	(543,000)
	Built Environment and								
DBEA	Architecture	(470,000)	(382,000)	(88,000)	(341,000)	(129,000)	(27%)	(182,000)	(159,000)
DCON	Confucius Institute	(50,000)	(50,000)	0	(50,000)	0		(35,000)	(15,000)
DENG	Engineering	(218,000)	(240,000)	22,000	(250,000)	32,000	15%	(213,000)	(37,000)
DHSC	Health and Social Care	(3,285,000)	(3,276,000)	(9,000)	(2,913,969)	(371,031)	(11%)	(2,459,000)	(454,969)
DLSS	Law and Social Science	(205,000)	(315,000)	110,000	(330,000)	125,000	61%	(180,000)	(150,000)
ENTR	Enterprise	(3,173,000)	(2,671,000)	(502,000)	(2,521,500)	(651,500)	(21%)	(1,838,000)	(683,500)
FUNI	Unallocated Infrastructure	(106,000)	0	(106,000)	0	(106,000)	(100%)	0	0
LILE	Library and Learning	(3,000)	(3,000)	0	(5,000)	2,000	67%	(5,000)	0
PVCB	Estates	(14,000)	(14,000)	0	(14,000)	0		(7,000)	(7,000)
	Marketing and UK Student								
PVCX	Recruitment	(157,000)	(157,000)	0	(157,000)	0		(69,000)	(88,000)
PVCY	International Office	(50,000)	(50,000)	0	(50,000)	0		0	(50,000)
RSDS	Residences	(449,000)	(449,000)	0	(449,000)	0		(194,000)	(255,000)
SPRT	Academy of Sport	(667,000)	(449,000)	(218,000)	(451,000)	(216,000)	(32%)	(369,000)	(82,000)
UTCO	UTC & UEA	(60,000)	(70,000)	10,000	(70,000)	10,000	17%	(70,000)	0

This is the difference Real full year forecast and YTD actuals

3. Enterprise

3.1. Review of Research, Enterprise and Innovation (REI) team performance – YTD the enterprise team working with the Schools have now closed new sales totalling £1.323m. Enterprise team targets for the year totalled £1.5m and these will be exceeded by £100k+. Sales to date have been primarily driven by two Schools, HSC (£460k) and BUS (£358k). In terms of future sales the significant changes in both REI and the wider university, and the requirement to support delivery on recent sales are affecting the ability to grow enterprise prospects in the short term. The net sales pipeline which expanded rapidly from Sept with increases in each month reaching £1.4m in February, has now seen two consecutive months of decline and stands at £0.86m. Conversion rates are currently stable at 19% for both the month and the YTD.

Tables showing summary sales pipeline reporting to end April 2015:

(1) Open opportunities analysis by School						
	Number	Value	%	Expected value	%	
ACI	2	£ -	0%	£ -	0%	
AOS	1	£ 10,000	0%	£ -	0%	
APS	9	£ 441,997	11%	£ 130,249	15%	
BEA	3	£ 121,400	3%	£ 6,350	1%	
BUS	12	£ 377,500	10%	£ 58,625	7%	
ENG	11	£ 1,065,260	27%	£ 162,745	19%	
HSC	10	£ 1,662,830	42%	£ 449,899	52%	
LSS	3	£ 110,000	3%	£ 22,000	3%	
Other	5	£ 133,400	3%	£ 29,272	3%	
Total	56	£ 3,922,387		£ 859,139		

(2) Closed Opportunities analysis YTD						
ANALYSIS OF CLOSED ENTERPRISE OPPORTUNITIES: APRIL 2015/LSBU						
Closed opportunity category	Month			YTD		
	Number	Potential value		Number	Potential value	Percentage
						% by no. % by value
Closed Lost - Project did not proceed - Client Withdrew	3	£530,000		47	£3,345,386	35% 48%
Closed Lost - To Competitor	2	£57,400		19	£1,172,813	14% 17%
Closed Lost - LSBU Withdrew	0	£0		15	£1,085,000	11% 16%
Closed Lost - LSBU Withdrew - Lack of Internal Resource	0	£0		2	£18,000	1% 0%
Total Closed Lost	5	£587,400		83	£5,621,199	61% 81%
Closed Won	9	£137,765		53	£1,323,286	39% 19%
Total	14	£725,165		136	£6,944,485	

(3) Opportunities analysis YTD by School				
	Closed won		Closed lost	
	Number	Value	Number	Value
ACI	1	£ 8,000	1	£ 130,000
AOS	0	£ -	1	£ 106,000
APS	2	£ 3,245	8	£ 380,680
BEA	9	£ 117,517	10	£ 256,300
BUS	7	£ 357,585	17	£ 1,514,000
ENG	5	£ 150,000	14	£ 1,347,000
HSC	8	£ 460,360	22	£ 1,157,319
LSS	2	£ 65,950	4	£ 302,000
Other	19	£ 160,629	6	£ 427,900
Total	53	£ 1,323,286	83	£ 5,621,199

3.2. Forecasting – we have identified the need to develop a robust university-wide process to support enterprise forecasting. REI Opportunities reporting covers

new sales led or supported by our Enterprise managers and excludes those managed directly by the Schools. We will work with Finance to establish systems for accurate forecasting in financial year and beyond.

3.3. Staff – the new Heads of Health and Wellbeing, Sustainable Communities and KE were appointed as from 1st May. We are now in the process of scaling these teams and recruiting the five additional members of staff agreed, along with

4. Systems Development

4.1. Provision of supportive operational framework for REI staff

- New shared drive and the accompanying development of standard resources and published processes
- Standardised approach to new REI joiners covering a formal induction plan plus learning pathways setting out the generic university, local REI and specific team
- Set of professional agreed behaviour standards

4.2. Enterprise approval process from initial client contact through to approved contract signature. Main elements of this project are:

- Development of three template sets covering project business justification, financial appraisal and contracts
- Review of required authority levels incorporated in the financial regulations
- Operations manual mapping full process/responsibilities and supporting detail and process required for each stage
- Internal communications plan

4.3. Risk register and Business Continuity review

4.4. Reporting

- We are aiming to improve the scope, timing and resource required for enterprise opportunities reporting through the provision of standard Cognos analyses against the Raiser's Edge CRM database
- Establish the baseline level of staff participation in research and enterprise and barriers to development through a staff questionnaire
- Establish a baseline and begin reporting against our new KPI/PI

4.5. Contact data management – the CRM used and the overall approach is determined by the university but we recognise REI can be a clear beneficiary from sharing external relationships and maintenance of an accurate

database. Our initial focus is on cleaning and enriching our London organisational data.

5. Programme Management

- 5.1. There are circa 335 approved SMEs registered on the Investment Escalator (IE) programme. Approximately 40% of referrals are from London Small Business Centre (LSBC) and 60% 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 335 approved SMEs, c190 (57%) are actively participating in academic led workshops, one to one sessions, student consultancy projects, networking events and/or business advice sessions.
- 5.2. The relationship with LSBC as a provider of Business Advice and Access to Finance coaching is working well with 346 hours of support delivered to date. LSBU has recently submitted an expression of interest to deliver a successor initiative 'Business Impact & Growth' programme in partnership with LSBC. If successful the £2.5m programme will build on the success of IE and run for 3 years.
- 5.3. To date there have been 42 workshops and 35 one to one sessions run by Academics from BUS, ENG and ACI held at the Clarence Centre. There is clearly a high demand for LSBU led workshops and one to ones and feedback so far is positive.
- 5.4. Student consultancy is live and contracts have been offered to circa 30 students. Delivery is underway and some projects from this initial round are already complete. In total 68 briefs were received from SMEs interested in consultancy so further projects will be run over the summer.
- 5.5. Profiled ERDF outputs and results; 12 hours support (200), jobs safeguarded (16), jobs created (40), engaged in access to finance programme (20), finance raised (£1m) and sales in new markets (24) are largely on profile. A meeting with GLA to renegotiate targets was held on March 24th. The GLA confirmed LSBU did not need to submit a material change and are aware that the finance raised target of £1m is not on profile to be achieved by December 31st.
- 5.6. Claim 6 £168k (Jan-March 15) has been approved for payment bringing total expenditure claimed to £380k leaving a potential £410k to claim over 3 quarters for 2015. Current profiled expenditure to year and project end is

£752k which leaves a potential underspend of £38k as total grant available is £790k.

5.7. Key risks are 1) collating required evidence from SMEs on outputs and results, mitigation PM team currently focusing on collating evidence for outputs achieved by end June, 2) collating timesheets from staff, mitigation PM ensuring message is cascaded throughout department on requirements, 3) continued recruitment of SMEs and engagement of SMEs onto programme, mitigation increased marketing activity over next 6 weeks.

6. Entrepreneurship and Innovation Institute

6.1. Celebrate Enterprise 2015 took place at the end of April and included a Pop Up market in the Clarence Courtyard, Natwest's Business Bus and the finals of Make It Happen, recognizing the best Idea and Start-Up at LSBU.

6.2. To date, over 5,000 students have engaged in enterprise activities this academic year. We have supported over 60 businesses to validate their ideas through start-up programmes.

6.3. Intellectual Property: Delivery of the IPO-funded Ignite Project has started, which will increase IP curriculum content and support LSBU's Schools to increase students awareness of IP.

7. Knowledge Exchange

7.1. Current live KTPs are 4:

Client	School	Lead academic	End date
FirstCo	ENG (ex BUS)	Dilip Patel	Mar-17
Eppendorf Cryotech	BEA/ENG	Phil Hammond	Aug-16
Itech Ltd	ENG (ex BUS)	Dilip Patel	Feb-16
Adande	BEA/ENG	Deborah Andrews	Oct-15

7.2. Planned submissions are 2:

Client	School	Lead Academic	Submission date
Open Date Equipment	Eng (info)	Dilip Patel	17-Jun-15
Academy Class	Bus	John Warwick	19-Aug-15

7.3. Expressions of Interest (Eols) Under Development are 4:

Eol WIP	School	Lead Academic	Planned Submission
MRFS	BUS	George Ubakanma	Advisor meet 25/06
ACT	ENG (info)	Dilip Patel	Sept-15
Take Parts	BEA	Alex Opoku	Sept-15
TA Logikal	BUS	Dilip Patel	Aug-15

7.4. At a recent discussion our KTP Advisor stated that he would only accept one Eol per institution for each PAG submission. This would limit us to 6 PAG submissions per year. The issue here is that if we attempt to overload this advisor we may incur a negative response to the perfectly good submissions. However as we are not at this point yet it would be best for the team to “test” this theory and present more Eols for forward submission. If it does occur that Eols are delayed there is a danger that this can result in a loss of faith in us by the client. Although there are other advisors in the geographic reach of LSBU the initial Eol submissions must be worked through our main contact. However at the same meeting we were informed that the other advisors have similar backlogs.

7.5. Marketing strategy being renewed to remove the over reliance on cold calling SMEs. A new strategy is being developed and implemented. One aspect of this is to target other organisation types: for example large corps qualify for 50% funding, and social based organisations. Our recent success with the Construction Youth Trust project is testament that there is potential here. One of the KTP managers will be tasked with targeting this sector.

7.6. On a positive note several recent potential KTP meetings have been initiated by academics.

7.7. We are also starting a consulting project with a client (12 weeks £38k including a new LSBU graduate to work with the client) and will begin work on an Eol with this client as a KTP is a possibility to continue on from this project. This is a result of working smarter with the client. The focus has to be on SBUEL/LSBU enterprise offerings, an approach which takes the client perspective and not LSBU KTP with its narrow focus. The KTP managers need to be trained on both identifying KTP (or other) opportunities (as the priority) as opposed to the previous method of asking the client if there is something that they have in mind that fits the KTP model and also working smarter on what the clients requirements are in respect to timelines.

8. Tenants

- 8.1. Clarence Centre 90% occupied after a staff move increased lettable space. Occupancy for the Centre is 90% against a target of 85% within the first 36 months of operations. Average per square foot rate stands at £42.00. New vacant property is achieving £50 per square foot.
- 8.2. The Clarence Centre was nominated and won the Royal Institute of Chartered Surveyors Award for Regeneration in the London Region. See attached citation.
- 8.3. Technopark occupancy stands at 81%. New tenancies are achieving £45 per square foot.
- 8.4. The Post Office project has now ended following disappointing financial results at Royal Mail. Whilst the Post Office were unable to engage with the University as first envisaged, the lessons learnt are now being used in all new Post Offices – the first being in Kennington. Awaiting case study from the Post Office for marketing purposes.
- 8.5. Current and recent tenant engagement projects can be found attached to these papers.
- 8.6. The tenancy team worked with Southwark Council to reduce business rates liability on the Clarence Centre by £50K and are still working towards a similar outcome for the Technopark. The work carried out on business rates and successful office sales has reduced a £250K negative variance to a £47K positive variance against forecast. A further £24K saving for FY15/16 will be made by bringing invoicing and credit control in-house.
- 8.7. A bid for £20K funding from the Southwark High Street Challenge has been submitted to run a Village Fair to support the University's civic agenda and to support the London Road Traders opposite the Clarence Centre.
- 8.8. Early stage discussions are taking place with Barclays to host a trial SME time bank at the Clarence Centre with the Barclays Citizenship Department (formerly Corporate Social Responsibility). If successful this may then link into the Barclays Digital Eagle initiative currently being advertised on TV.
- 8.9. KTP/TSB Funding opportunities identified and are being explored. Now in contact with Informatics academics and are meeting regularly to explore further opportunities. Identified a student they want to offer a placement to (recruitment process underway). Heavy involvement with Investment

Escalator ERDF project and are providing valuable outputs for jobs created, products launched, new markets accessed and potentially finance raised, all KPIs for the project. Took a Student Consultant for a financial forecasting project and involved students for a video project for a global telecoms firm.

Tenants: links to University

School	Tenant	Project
HSC	College of Contemporary Health	Course validation by LSBU almost complete. HSC are also learning from the College's approach to on-line learning and collaboration in this area will increase if validation is approved.
All	MyKindaCrowd Brighter Futures	Social Enterprise Bootcamp being run at the end of June '15. A member of their staff is hoping to join the BSc Psych course in September and will continue to work at the Company.
Engineering	Jevon Davies T/A Silicon Thoughts	Funding for PhD being explored through Perry Xiao.
Applied Science	Care Trade Charitable Trust	New collaborative links made with Psychology Department, the Charity focuses on Autism and opportunities are being explored by staff and students.
Engineering	Digital Detox	KTP/TSB Funding opportunities identified and are being explored. Now in contact with Informatics academics and are meeting regularly to explore further opportunities. Identified a student they want to offer a placement to (recruitment process underway). Heavy involvement with Investment Escalator ERDF project and are providing valuable outputs. Students
ACI	Johnson Ribolla	Interior Design company now in discussions with LSBU to provide design students with industrial experience of 3D rendering and design processes.
BEA	Siskin Property Investments	Interviewing 2 nd year BSc Quantity Surveying student for part-time work whilst studying. A full suite of support will be provided by the Company to support the student if the place is offered and will provide valuable industry experience.

LONDON SOUTH BANK UNIVERSITY								
Management Summary Report from August 2014 To The End Of May 2015								
All Enterprise - Annual Budget								
	1	2	3	4	TOTAL ENTERPRISE	1+3	2+4	
	LSBU	LSBU	SBUEL	SBUEL	Total Enterprise	Total University Enterprise	Total School	
	University Enterprise	School - Other	University Enterprise	School - Other	(£)	(£)	(£)	
	(£)	(£)	(£)	(£)				
A Enterprise Project Income	(816,936)	(6,444,703)	(1,285,256)	(263,389)	(8,810,284)	(2,102,192)	(6,708,092)	
B Enterprise Support Income	(520,926)	0	(548,590)	0	(1,069,516)	(1,069,516)	0	
Total Income	(1,337,862)	(6,444,703)	(1,833,846)	(263,389)	(9,879,800)	(3,171,708)	(6,708,092)	
A Enterprise Project Costs	280,773	1,562,169	648,860	109,975	2,601,778	929,634	1,672,145	
B Enterprise Support Costs	25,246	0	1,630,150	0	1,655,396	1,655,396	0	
Total Costs	306,019	1,562,169	2,279,011	109,975	4,257,175	2,585,030	1,672,145	
A Grand Total Enterprise Project	(536,163)	(4,882,534)	(636,396)	(153,414)	(6,208,506)	(1,172,558)	(5,035,948)	
B Grand Total Enterprise Support	(495,680)	0	1,081,560	0	585,880	585,880	0	
Grand Total	(1,031,843)	(4,882,534)	445,165	(153,414)	(5,622,626)	(586,678)	(5,035,948)	

LONDON SOUTH BANK UNIVERSITY								
Management Summary Report from August 2014 To The End Of May 2015								
All Enterprise - Annual Forecast								
	1	2	3	4	TOTAL ENTERPRISE	1+3	2+4	
	LSBU	LSBU	SBUEL	SBUEL	Total Enterprise	Total University Enterprise	Total School	
	University Enterprise	School - Other	University Enterprise	School - Other	(£)	(£)	(£)	
	(£)	(£)	(£)	(£)				
A Enterprise Project Income	(312,856)	(5,490,162)	(1,202,205)	(429,784)	(7,435,007)	(1,515,061)	(5,919,946)	
B Enterprise Support Income	(523,689)	0	(548,590)	0	(1,072,279)	(1,072,279)	0	
Total Income	(836,545)	(5,490,162)	(1,750,795)	(429,784)	(8,507,286)	(2,587,340)	(5,919,946)	
A Enterprise Project Costs	172,492	1,714,988	586,048	152,975	2,626,503	758,540	1,867,963	
B Enterprise Support Costs	590,034	0	1,009,423	0	1,599,457	1,599,457	0	
Total Costs	762,526	1,714,988	1,595,471	152,975	4,225,960	2,357,997	1,867,963	
A Grand Total Enterprise Project	(140,364)	(3,775,175)	(616,157)	(276,809)	(4,808,504)	(756,521)	(4,051,983)	
B Grand Total Enterprise Support	66,345	0	460,833	0	527,178	527,178	0	
Grand Total	(74,019)	(3,775,175)	(155,324)	(276,809)	(4,281,326)	(229,343)	(4,051,983)	

LONDON SOUTH BANK UNIVERSITY								
Management Summary Report from August 2014 To The End Of May 2015								
All Enterprise - Variance Forecast vs Budget								
	1	2	3	4	TOTAL ENTERPRISE	1+3	2+4	
	LSBU	LSBU	SBUEL	SBUEL	Total Enterprise	Total University Enterprise	Total School	
	University Enterprise	School - Other	University Enterprise	School - Other	(£)	(£)	(£)	
	(£)	(£)	(£)	(£)				
A Enterprise Project Income	(504,080)	(954,541)	(83,051)	166,395	(1,375,277)	(587,131)	(788,146)	
B Enterprise Support Income	2,763	0	0	0	2,763	2,763	0	
Total Income	(501,317)	(954,541)	(83,051)	166,395	(1,372,514)	(584,368)	(788,146)	
A Enterprise Project Costs	108,281	(152,818)	62,812	(43,000)	(24,725)	171,094	(195,818)	

LONDON SOUTH BANK UNIVERSITY (SU)

Management Summary Report from August 2014 To The End Of May 2015

LSBU: Segment (row)

Source	Source (Description)	Annual Forecast			YTD Actuals		
		Total Income	Total Costs	Grand Total	Total Income	Total Costs	Grand Total
		(£)	(£)	(£)	(£)	(£)	(£)
	<i>REGENERATION PROGRAMMES</i>	(223,104)	150,594	(72,510)	(106,535)	67,865	(38,670)
	<i>KNOWLEDGE EXCHANGE</i>	(278,003)	177,434	(100,569)	(242,610)	168,049	(74,561)
	<i>OVERSEAS PARTNERSHIPS</i>	(827,997)	214,297	(613,700)	(390,054)	142,993	(247,061)
	<i>LETTING OF FACILITIES</i>	(448,500)	0	(448,500)	(193,910)	0	(193,910)
	<i>STUDENT ENTERPRISE</i>	(252,763)	322,547	69,784	(212,440)	210,228	(2,212)
	<i>EVENTS & CONFERENCES</i>	(11,950)	5,332	(6,618)	(14,891)	5,429	(9,461)
	<i>SHORT COURSES</i>	(465,710)	107,840	(357,870)	(381,672)	94,017	(287,655)
	<i>UNIVERSITY ACCREDITED COURSES</i>	(2,435,723)	360,985	(2,074,739)	(2,492,452)	399,072	(2,093,379)
	<i>OTHER INCOME GENERATING ACTIVITIES</i>	(1,112,031)	870,997	(241,034)	(958,017)	729,606	(228,411)
	<i>ENTERPRISE SUPPORT</i>	(270,926)	267,487	(3,439)	(228,522)	104,675	(123,846)
	Grand total LSBU	(6,326,707)	2,477,514	(3,849,193)	(5,221,103)	1,921,935	(3,299,167)

LONDON SOUTH BANK ENTERPRISES (SL)

Management Summary Report from August 2014 To The End Of May 2015

SBUEL: Segment (row)

Source Source (Description)	Annual Forecast			Actuals Ytd		
	Total Income	Total Costs	Grand Total	Total Income	Total Costs	Grand Total
	(£)	(£)	(£)	(£)	(£)	(£)
CONSULTANCY	(46,816)	19,733	(27,083)	(17,383)	8,475	(8,908)
COMMERCIAL RESEARCH	(154,323)	133,243	(21,080)	(119,906)	145,084	25,178
REGENERATION PROGRAMMES	0	70,229	70,229	0	60,415	60,415
LETTING OF FACILITIES	(248,645)	3,000	(245,645)	(160,310)	7,162	(153,148)
OTHER INCOME GENERATING ACTIVITIES	(4,000)	0	(4,000)	(4,608)	0	(4,608)
ENTERPRISE SUPPORT	(548,590)	1,009,423	460,833	(447,158)	862,330	415,171
PROPERTY RENTAL	(1,178,205)	512,819	(665,386)	(958,723)	236,902	(721,821)
Grand total SBUEL	(2,180,579)	1,748,446	(432,133)	(1,708,089)	1,320,368	(387,721)

South Bank University Enterprises Ltd (SL)

Management Summary Report from August 2014 To The End Of May 2015

SBUEL: Management Accounts



Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				
			2014 Forecast (£)	2014 Budget (£)	Variance - Forecast to Budget (£) %		Note	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£) %	
(536,590)	(447,158)	Funding Grants	(536,590)	(536,590)		%		(447,158)	(447,158)		%
(159,397)	(244,582)	Enterprise - Research Related Activities	(178,389)	(106,389)	72,000	68%		(134,540)	(88,658)	45,882	52%
(1,271,988)	(940,553)	Enterprise - Other	(1,465,440)	(1,454,256)	11,184	1%		(1,123,268)	(1,211,361)	(88,093)	(7%)
(12,486)	(12,089)	Other - Operating Income	0	0				0	0		
(5,037)	(4,065)	Endowment Income & Interest Receivable	(160)	0	160			(3,123)	0	3,123	
(1,985,499)	(1,648,447)	Total Income	(2,180,579)	(2,097,235)	83,344	4%		(1,708,089)	(1,747,176)	(39,087)	(2%)
227,344	185,834	Academic - Permanent staff	148,975	109,975	(39,000)	(35%)		143,554	94,369	(49,185)	(52%)
8,944	8,121	Academic - Temporary staff	0	0			1,783	0	(1,783)		
673,422	544,808	Support - Permanent staff	737,097	883,921	146,823	17%		623,654	736,601	112,947	15%
6,106	4,539	Support - Temporary staff	7,020	6,000	(1,020)	(17%)		6,184	5,000	(1,184)	(24%)
32,837	4,768	Third party staff	50,915	0	(50,915)			38,041	0	(38,041)	
948,652	748,069	Total Staff Costs	944,008	999,896	55,888	6%		813,217	835,970	22,753	3%
31,372	9,391	Staff Related	0	0			1,049	0	(1,049)		
18,301	10,918	Marketing and PR	18,000	18,000		%		5,286	16,000	10,714	67%
721	15	Student Related	0	0			416	0	(416)		
9,731	11,076	Equipment	0	0			1,298	0	(1,298)		
14,211	3,545	Computing	58,017	68,400	10,383	15%		70,620	57,000	(13,620)	(24%)
608,026	379,782	Utilities	479,691	1,026,490	546,799	53%		325,191	855,408	530,217	62%
233,874	11,495	Maintenance & Other Estate	46,226	0	(46,226)			13,724	0	(13,724)	
5,740	0	Cleaning & Security	3,000	3,000		%		535	2,500	1,965	79%
(10,624)	(20,160)	Financial	0	0			429	0	(429)		
17,463	12,513	Communications	28,000	18,000	(10,000)	(56%)		7,467	15,000	7,533	50%
105,732	55,775	Legal & Professional	119,983	106,004	(13,979)	(13%)		49,113	91,670	42,557	46%
2,370	10,620	Subscriptions and Membership Fees	0	0			13,152	0	(13,152)		
4,718	2,590	Photocopying and Stationery	0	0			2,133	0	(2,133)		
51,046	31,711	Other	51,088	149,196	98,108	66%		16,685	139,330	122,645	88%
901	856	Internal Recharges	434	0	(434)			53	0	(53)	
1,093,582	520,127	Total Other Operating Expenses	804,439	1,389,090	584,651	42%		507,151	1,176,908	669,757	57%
56,735	(380,250)	Contribution	(432,133)	291,751	723,884	248%		(387,721)	265,702	653,423	246%
		Staff costs as % of income	43.3%	47.7%				47.6%	47.8%		
		Contribution %	19.8%	(13.9)%				22.7%	(15.2)%		

	PAPER NO: UE.09(15)	
Board:	SBUEL	
Date:	17 th June 2015	
Paper title:	SBUEL 2014/15 Budget	
Author:	Gurpreet Jagpal Interim Director of Enterprise, and CEO South Bank University Enterprises Ltd	
Recommendation:	To review the 2014/15 budget	
Matter previously considered by:	SBUEL Board	On 18 th March 2015
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

1. Executive Summary

Following discussions at the March 2015 Board Meeting the 2014/15 SBUEL Budget has been reviewed to move away from a deficit budget.

The suggested change is to agree with LSBU a rent reduction from £25 per sq ft to £6.50 per sq ft. This provides a projected surplus for 2014/15 of £316,245, compared to a projected deficit of £291,751

The £6.50 per sq ft covers 'reasonable' costs incurred by LSBU for the space at TechnoPark and Clarence Centre, including:

- *Electric and gas*
- *Water*
- *Security*
- *Cleaning*
- *General maintenance*
- *ICT networking*

SBUEL pick-up directly the costs for:

- *Staff posts x 2*
- *Business rates*
- *Improvements / redecoration*
- *Vodafone networking*
- *Surveyor's professional fees*
- *Marketing and events costs*

The total sum being paid back to LSBU will be as follows:

- *£213,500 (Rent agreement at £6.50 per sq ft)*
- *£316,245 (projected surplus at year end)*
- *£529,745 Total*

2. Budget Overview

South Bank University Enterprises Limited 2014 budget

	£25 per sq ft	£6.50 per sq ft
	SBUEL	SBUEL
INCOME & EXPENDITURE ACCOUNT		
TOTAL INCOME	2,097,235	2,097,235
TOTAL STAFF COSTS	999,896	999,896
TOTAL DEPRECIATION	0	0
TOTAL OTHER OPERATING EXPENSES	1,389,090	781,094
TOTAL EXCEPTIONAL ITEM	0	0
TOTAL INTEREST PAYABLE	0	0
SURPLUS / (DEFICIT) BEFORE INTERNAL ALLOCATIONS	(291,751)	316,245
<i>CONTRIBUTION BEFORE INTERNAL ALLOCATIONS</i>	<i>-13.91%</i>	<i>15.08%</i>
TOTAL INTERNAL ALLOCATIONS	0	0
SURPLUS / (DEFICIT) AFTER INTERNAL ALLOCATIONS	(291,751)	316,245
<i>CONTRIBUTION AFTER INTERNAL ALLOCATIONS</i>	<i>-13.91%</i>	<i>15.08%</i>

3. Detailed Budget

South Bank University Enterprises Limited 2014 budget

	£25 per sq ft	£6.50 per sq ft
INCOME & EXPENDITURE ACCOUNT	SBUEL	SBUEL
1008 Funding Grants	536,590	536,590
1010 Health - Contract	0	0
1020 Fees - Home & EU UG	0	0
1022 Fees - Home & EU PG	0	0
1025 Fees - Overseas UG	0	0
1030 Fees - Overseas PG	0	0
1040 Research - Grants	0	0
1045 Enterprise - Research Related Activities	106,389	106,389
1052 Enterprise - Partnerships	0	0
1054 Enterprise - University Fees	0	0
1056 Enterprise - Other	1,454,256	1,454,256
1070 Other - Student Related Income	0	0
1075 Other - Operating Income	0	0
1080 Endowment Income & Interest Receivable		
TOTAL INCOME	2,097,235	2,097,235
2001 Academic - Permanent staff	109,975	109,975
2020 Academic - Temporary staff	0	0
2025 Interdepartmental Delivery staff	0	0
2101 Technicians staff	0	0
2201 Support - Permanent staff	883,921	883,921
2220 Support - Temporary staff	6,000	6,000
2221 Third party staff	0	0
TOTAL STAFF COSTS	999,896	999,896
Staff costs as % of income	47.68%	47.68%
TOTAL DEPRECIATION	0	0
4009 Staff Related	0	0

4010 Marketing and PR	18,000	18,000
4011 Student Recruitment	0	0
4012 Bursaries and Scholarships	0	0
4013 Student Related	0	0
4015 Equipment	0	0
4020 Computing	68,400	68,400
4030 Utilities	1,026,490	418,494
4035 Maintenance & Other Estate	0	0
4040 Cleaning & Security	3,000	3,000
4045 Financial	0	0
4050 Communications	18,000	18,000
4055 Legal & Professional	106,004	106,004
4056 Subscriptions and Membership Fees	0	0
4058 Photocopying and Stationery	0	0
4060 Other	149,196	149,196
4070 Internal Recharges	0	0
TOTAL OTHER OPERATING EXPENSES	1,389,090	781,094
TOTAL EXCEPTIONAL ITEM	0	0
TOTAL INTEREST PAYABLE	0	0
SURPLUS / (DEFICIT) BEFORE INTERNAL ALLOCATIONS	(291,751)	316,245
<i>CONTRIBUTION BEFORE INTERNAL ALLOCATIONS</i>	<i>-13.91%</i>	<i>15.08%</i>
TOTAL INTERNAL ALLOCATIONS	0	0
SURPLUS / (DEFICIT) AFTER INTERNAL ALLOCATIONS	(291,751)	316,245
<i>CONTRIBUTION AFTER INTERNAL ALLOCATIONS</i>	<i>-13.91%</i>	<i>15.08%</i>

	PAPER NO: UE.10(15)	
Board:	SBUEL Board of Directors	
Date:	17 June 2015	
Paper title:	SBUEL Budget 2015/16	
Author:	<p>Gurpreet Jagpal Interim Director of Enterprise, and CEO South Bank University Enterprises Ltd</p> <p>Keith Would Business Support Manager</p>	
Recommendation:	To consider and approve the 2015 – 16 SBUEL Budget	
Matter previously considered by:	SBUEL Board	On 18 th March 2015
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

1. Executive summary

The board is asked to review and approve the SBUEL Budget for the 2015/16 financial year.

Key points to note:

- All the enterprise business (income) has been budgeted in LSBU but we would expect some to come through SBUEL.
- Rent agreement between LSBU and SBUEL has been reduced from £25 per sq ft to £6.50 per sq ft. (Still to be agreed and signed as part of lease). This amounts to £213,500 for the financial year.
- The £6.50 per sq ft covers:
 - Electric and gas
 - Water
 - Security
 - Cleaning
 - General maintenance
 - ICT networking
- SBUEL pick-up directly the costs for:
 - Staff posts x 2
 - Business rates
 - Improvements / redecoration
 - Vodafone networking
 - Surveyor's professional fees
 - Marketing and events costs

2. Budget Overview

South Bank University Enterprises Limited 2014 budget

INCOME & EXPENDITURE ACCOUNT	
	SBUEL
TOTAL INCOME	2,135,781
TOTAL STAFF COSTS	1,115,626
Staff costs as % of income	52.24%
TOTAL DEPRECIATION	0
TOTAL OTHER OPERATING EXPENSES	1,000,903
TOTAL EXCEPTIONAL ITEM	0
TOTAL INTEREST PAYABLE	0
SURPLUS / (DEFICIT) BEFORE INTERNAL ALLOCATIONS	19,252
<i>CONTRIBUTION BEFORE INTERNAL ALLOCATIONS</i>	<i>0.90%</i>
TOTAL INTERNAL ALLOCATIONS	0
SURPLUS / (DEFICIT) AFTER INTERNAL ALLOCATIONS	19,252
<i>CONTRIBUTION AFTER INTERNAL ALLOCATIONS</i>	<i>0.90%</i>

3. Detailed Budget

South Bank University Enterprises Limited 2014 budget

INCOME & EXPENDITURE ACCOUNT	SBUEL
1008 Funding Grants	543,157
1010 Health - Contract	0
1020 Fees - Home & EU UG	0
1022 Fees - Home & EU PG	0
1025 Fees - Overseas UG	0
1030 Fees - Overseas PG	0
1040 Research - Grants	0
1045 Enterprise - Research Related Activities	0
1052 Enterprise - Partnerships	0
1054 Enterprise - University Fees	0
1056 Enterprise - Other	1,588,424
1070 Other - Student Related Income	0
1075 Other - Operating Income	0
1080 Endowment Income & Interest Receivable	4,200
TOTAL INCOME	2,135,781
2001 Academic - Permanent staff	0
2020 Academic - Temporary staff	0
2025 Interdepartmental Delivery staff	0
2101 Technicians staff	0
2201 Support - Permanent staff	1,095,426
2220 Support - Temporary staff	10,200
2221 Third party staff	10,000
TOTAL STAFF COSTS	1,115,626
Staff costs as % of income	52.24%
TOTAL DEPRECIATION	0
4009 Staff Related	101,450
4010 Marketing and PR	187,700
4011 Student Recruitment	0
4012 Bursaries and Scholarships	0

4013 Student Related	200
4015 Equipment	0
4020 Computing	64,017
4030 Utilities	378,500
4035 Maintenance & Other Estate	105,996
4040 Cleaning & Security	15,000
4045 Financial	0
4050 Communications	18,000
4055 Legal & Professional	44,000
4056 Subscriptions and Membership Fees	11,440
4058 Photocopying and Stationery	0
4060 Other	74,600
4070 Internal Recharges	0
TOTAL OTHER OPERATING EXPENSES	1,000,903

TOTAL EXCEPTIONAL ITEM	0
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TOTAL INTEREST PAYABLE	0
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SURPLUS / (DEFICIT) BEFORE INTERNAL ALLOCATIONS	19,252
<i>CONTRIBUTION BEFORE INTERNAL ALLOCATIONS</i>	<i>0.90%</i>
TOTAL INTERNAL ALLOCATIONS	0
SURPLUS / (DEFICIT) AFTER INTERNAL ALLOCATIONS	19,252
<i>CONTRIBUTION AFTER INTERNAL ALLOCATIONS</i>	<i>0.90%</i>

	PAPER NO: UE.11(15)	
Board:	SBUEL Board of Directors	
Date:	17 June 2015	
Paper title:	SBUEL Company Valuations Report	
Author:	Syeda Rahimunnessa (Report by external consultant)	
Recommendation:	To consider the commercial benefit of retaining shares in each SBUEL company	
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	

Executive summary

A report was commissioned to assess the value of the companies that SBUEL currently holds equity in. An external consultant has evaluated the SBUEL companies based on the last 3 years of company accounts. This paper is submitted to provide SBUEL Board with an update on the current value of SBUEL's equity. Board should note that it was not possible to include the company Solion in this report due to lack of access to their recent accounts. A report on Solion will be submitted at the earliest opportunity.

The Board should consider whether it wishes to retain equity in each company, based on the information contained in this paper.

1. BIOX

Key Numbers:

Y/E 31/10	2010	2011	2012	2013
Sales	£184,619	£281,189	£202,640	£331,505
Net Profit	£33,181	£90,127	£7,790	£69,886
Corporation Tax	Not Included Above	Not Included Above	Not Included Above	Not Included Above
Interest Paid	Nil	Nil	Nil	Nil
EBIT	£33,181	£90,127	£7,790	£69,886
Depreciation	£1,330	£2,555	£1,766	£2,682
EBITDA	£34,511	£92,682	£9,556	£72,568
Directors' Remuneration	£39,600	£75,400	£79,453	£94,837
Adjusted EBIT	£72,781	£165,527	£87,243	£164,723
Adjusted EBITDA	£74,111	£168,082	£89,009	£167,405
Net Asset Value (Shareholders' Funds)	£81,910	£162,788	£170,578	£249,713

Issued Share Capital 100 * £1 Shares

SBUEL Shares 24 * £1 Shares

SBUEL Ownership 24%

Commentary:

- Good sales progression except for a blip in 2012 which also accounts for the Net Profit blip
- No interest payable and very little Depreciation
- Significant Directors' Remuneration

Possible Value:

- At P/E of 3 * Adjusted EBITDA value is £502,215 and SBUEL's shares could be worth £120,531
- At P/E of 5 * Adjusted EBITDA value is £837,025 and SBUEL's shares could be worth £200,886

2. About Time Design

Key Numbers:

Y/E 31/12	2012	2013
Sales	£16,772	£22,062
Net Profit	(£29,240)	(£6,139)
Corporation Tax	N/A	N/A
Interest Paid	Nil	Nil
EBIT	(£29,240)	(£6,139)
Depreciation and Amortisation	£33,559	£8,242
EBITDA	£4,319	£2,103
Directors' Remuneration	Nil	Nil
Adjusted EBIT	(29,240)	(£6,319)
Adjusted EBITDA	£4,319	£2,103
Net Asset Value (Shareholders' Funds)	£195,536	£189,397

Issued Share Capital 50,000 * Ordinary 1p Shares
 225,838 * A Ordinary 1P Shares
 Plus Share Options

SBUEL Shares 229 * 1p Shares

SBUEL Ownership Insignificant

Commentary:

- Poor sales performance
- Very significant cumulative losses to date (31/12/2013) of £631,457
- Nil Directors' remuneration
- NAV (Shareholders' Funds) only boosted by Share Premium Account
- Directors estimate value of patent on the open market at circa £132,000
- Significant Share Options to be exercised in the event of a company sale

Possible Value:

- There is little or no value in the business *per se*.
- Whilst the Directors have placed an estimated value on the Intangible Assets this is subject to a satisfactory sale. Given that these assets are producing a negative return at present it is hard to see the possibility of a successful sale unless the company goes into administration.

The Chairman's Report says it all:

"This year has shown a 30% increase in sales. Your Board is running the company on a shoestring. We continue to have a sales agreement with Lifescience Products Ltd to carry out the marketing on a commission only basis of 15% of sales. This commission is reflected in the accounts.

The year to December 2013 was cash flow positive. Sales in the States started to increase towards the end of 2013 and I am now hopeful that there could be considerable interest in 2014. One major customer in Las Vegas is currently installing units and that contract could continue for some period of time.

Sales in the UK continue to be slow. However, there are a number of enquiries and I am hopeful that the year 2014 will show a reasonable profit."

Essentially everything is based on hope and I see no value in SBUEL's shares unless there is a significant upturn in the sales.

3. Solar Polar

Key Numbers:

Y/E 31/8

No Profit & Loss accounts are available for analysis

Issued Share Capital 9,500 * Ordinary 1.0526p

SBUEL Ownership 4.5%

Commentary:

- Significant losses to date (31/8/2013) of £43,492 increased from £41,834 in the previous year
- Nil Fixed Assets
- Negligible Intangible Assets

Possible Value:

- I see no value in SBUEL's shares.

4. Engineering Surfaces

Key Numbers:

Y/E 31/12	2011	2012	2013	2014
Sales	£14,334	£28,667	£24,723	£59,736
Net Profit	£4,783	£22,149	£28	£10,598
Corporation Tax	Not Included Above	Not Included Above	Not Included Above	Not Included Above
Interest Paid	Nil	Nil	Nil	Nil
EBIT	£4,783	£22,149	£28	£10,598
Depreciation	£223	£439	£456	£450
EBITDA	£5,006	£22,588	£484	£11,048
Directors' Remuneration	Nil	Nil	£8,000	£10,000
Adjusted EBIT	£4,783	£22,149	£8,028	£20,598
Adjusted EBITDA	£5,006	£22,588	£8,484	£21,048
Net Asset Value (Shareholders' Funds)	(£10,881)	£10,967	£10,953	£19,334

Issued Share Capital 100 * £1 Shares

SBUEL Shares 15 * £1 Shares

SBUEL Ownership 15%

Commentary:

- Unexciting sales performance
- Rise in 2014
- Blip in 2013

Possible Value:

- At P/E of 3 * Adjusted EBITDA value is £63,144 and SBUEL's shares could be worth £9,472
- At P/E of 5 * Adjusted EBITDA value is £105,240 and SBUEL's shares could be worth £15,786

5. BBM Technology

Key Numbers:

Y/E 30/11	2010	2011	2012	2013
Sales	N/A	N/A	N/A	N/A
Net Profit	(£20,318)	£28,560	£2,987	(£20,676)
Corporation Tax	Not Included Above	Not Included Above	Not Included Above	Not Included Above
Interest Paid	N/A	N/A	N/A	N/A
EBIT	(£20,318)	£28,560	£2,987	(£20,676)
Depreciation	N/A	£896	£896	£896
EBITDA	N/A	£29,456	£3,883	(£19,780)
Directors' Remuneration	N/A	N/A	N/A	N/A
Adjusted EBIT	N/A	N/A	N/A	N/A
Adjusted EBITDA	N/A	N/A	N/A	N/A
Net Asset Value (Shareholders' Funds)	£3,778	£36,156	£39,143	£18,467

Issued Share Capital 416 * £1 Shares

SBUEL Shares 65 * £1 Shares

SBUEL Ownership 15.6%

Commentary:

- Little or no P&L information available
- Loss in 2012 / 2013 of £20,676
- Accumulated Losses of £2,651
- Share Premium Account supporting the Balance Sheet
- Loans from Directors of £13,095 also supporting the Balance Sheet
- Investment of £25,073 by way of a purchased loan

Possible Value:

I see little or no value in SBUEL's shares except for the ongoing investment referred to above. This might equate to no more than approximately £4,000

Company Valuation
Prepared for Gups Jagpal
South Bank University Enterprise Ltd

Overview

This report is in two parts. The first part deals with a method by which businesses are valued and the second part applies these methods to a number of businesses in which **SBUEL** have interests.

There are a number of ways in which businesses are valued. These methods come and go according to fashion and the economic cycle. For the last few years the vogue has been to use a method called **Enterprise Value**.

Enterprise Value

This method looks at the EBIT (Earnings Before Interest and Tax) of a business over a period of time, usually around three years. It then applies a Multiple to that figure to arrive at a valuation.

EBIT rather than simply Profit is used as the base line in order to try to calculate the underlying performance of the business. For example, it is often the case that the business being valued is being bought by another business. The buying business may not need to borrow money and therefore interest being paid by the business for sale is irrelevant. Even rates of interest vary between borrowers so the interest paid by the business for sale has no meaning in the long term.

Similarly, the incremental tax rates may differ between the businesses so this figure is also put to one side.

Sometimes a measure called EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is used as the base line. The reason for this is that Depreciation is a non-cash item. That is, whilst it appears as a cost in the Profit & Loss account it is only an internal measure designed to charge Fixed Assets against the Profit & Loss account over the life of the asset. No cash actually leaves the business. Consequently EBITDA tends to show the underlying Cash Generation aspect of the business which is a very good measure of its performance. For the record, Amortisation is simply Depreciation of non-tangible assets such as Goodwill or Intellectual Property and again is not a cash issue. Depreciation is, of course, charged against tangible assets such as fixtures and fittings, machinery, PCs etc.

Now, having established either the EBIT or EBITDA of the business as the base line it is necessary to do two things. The first thing is to see how sustainable it is by measuring it over, say, three years to get a trend. The second thing is to adjust it. The first one is

relatively easy. The second one is usually about two aspects. The first aspect is extraordinary costs. Such costs, one-off redundancy for example, will have a detrimental but unusual effect on the Profit & Loss and thus it may be decided to discount them. The second aspect is Directors' Remuneration (Salary and Dividends). This latter is almost always a result of the current owners taking as much as they can from the business. As such it has no relevance once the business has been sold.

Again, having established the Adjusted, Sustainable EBIT or EBITDA it is now necessary to apply a Multiple. This multiple is sometimes called the Profit to Earnings Ratio (P/E). P/Es vary according to a number of factors. These factors include, amongst others, the economic cycle, the sector in which the business operates, whether the business has significant Intellectual Property and whether the business has long-term sales contracts.

The P/E is usually arrived at by reference to sales of similar businesses in a similar time frame. For example, in the late 90s and early 00s Microsoft was paying 20 to 30 P/E for software businesses in the US. Today, in the UK, the average P/E across all sectors is between 3 and 5.

Once the valuation has been arrived at the business is normally sold on a "Cash-Free, Debt-Free" basis. That is, any cash in the bank on the day of completion should stay with the vendor not the buyer. Any debt in the business, such as a bank loan, is also discounted. In practice what happens is that the agreed price is reduced by any cash on the bank but increased by any debt. This makes life much easier. Note that debt does not include normal trade creditors.

Caveats

A very important factor to be taken into account when valuing the **SBUEL** businesses is that in each case **SBUEL** is a minority shareholder. It could easily be argued that such shareholdings have no real value, other than Dividend payments, unless and until the business is either sold or goes to Initial Public Offering (IPO). This is, of course, because it is unlikely that the minority shareholder is able to sell those shares other than back to the business or the other shareholders. This is often determined by the Articles of Association or any Shareholders' Agreement which has been put in place.

The second, and probably the most important factor, is that the value of anything is ultimately determined by the amount a buyer is prepared to pay for it. We all like to think our house is worth £1m but if the maximum anyone is prepared to pay for it is £750k then that is what it is worth.

Value is usually in the mind of the vendor. Over the last ten years or so I have come across many, many business owners who have a very fixed view of the value of their businesses. The valuation methods suggested above almost always set a lower value

on their businesses. The subsequent marketing effort to sell the businesses almost invariably result in lower offers.

It is also important to understand that EBITDA is, by definition, higher than EBIT. Thus a multiple of EBITDA is going to be higher than a multiple of EBIT. This base line value is, like the P/E, inevitably going to be the subject of much negotiation.

Thus a valuation of this sort can only ever give an indication of what the business, or the shareholding in it, might be worth. It can never be definitive.

Clive Booth
May 2015

	PAPER NO: UE.12(15)	
Board:	SBUEL Board of Directors	
Date:	17 June 2015	
Paper title:	Staff Bonus	
Author:	Gurpreet Jagpal Interim Director of Enterprise, and CEO South Bank University Enterprises Ltd	
Recommendation:	That the board review and approve the bonus for Daisy Chatterton	
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

Daisy Chatterton was recruited as Project Manager for the ERDF Investment Escalator programme on 1st September 2104. As part of her contract it was agreed that she, subject to performance, would be awarded a £2,500 bonus payable in two equal instalments of £1,250 on 30th April 2015 and 31st December 2015.

As of February 2015 Daisy moved into the role of Head of Strategic Projects and as such, will from here on in be awarded a bonus on the basis of the agreed SBUEL bonus policy.

As part of her move to the new role it was agreed, as a result of excellent performance on the ERDF Investment Escalator Project, the first £1,250 instalment of the bonus would be awarded to Daisy.

The board is therefore recommended to approve this award.

2. Summary of performance objectives met

- *Objective: Meeting project milestones as laid out in the Funding Agreement*

	Milestone	Date
a)	The Start Date being the earliest date that expenditure incurred by you in relation to the Project can be Eligible Expenditure.	1 November 2013
b)	The last date that expenditure may be incurred being the Agreed Financial Completion Date	31 December 2015
c)	The Agreed Project Completion Date being the date by which you anticipate that you will have achieved Completion of the project activities.	30 September 2015
d)	The date of the submission of the first Grant Claim.	31 July 2014
e)	The date of the submission of the final Grant Claim.	31 January 2016

- See copy of milestones above. At this stage Daisy has ensured that the project started on the later agreed start date (a) and submitted the first claim on time (d). In terms of completion the remaining milestones cannot be reported on at this point, however satisfactory progress is being made to ensure that these will be achieved.

- *Objective: Delivery of agreed project activities within project timeframe (in line with any agreed changes as project progresses)*
 - The project activities and associated budget were reprofiled when Daisy took over full direction of the project in October. Internal targets for number of workshops and student consultancy project were adjusted during a re scoping exercise with new interim director of enterprise. Student consultancy projects were reprofiled to 50 and the team are on target to meet this.
- *Objective: Timely and appropriately evidenced submission of quarterly claims as laid out in Funding Agreement*
 - To date claims have been submitted on time and are now on target with expenditure as profiled in Funding Agreement.
- *Objective: Efficient management of project budget*
 - See above point re budget rebuild. The project remains within budget and forecast expenditure has been reprofiled to reflect the revised delivery plan.
- *Objective: Efficient closure of project in accordance with ERDF requirements*
 - *Yet to be achieved.*