University of Teesside Enterprises Limited
(a company limited by guarantee and not having a share capital)

Directors' report and financial statements

Registered number 02455705

31 July 2019

Contents

Reference details

Directors

Professor Paul Croney
Malcolm D Page

Secretary

Helen Cutting

Registered office

Teesside University
Middlesbrough
TS1 3BA

Bankers

Barclays Bank PLC
Unit 1 Centre Mall
The Mall
Middlesbrough
TS1 2NR

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Company registered number

02455705

Directors' report

The directors present their directors' report and financial statements for the year ended 31 July 2019. The company is entitled to and has adopted, certain exemptions in relation to disclosure requirements regarding a business review in accordance with the provisions applicable to companies subject to the small companies' regime.

Principal activities

The principal activity of the company is to carry out commercial activities, enterprise, trading and liaison with industry and commerce on behalf of Teesside University. From 9 April 2019 the company took over the trading activities of MIMA Kitchen, a catering outlet, from the previous independent operator. The company will continue its current trading into the future.

Going concern

In assessing the appropriateness of the application of the going concern basis, the directors have considered the uncertainties around the general economic environment, the current and future trading performance of the company and the available cash. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results and distributions

The result for the year after tax amounted to a profit of £53,711 *(2018: £103,703)*. The financial statements include a distribution of £53,711 *(2018: £103,703)* which will be paid under gift aid to Teesside University. The directors do not recommend the payment of any dividend or distribution other than the gift aid distribution *(2018: £nil)*.

Directors

The directors who served throughout the year and subsequently, to the date of this report, were as follows:

Professor Paul Croney
Malcolm D Page

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on 12 November 2019 and signed on its behalf by:

Paul Croney

Professor Paul Croney
Director

Teesside University
Middlesbrough
TS1 3BA

12 November 2019

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of University of Teesside Enterprises Limited

Opinion

We have audited the financial statements of University of Teesside Enterprises Limited ("the company") for the year ended 31 July 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of trade debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Independent auditor's report to the members of University of Teesside Enterprises Limited *(continued)*

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent auditor's report to the members of University of Teesside Enterprises Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

25 November 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 July 2019

	Note	2019 £	2018 £
Turnover	*1,2*	**1,012,462**	902,465
Cost of sales		**(949,933)**	(800,151)
Gross profit		**62,529**	102,314
Administrative expenses		**(12,141)**	802
Other operating income		**1,452**	-
Operating profit		**51,840**	103,116
Other interest receivable and similar income	*4*	**1,871**	587
Profit before taxation		**53,711**	103,703
Tax on profit	*6*	**-**	-
Profit for the financial year		**53,711**	103,703
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**53,711**	103,703

All amounts relate to continuing operations.

Balance Sheet
at 31 July 2019

	Note	2019 £	2018 £
Current assets			
Stock		**1,647**	-
Debtors	*7*	**265,041**	250,502
Cash at bank and in hand		**615,034**	591,008
		881,722	841,510
Creditors: amounts falling due within one year	*8*	**(824,699)**	(784,487)
Net assets		**57,023**	57,023
Capital and reserves			
Profit and loss account		**57,023**	57,023
Shareholders' funds		**57,023**	57,023

These financial statements were approved by the Board of Directors on 12 November 2019 and were signed on its behalf by:

Paul Croney

Professor Paul Croney
Director

Registered number: 02455705

Statement of Changes in Equity

	Profit and loss account £	Total equity £
Balance at 1 August 2017	57,023	57,023
Total comprehensive income for the year		
Profit	103,703	103,703
Other comprehensive income	-	-
Total comprehensive income for the year	103,703	103,703
Transactions with owners, recorded directly in equity		
Gift aid payment	(103,703)	(103,703)
Total contributions by/distributions to owners	(103,703)	(103,703)
Balance at 31 July 2018	57,023	57,023
Balance at 1 August 2018	57,023	57,023
Total comprehensive income for the year		
Profit	53,711	53,711
Other comprehensive income	-	-
Total comprehensive income for the year	53,711	53,711
Transactions with owners, recorded directly in equity		
Gift aid payment	(53,711)	(53,711)
Total contributions by and distributions to owners	(53,711)	(53,711)
Balance at 31 July 2019	**57,023**	**57,023**

Notes
(forming part of the financial statements)

1 Accounting policies

University of Teesside Enterprises Limited (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling.

The Company's parent undertaking, Teesside University, includes the Company in its consolidated financial statements. The consolidated financial statements of Teesside University are available to the public and may be obtained from Teesside University, Middlesbrough, TS1 3BA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

In assessing the appropriateness of the application of the going concern basis, the directors have considered the uncertainties around the general economic environment, the trading performance of the company and the available cash. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes (continued)

1 Accounting policies *(continued)*

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.5 Turnover

Turnover represents the value, net of value added tax and discounts, of services provided to customers. Turnover on rendering of services is recognised when the service has been delivered and the company has performed its obligations under the sales contract. Turnover arises wholly in the United Kingdom.

1.6 Investment income

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.7 *Employment benefits*

Short term employment benefits

Short term employment benefits such as salaries and short-term compensated absences are recognised as an expense in the year in which the employee renders the service. Any unused benefits are accrued and measured as the additional amount expected to be paid as a result of the unused entitlement.

Accounting for retirement benefits

Retirement benefits to employees of the company are provided by a defined benefit contribution scheme which is funded by employer and employee contributions.

Defined contribution plan

The company participates in the National Employment Savings Trust (NEST) a defined contribution workplace pension scheme set up by the government.

The scheme is accounted for on a defined contribution basis and the contributions to the scheme are included as expenditure in the period in which they are payable. The assets and liabilities of the provider are held independently from the company.

1.8 *Impairment*

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.9 *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

1 Accounting policies (continued)

1.9 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete items.

1.11 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described below:

Trade debtors

Management has estimated the recoverability of outstanding accounts receivable balances at the year end. A review of the aged debtors report is performed to determine whether debt is recoverable by and judgement is used to assess which accounts are likely to be recoverable.

Holiday pay

Management has estimated the value of holiday pay accrued but not yet taken at the year end.

2 Turnover

	2019	2018
	£	£
Rendering of commercial, enterprise and consultancy services	**1,012,462**	902,465

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019	2018
Auditor's remuneration:	**£**	£
Audit of these financial statements	**3,308**	3,008
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	**1,642**	1,535

4 Other interest receivable and similar income

	2019	2018
	£	£
Bank interest	**1,871**	587

5 Staff numbers and costs

At 31 July 2019 and 31 July 2018 the two directors and Company Secretary were employed by the University. Staff employed by University of Teesside Enterprises Limited deliver the catering services provided by MIMA Kitchen.

The total remuneration paid to staff during the year, excluding inter-company recharges amounted to:

	2019	2018
	£	£
Salaries	**22,614**	-
Social security costs	**926**	-
Pension costs	**567**	-
Total	**24,107**	-

Average staff numbers by major category	Average FTE 2019	Average FTE 2018
Catering	**1.15**	-

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account

	2019	2018
	£	£
UK corporation tax		
Current tax on income for the year	-	-
Total current tax	-	-

Reconciliation of effective tax rate

	2019	2018
	£	£
Profit for the year	**53,711**	103,703
Total tax expense	-	-
Profit excluding taxation	**53,711**	103,703
Tax using the corporation tax rate of 19.0% *(2018: 19.0%)*	**10,205**	19,704
Non-deductible expenses	-	-
Current tax deduction in respect of gift aid payments	**(10,205)**	(19,704)
Total tax expense included in the profit and loss	-	-

Factors that may affect future, current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Debtors

	2019 £	2018 £
Trade debtors	**171,972**	163,505
Prepayments and accrued income	**91,224**	86,997
Amount due from parent undertaking	**1,161**	-
Other	**684**	-
	265,041	250,502

8 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	**6,991**	223
Amounts owed to parent undertaking	**745,243**	717,486
Accruals and deferred income	**35,859**	36,595
Other creditors	**34,001**	28,270
Taxation and social security	**2,605**	1,913
	824,699	784,487

9 Capital and reserves

The company has no share capital and is limited by guarantee.

10 Defined contribution scheme

The company participates in the National Employment Savings Trust (NEST) workplace pension scheme set up by the government. This is a defined contribution multi-employer scheme, the assets and liabilities of which are held independently from the company. The contributions to the scheme are included as expenditure in the period in which they are payable. The total cost charged to the profit and loss account for the company in respect of its participation in the NEST scheme, representing regular contributions was £1,072 *(2018: £nil)*. As at 31 July 2019 there was £251 *(31 July 2018: £nil)* due in respect of the year which had not been paid over to the scheme.

Notes (continued)

11 Ultimate parent undertaking

The company is a wholly owned subsidiary of Teesside University, a higher education establishment incorporated in the United Kingdom under the Education Reform Act 1988, which is regarded as the immediate and ultimate controlling party.

Consolidated financial statements of the smallest and largest group into which the company is consolidated are prepared by Teesside University and may be obtained from Teesside University, Middlesbrough, TS1 3BA.