

**BCU Property Limited**

**Directors' report and financial  
statements**

**Registered number 2776316**

**Year ended 31 July 2014**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 July 2014.

### **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 2014 reflect the prevailing economic climate. Looking ahead to 2014/15, 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.

### **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 £nil (2013: £67,565) 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**  
*Secretary*

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

17 March 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 2014 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](http://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 2014 and of its loss 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.

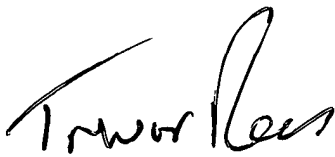
### **Opinion on other matters prescribed by the Companies Act 2006**

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

2 April 2015

**Profit and loss account**  
*for the year ended 31 July 2014*

	<i>Note</i>	<b>2014</b> £	<b>2013</b> £
Turnover	<i>1</i>	<b>118,100</b>	118,100
Cost of sales		<b>(99,063)</b>	(107,562)
<b>Gross profit</b>		<b>19,037</b>	10,538
Administrative expenses		<b>(3,392)</b>	(2,527)
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	<b>15,645</b>	8,011
<b>Taxation</b>	<i>5</i>	<b>(114,772)</b>	-
<b>(Loss)/profit for the financial year</b>		<b>(99,127)</b>	8,011
<b>Gift aid receivable/(payable)</b>		<b>131,865</b>	(67,565)
<b>Retained profit/(loss) for the year after gift aid</b>		<b>32,738</b>	(59,554)
<b>Retained loss brought forward</b>		<b>(94,086)</b>	(34,532)
<b>Retained loss carried forward</b>		<b>(61,348)</b>	(94,086)

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

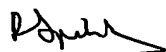
All turnover in the year relates to continuing operations.



**Balance sheet**  
*at 31 July 2014*

	<i>Note</i>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Fixed assets</b>	<b>6</b>	<b>4,511,894</b>	4,610,956
<b>Current assets</b>			
Cash at bank and in hand		1,000	36,429
		1,000	36,429
<b>Creditors: Amounts falling due within one year</b>	<b>7</b>	<b>(159,468)</b>	(441,469)
<b>Net current liabilities</b>		<b>(158,468)</b>	(405,040)
<b>Total assets less current liabilities</b>		<b>4,353,426</b>	4,205,916
<b>Provisions for liabilities and charges</b>	<b>8</b>	<b>(114,772)</b>	-
<b>Net assets</b>		<b>4,238,654</b>	4,205,916
<b>Capital and reserves</b>			
Share capital	<b>9</b>	4,300,002	4,300,002
Profit and loss account		(61,348)	(94,086)
		<b>4,238,654</b>	4,205,916

These financial statements were approved by the board of directors on 17 March 2015 and were signed on its behalf by:



**RC Spilsbury**  
*Director*

Registered number 2776316

## 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.

#### ***Gift Aid***

During the year the directors have reconsidered the presentation of Gift Aid payments in the financial statements. Previously the directors followed the Charity Commission guidance, but following the publication of the ICAEW Technical Release 'Guidance on donations by a company to its parent charity' on 31 October 2014, the directors have reviewed the company's position.

As the directors now consider the Gift Aid payment to be akin to a distribution rather than an expense, it is now presented outside of the profit and loss account as an adjustment to profit taken to retained earnings. This reclassification itself has no effect on net assets, although as set out at note 8, an adjustment has been made in the current year's financial statements regarding Gift Aid payments made in previous periods.

### 2 Profit on ordinary activities before taxation

	2014 £	2013 £
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration: Audit work	960	702
Non-audit work	1,620	2,165
	<u>          </u>	<u>          </u>

## Notes (continued)

### 3 Remuneration of directors

The directors have received no remuneration in respect of services performed for the company during the year (2013: £nil).

### 4 Staff costs

The company has no employees (2013: nil).

### 5 Taxation

	2014 £	2013 £
UK corporation taxation at 22.33% (2013: 23.67%)	-	-
Adjustment in respect of prior years	33,074	-
Deferred tax	81,698	-
	<u>114,772</u>	<u>-</u>

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 2014 there was a deferred tax asset of £135,537 (2013: £74,531). No deferred tax asset has been recognised as there is insufficient evidence that any such asset would be recoverable.

A deferred tax liability of £81,698 (2013: nil) has however been recognised in respect of the timing difference associated with the 2013/14 gift aid charge, which cannot be recognised in these financial statements for the reasons set out in note 8 below.

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 22.33% (2013: 23.67%). The differences are explained below:

#### Factors affecting the tax charge for the current year

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax and gift aid	15,646	8,011
Profit on ordinary activities multiplied by standard rate of corporation tax in UK for small companies of 22.33% (2013: 23.67%)	3,494	1,896
<i>Effect of:</i>		
Fixed asset differences	19,610	-
Adjustment to tax charge in respect of previous periods	33,074	-
Depreciation on expenditure ineligible for capital allowances	-	22,564
Capital allowances for the period in excess of depreciation	(6,279)	(8,470)
Other short term timing differences	(16,825)	-
Gift aid	-	(15,990)
Total current tax charge	<u>33,074</u> +++	<u>-</u> +++

## Notes (continued)

### 6 Fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 August 2013 and 31 July 2014	5,658,766	241,810	5,900,576
<i>Depreciation</i>			
At 1 August 2013	1,070,061	219,559	1,289,620
Charge for the year	98,367	695	99,062
<b>At 31 July 2014</b>	<b>1,168,428</b>	<b>220,254</b>	<b>1,388,682</b>
<i>Net book value</i>			
At 31 July 2014	4,490,338	21,556	4,511,894
At 1 August 2013	4,588,705	22,251	4,610,956

### 7 Creditors: Amounts falling due within one year

	2014 £	2013 £
Amounts due to parent undertaking	131,028	413,815
Value Added Tax	5,905	5,785
Accruals and deferred income	22,535	21,869
	<b>159,468</b>	<b>441,469</b>

## 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

	2014 £	2013 £
Corporation tax	33,074	-
Deferred tax	81,698	-
	<u>114,772</u>	<u>-</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 (2013: £nil) reducing the intercompany creditor 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 make a provision of £33,074 (2013: £nil) for the potential tax which may be repayable to HMRC. A further provision of £81,698 has been made in relation to deferred tax as set out at note 5.

### 9 Share capital

	2014 £	2013 £
<i>Authorised:</i>		
6,000,000 Ordinary shares of £1 each	<u>6,000,000</u>	<u>6,000,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>4,300,002</u>	<u>4,300,002</u>

### 10 Operating lease commitments

Annual commitments under operating leases are as follows:

	2014 £	2013 £
Land and buildings:		
Operating leases which expire in over five years	<u>1</u>	<u>1</u>

### 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.

**Notes** *(continued)*

**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