

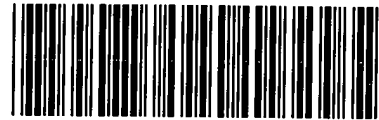
BCU Property Limited

**Directors' report and financial
statements**

Registered number 2776316

Year ended 31 July 2015

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2015.

Principal activities and business review

The company is a wholly-owned subsidiary of Birmingham City University. The company's main activities involve property development and leasing.

The results for the year ended 31 July 2015 reflect the prevailing economic climate. Looking ahead to 2015/16, the principal risks and uncertainties for the company continue to include the likelihood of significant reductions in public expenditure.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the future viability of the current trading arrangements. On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As set out at note 9, the company made a share capital reduction during the year. The purpose of this reorganisation was to increase distributable reserves in order to ensure gift aid payments could be made to its parent undertaking in the current year and for the foreseeable future.

Directors and directors' interests

The directors who held office during the year were as follows:

Mr R C Spilsbury (Chair)
Mr J Kelly
Mr G Rhodes

The directors have no personal or beneficial interests in the shares of the company and receive no remuneration, fees or other emoluments from or on behalf of the company.

Ms C M Abbott was Company Secretary during the year.

Political and charitable contributions

The company made no political contributions or charitable donations during the year but made a £157,939 (2014: £nil) charitable donation under gift aid to Birmingham City University.

Disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Ms C M Abbott
Company Secretary

Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

24 November 2015

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).

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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BCU PROPERTY LIMITED

We have audited the financial statements of BCU Property Limited for the year ended 31 July 2015 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

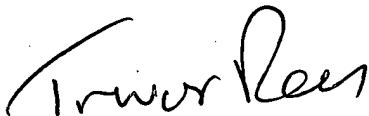
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Trevor Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

10 December 2015

Profit and loss account
for the year ended 31 July 2015

	<i>Note</i>	2015 £	2014 £
Turnover	<i>1</i>	118,100	118,100
Cost of sales		(99,062)	(99,062)
Gross profit		19,038	19,038
Administrative expenses		(3,221)	(3,393)
Profit on ordinary activities before taxation	<i>2</i>	15,817	15,645
Taxation	<i>5</i>	81,698	(114,772)
Profit/(loss) for the financial year		97,515	(99,127)
Gift aid (payable)/receivable		(157,939)	131,865
Retained (loss)/profit for the year after gift aid		(60,424)	32,738
Proceeds from share capital reduction		4,257,002	-
Retained loss brought forward		(61,348)	(94,086)
Retained profit/(loss) carried forward		4,135,230	(61,348)

The company has no recognised gains or losses other than the result for the year.

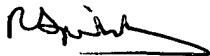
All turnover in the year relates to continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

Balance sheet
at 31 July 2015

	<i>Note</i>	2015 £	2014 £
Fixed assets	6	4,412,832	4,511,894
Current assets			
Cash at bank and in hand		999	1,000
		999	1,000
Creditors: Amounts falling due within one year	7	(202,527)	(159,468)
Net current liabilities		(201,528)	(158,468)
Total assets less current liabilities		4,211,304	4,353,426
Provisions for liabilities and charges	8	(33,074)	(114,772)
Net assets		4,178,230	4,238,654
Capital and reserves			
Share capital	9	43,000	4,300,002
Profit and loss account		4,135,230	(61,348)
		4,178,230	4,238,654

These financial statements were approved by the board of directors on 24 November 2015 and were signed on its behalf by:



RC Spilsbury
Director

Registered number 2776316

The notes on pages 8 to 12 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards.

Turnover

Turnover represents rental and other property related income receivable from the parent undertaking, Birmingham City University and from companies within the University Group.

Fixed assets

The cost of land, buildings and equipment to be held by the company for the long term is capitalised as tangible fixed assets. Depreciation is provided so as to charge the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold buildings	- 40 years
Fixtures and fittings	- between three and ten years

No depreciation is provided on freehold land or on assets in the course of construction.

Deferred tax

Provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

2 Profit on ordinary activities before taxation

	2015 £	2014 £
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration: Audit work	960	960
Non-audit work	1,620	1,620
	<u> </u>	<u> </u>

3 Remuneration of directors

The directors have received no remuneration in respect of services performed for the company during the year (2014: £nil).

4 Staff costs

The company has no employees (2014: nil).

Notes (continued)

5 Taxation

	2015 £	2014 £
Adjustment in respect of prior years	-	33,074
Deferred tax	(81,698)	81,698
	<hr/>	<hr/>
Tax (credit)/charge for the year	(81,698)	114,772
	<hr/>	<hr/>

The company pays over the whole of its taxable profit under gift aid to its parent undertaking, Birmingham City University, an arrangement which is likely to remain in place for the foreseeable future, subject to the availability of distributable reserves (see accounting policies note). The company therefore has no taxable profit or tax charge for the year.

As explained in the accounting policies note, provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19. As at 31 July 2015 there was a deferred tax asset of £46,071 (2014: £135,537). No deferred tax asset has been recognised as there is insufficient evidence that any such asset would be recoverable.

The tax assessed for the year is lower (2014: *higher*) than the standard rate of corporation tax in the UK of 20.67% (2014: 22.33%). The differences are explained below:

Factors affecting the tax charge for the current year

	2015 £	2014 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	15,817	15,645
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK for small companies of 20.67% (2014: 22.33%)	3,269	3,494
<i>Effect of:</i>		
Fixed asset differences	20,328	19,609
Adjustments to brought forward values	(15,570)	-
Adjustment to tax charge in respect of previous periods	-	33,074
Capital allowances for the period in excess of depreciation	(6,527)	(6,278)
Other short term timing differences	(1,500)	(16,825)
	<hr/>	<hr/>
Total current tax charge	-	33,074
	<hr/>	<hr/>

Notes (continued)

6 Fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 August 2014 and 31 July 2015	5,658,766	241,810	5,900,576
<i>Depreciation</i>			
At 1 August 2014	1,168,428	220,254	1,388,682
Charge for the year	98,367	695	99,062
	<u>1,266,795</u>	<u>220,949</u>	<u>1,487,744</u>
<i>At 31 July 2015</i>			
	<u>1,266,795</u>	<u>220,949</u>	<u>1,487,744</u>
<i>Net book value</i>			
At 31 July 2015	4,391,971	20,861	4,412,832
	<u>4,391,971</u>	<u>20,861</u>	<u>4,412,832</u>
At 1 August 2014	4,490,338	21,556	4,511,894
	<u>4,490,338</u>	<u>21,556</u>	<u>4,511,894</u>

7 Creditors: Amounts falling due within one year

	2015 £	2014 £
Amounts due to parent undertaking	173,789	131,028
Value Added Tax	5,905	5,905
Accruals and deferred income	22,833	22,535
	<u>202,527</u>	<u>159,468</u>

Notes (continued)

7 Creditors: Amounts falling due within one year (continued)

Whilst the amounts due to the parent undertaking are due within one year, the directors have received assurances from the University that it will not demand payment within 12 months of these financial statements being signed.

8 Provisions for liabilities and charges

	2015 £	2014 £
Corporation tax	33,074	33,074
Deferred tax	-	81,698
	<u>33,074</u>	<u>114,772</u>

The ICAEW issued advice on 31 October 2014 which now requires the company to have distributable profits to make Gift Aid payments to its parent undertaking. After examining previous years' Gift Aid payments and distributable profit levels the company has recognised a receivable of £131,865 due from Birmingham City University (2014: £131,865) reducing the amounts due to the parent undertaking accordingly.

Following from the above, there may be a question over the eligibility of some of the previous years' Gift Aid payments for tax purposes. This is a sector wide issue and whilst the directors do not expect HMRC to levy any additional tax on the company, there can be no certainty of this while HMRC's considerations continue. Therefore the directors consider it appropriate to continue to carry a provision of £33,074 (2014: £33,074) for the potential tax which may be repayable to HMRC.

9 Share capital

	2015 £	2014 £
<i>Authorised:</i>		
6,000,000 Ordinary shares of £0.01 each	60,000	-
6,000,000 Ordinary shares of £1 each	-	6,000,000
	<u>60,000</u>	<u>6,000,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £0.01 each	43,000	-
Ordinary shares of £1 each	-	4,300,002
	<u>43,000</u>	<u>4,300,002</u>

As indicated above, the company made a share capital reduction during the year. The purpose of this reorganisation was to increase distributable reserves in order to ensure gift aid payments could be made to its parent undertaking in the current year and for the foreseeable future.

10 Operating lease commitments

Annual commitments under operating leases are as follows:

	2015 £	2014 £
Land and buildings:		
Operating leases which expire in over five years	1	1
	<u>1</u>	<u>1</u>

Notes *(continued)*

11 Cash flow statement

Under FRS 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Birmingham City University, who publishes consolidated financial statements that include the Company.

12 Related party transactions

The company is wholly owned by Birmingham City University and in accordance with the exemption granted by FRS 8 (revised), transactions between the company and other group members have not been separately disclosed.

13 Parent undertaking

The company is a subsidiary undertaking of Birmingham City University. The consolidated financial statements of the University are available to the public and may be obtained from:

Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU