

Company Registration Number: 01069886

CAMBRIDGE ENTERPRISE LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDING 31 JULY 2019

CAMBRIDGE ENTERPRISE LIMITED

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CAMBRIDGE ENTERPRISE LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

Professor Sir Keith O’Nions
Mr Charles Cotton
Dr Anthony Raven
Dr Paul Seabright
Dr Jane Osbourn
Mr Debapriya Purkayastha
Professor Andrew Neely
Mr Anthony Odgers
Professor Anna Griffiths
Professor Russell Cowburn
Professor Patrick Maxwell

COMPANY SECRETARY

Emma Rampton

REGISTERED OFFICE

The Old Schools
Trinity Lane
Cambridge
Cambridgeshire
CB2 1TN

BANKERS

Barclays Bank Plc
9-11 St Andrew’s Street
Cambridge
CB2 3AA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Maurice Wilkes Building
St John’s Innovation Park
Cowley Rd
Cambridge
CB4 0DS

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their strategic report for the year ended 31 July 2019

REVIEW OF THE BUSINESS AND PRINCIPAL RISKS & UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company relate to the continued support and funding of technology transfer activities and the continued uptake of IP and know-how by organisations within the private sector both domestically and abroad, especially when considering the ongoing challenges presented by the uncertain global economic climate. The board has implemented policies to ensure that these risks are appropriately mitigated.

FUTURE DEVELOPMENTS

The directors' intention is that the business will target growth in the service provided to University academics in the coming years with an aim to extend it across all Schools of the University of Cambridge and to engage with industry in a bid to effectively disseminate IP and know-how originating from University of Cambridge research.

The Company has a 100% shareholding in Cambridge University Technical Services Limited and Cambridge Enterprise Capital Limited but is not required to prepare consolidated financial statements in accordance with section 400 "Exemption for company included in EEA group accounts of larger group" of the Companies Act 2006 on the grounds that the results of both companies are included in the consolidated financial statements of the University of Cambridge. Copies of these financial statements can be obtained from the Company Secretary at The Old Schools, Trinity Lane, Cambridge, Cambridgeshire, CB2 1TN. A more comprehensive summary of group activities, including certain funds managed on behalf of the University of Cambridge, is published in the Cambridge Enterprise Annual Review. The Cambridge Enterprise Annual Review is made available on the company's website.

RESULTS AND DIVIDENDS

The financial results for the Company show a profit for the financial year of £6,257,334 (2018: profit of £3,779,784) and turnover of £2,897,315 (2018: £3,478,487). The net assets at the balance sheet date were £27,661,914 (2018: £24,422,723). The directors do not recommend payment of a dividend (2018: nil).

KEY PERFORMANCE INDICATORS ("KPIs")

The main KPIs for the business are non-financial in nature and include: number of IP disclosures (number of instances of IP disclosed by academics in the year) 189 (2018: 147), number of signed licences 118 (2018: 127), number of patent applications 208 (2018: 256) and the number of active agreements (all active agreements as at 31 July 2019) 1,099 (2018: 1,203). The Company employed 75 persons (2018: 68) of which the full time equivalent (FTE) is 64 persons (2018: 59).

**STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019
(CONTINUED)**

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. The Company has in place a risk management programme that seeks to limit the adverse effect of these risks on the financial performance of the Company. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's Finance Department. The directors are of the opinion that disclosure of financial risk management policies is not material for the assessment of the entity's assets or liabilities, or the financial position of the business.

DIRECTOR APPOINTMENTS AND RESIGNATIONS

The following director appointments and resignations have occurred in the period since filing the last set of statutory accounts and up to the date of signing the current year statutory accounts:

Professor Florin Udrea	resigned 14 December 2018
Professor Anna Griffiths	appointed 21 March 2019
Professor Russell Cowburn	appointed 21 March 2019
Professor Patrick Maxwell	appointed 21 March 2019
Professor Alan Blackwell	resigned 19 September 2019

Approved by the Board of Directors and authorised for issue on 12 December 2019 and signed on behalf of the Board.

Dr Anthony Raven
Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 July 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company was that of the commercial exploitation of intellectual property generated in the University of Cambridge.

The Company will make a gift aid payment to the University of Cambridge of £6,514,103 (2018: £1,206,920).

The directors do not recommend payment of a dividend (2018: nil).

Future developments and financial risk management are disclosed within the Strategic Report on page three.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were as follows:

Mr Charles Cotton

Professor Florin Udrea (resigned 14 December 2018)

Dr Anthony Raven

Professor Alan Blackwell (resigned 19 September 2019)

Professor Sir Keith O'Nions

Dr Paul Seabright

Dr Jane Osbourn

Mr Debapriya Purkayastha

Professor Andrew Neely

Mr Anthony Odgers

Professor Anna Griffiths (appointed 21 March 2019)

Professor Russell Cowburn (appointed 21 March 2019)

Professor Patrick Maxwell (appointed 21 March 2019)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019
(CONTINUED)**

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors and authorised for issue on 12 December 2019 and signed on behalf of the Board.

Dr Anthony Raven
Director

12 December 2019

Independent auditors' report to the members of Cambridge Enterprise Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cambridge Enterprise Limited's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 July 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Cambridge Enterprise Limited (continued)

Report on the audit of the financial statements (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Stuart Newman (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
12 December 2019

CAMBRIDGE ENTERPRISE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019

	Note	2019 £	2018 £
TURNOVER	5	2,897,315	3,478,487
Cost of sales		(1,619,703)	(175,640)
Gross profit		1,277,612	3,302,847
ADMINISTRATIVE EXPENSES:			
Amounts payable and paid to the University of Cambridge representing the departmental share of distributions		(597,894)	(730,196)
Gift aid payable to the University of Cambridge		(6,514,103)	(1,206,920)
Other administrative expenses		(7,412,214)	(5,844,067)
Total administrative expenses		(14,524,211)	(7,781,183)
Other operating income		4,490,535	4,628,984
OPERATING (LOSS)/PROFIT	6	(8,756,064)	150,648
Income from fixed asset investments	13	7,049,088	243,766
Revaluation of fixed asset investments	13	7,933,257	3,380,307
PROFIT BEFORE INTEREST AND TAXATION		6,226,281	3,774,721
Interest receivable and similar income	8	45,687	18,930
Interest payable and similar expenses	8	(14,634)	(13,867)
Net interest income	8	31,053	5,063
PROFIT BEFORE TAXATION		6,257,334	3,779,784
Tax on profit	9	-	-
PROFIT FOR THE FINANCIAL YEAR		6,257,334	3,779,784

All activities derive from continuing operations.

CAMBRIDGE ENTERPRISE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

BALANCE SHEET AS AT 31 JULY 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Intangible assets	10	430,641	-
Tangible assets	11	96,458	539,939
Investments	13	26,584,458	22,044,324
		<u>27,111,557</u>	<u>22,584,263</u>
CURRENT ASSETS			
Debtors	14	3,074,127	5,392,620
Cash at bank and in hand		9,889,177	2,660,512
		<u>12,963,304</u>	<u>8,053,132</u>
CREDITORS: amounts falling due within one year	15	(10,544,362)	(5,549,505)
NET CURRENT ASSETS		<u>2,418,942</u>	<u>2,503,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,530,499</u>	<u>25,087,890</u>
CREDITORS: amounts falling due after more than one year	16	(1,868,585)	(665,167)
NET ASSETS		<u><u>27,661,914</u></u>	<u><u>24,422,723</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	3,333,335	3,333,335
Revaluation reserve		3,514,824	5,800,724
Profit and loss account		20,813,755	15,288,664
TOTAL EQUITY		<u><u>27,661,914</u></u>	<u><u>24,422,723</u></u>

The notes on pages 12 to 27 form an integral part of these financial statements.

These financial statements on pages 9 to 27 were approved by the Board of Directors on 12 December 2019 and signed on its behalf by

Dr Anthony Raven
Director

Company Registration Number. 01069886

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019
(CONTINUED)**
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2019

	Called up share capital £	Revaluation Reserve £	Profit and loss account £	Total Equity £
Balance as at 1 August 2017	3,333,335	5,932,240	11,508,880	20,774,455
Total comprehensive income for the financial year	-	-	3,779,784	3,779,784
Investments disposed of in year	-	(131,516)	-	(131,516)
Balance as at 31 July 2018	3,333,335	5,800,724	15,288,664	24,422,723
Balance as at 1 August 2018	3,333,335	5,800,724	15,288,664	24,422,723
Revaluation Reserve correction adjustment	-	732,243	(732,243)	-
Total comprehensive income for the financial year	-	-	6,257,334	6,257,334
Investments disposed of in year	-	(3,018,143)	-	(3,018,143)
Balance as at 31 July 2019	3,333,335	3,514,824	20,813,755	27,661,914

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 JULY 2019**

1. GENERAL INFORMATION

Cambridge Enterprise Limited is the technology transfer office for the University of Cambridge, established to aid the transfer of knowledge from the University through commercialisation and supporting research initiatives as they relate to consultancy, intellectual property management and the creation of spin-out companies.

The company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is The Old Schools, Trinity Lane, Cambridge, Cambridgeshire CB2 1TN.

2. STATEMENT OF COMPLIANCE

The financial statements of Cambridge Enterprise Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going Concern

The company meets its day to day working capital requirements through its bank facilities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. The directors have received confirmation that the University of Cambridge intends to support the Company for at least one year after these financial statements are signed. The company therefore continues to adopt the going concern basis in preparing its financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exemptions for qualifying entities under FRS 102

The company is a wholly-owned subsidiary of the University of Cambridge and is included in the consolidated financial statements of the University of Cambridge, which are publicly available. FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company shareholders. The company has taken advantage of the following exemptions in FRS 102:

- (i) from preparing a statement of cash flows, as stated in Section 7 of FRS 102: *Statement of Cash Flows* and paragraph 3.17(d) of FRS 102: *Financial Statement Presentation*, on the basis that it is a qualifying entity.
- (ii) from disclosing transactions with other wholly owned Group companies as stated in paragraph 33.1A of FRS 102: *Related Party Disclosures*.
- (iii) from disclosing detailed information on financial instruments as set out in paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), and 11.48(c) of FRS 102: *Basic Financial Instruments*; and paragraphs 12.26, 12.27, 12.9(a), 12.29(b) and 12.29A of FRS 102: *Other Financial Instruments Issues*, on the basis that it is a qualifying entity and disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the Group in which this entity is consolidated.

Consolidated financial statements

The Company is a wholly owned subsidiary of the University of Cambridge. It is included in the consolidated financial statements of the University of Cambridge which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Foreign currency

The Company's functional and presentation currency is GBP. Foreign currency transactions are translated into the functional currency using spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the statement of comprehensive income.

Turnover

Turnover principally represents amounts invoiced for the provision of services which fall within the Company's ordinary activities, net of value added tax. The services provided by Cambridge Enterprise Limited comprise the assessment and protection of the University of Cambridge IP assets, the identification of a commercial partner, agreement of commercial terms, billing in accordance with contract terms, cash collection and distribution of income to inventors and University departments in accordance with the University IPR policy after the cash is collected. Turnover and profits are recognised on completion of the relevant aspect of the service.

Other operating income

Other operating income comprises University funding, patent and proof of concept reimbursement, seed funds management fee, recharges of cost and sponsorship income and is recognised on a retrospective basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and multi-employer pension plans.

(i) Short term benefits

Short term benefits are recognised as an expense in the period in which the service is received. The Company recognises a cost for annual leave earned by employees as a result of services rendered in the current period, which employees are entitled to carry forward and use within the next twelve months. The accrual is measured at the salary cost payable for the period of absence.

(ii) Pension costs

The company is a member of two pension schemes. The Universities Superannuation Scheme (USS) is a multi-employer defined benefit scheme, accounted for as defined contribution as permitted for multi-employer plans for which sufficient information is not available to use defined benefit accounting. The Cambridge University Assistants' Contributory Pension Scheme (CPS) is a defined benefit scheme operated by the University of Cambridge, which is accounted for as defined contribution on the basis that it is not possible to separate the CEL employee assets from the other plan assets.

The assets of the schemes are held in separate trustee-administered funds. The USS and the CPS are not closed, nor is the age profile of their active membership rising significantly.

The schemes are defined benefit schemes which are valued every three years using the projected unit method, by professionally qualified actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

Defined benefit pension scheme deficit provision

As a deficit funding plan for the USS is in place, the company must therefore recognise a liability for the present value of the contributions payable that arise from that agreement (to the extent that they relate to the deficit) with the resulting expense recognised in the profit or loss. This provision is calculated using the parameters of the pension scheme itself in combination with those specific to the company. The company cannot be held liable for other entities' obligations in relation to the plan.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis as follows:

Computer equipment	20% - 33%
Furniture and equipment	33%

Computer equipment includes assets associated with the website which are depreciated on a straight line basis over five years.

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets and amortisation

Intangible fixed assets are stated at historic purchase cost less accumulated and accumulated impairment losses. Cost includes the original purchase price, costs attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis as follows:

CRM system	20%
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Leased assets

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments

(i) Investments in associates & subsidiary undertakings

Investments in subsidiary undertakings are held at cost less accumulated impairment losses.

(ii) Investment in technology spin-outs

Investments are held at fair value, as per the guidelines set out in the International Private Equity and Venture Capital Guidelines December 2015. Gains and losses arising on revaluation of investments, other than subsidiary undertakings, are taken to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks.

Share capital

Ordinary shares are classified as equity. No other class of share has been issued by the Company.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the year which the dividends or other distributions are approved by the company shareholders. These amounts are recognised in the statement of changes in equity.

Donations made to parent charities by companies are legally considered distributions.

Accordingly, it is not allowable for the donation to exceed the amount of profit available for distribution under the Companies Act 2006. The company's policy is therefore to distribute an amount of profit that will not exceed the amount allowable for distribution.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Multi-employer defined benefit pension scheme

FRS 102 requires a liability to be recognised for the present value of the pension contributions payable that arise from the USS pension deficit agreement (to the extent that they relate to the deficit) with the resulting expense recognised in the profit or loss.

The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(b) Investment valuation

The Company makes valuation estimates for all current shareholdings in its investment portfolio, at the end of each financial year. The Company follows British Private Equity & Venture Capital Association guidelines when valuing investments in private companies. For non-profitable private companies this is generally at price at last transaction (PALT), or discounted PALT with a 10% discount for each preference share class that sits above the investment. For profitable companies, valuation is made using an equivalent public company price-earnings ratio, but with an industry standard 30% discount applied to private company investments or public company investments with liquidity constraints. Investments in public companies are valued at the market rate as at the end of the financial year or a rate closest to the year end date.

5. TURNOVER

Analysis of turnover by geography:

	2019 £	2018 £
United Kingdom	590,457	1,450,829
USA	1,122,151	1,552,377
Europe	156,760	177,100
Rest of World	<u>1,027,947</u>	<u>298,181</u>
	<u>2,897,315</u>	<u>3,478,487</u>

Analysis of turnover by category:

	2019 £	2018 £
Licence & royalty income	<u>2,897,315</u>	<u>3,478,487</u>
	<u>2,897,315</u>	<u>3,478,487</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

6. OPERATING (LOSS)/PROFIT

	2019 £	2018 £
Operating (loss)/profit is after charging/(crediting):		
Wages and salaries	3,230,702	2,924,096
Social security costs	321,130	294,504
Other pension costs	576,262	529,145
Net accrued annual leave costs	26,768	5,329
USS pension deficit costs/(income)	1,188,783	(82,398)
Staff costs	5,343,645	3,670,676
Depreciation charge for the year	82,048	79,302
Amortisation charge for the year	47,849	-
Operating lease charges	3,557	6,196
Audit fees payable to the Company's auditor	17,500	16,390

7. EMPLOYEES AND DIRECTORS

Employees

The average monthly numbers of persons (including executive directors) employed by the Company during the year was:

	2019 No	2018 No
Licencing	17	15
Consultancy	6	8
Seed Funds	5	5
Support and Administrative Staff	26	20
Management Team	<u>10</u>	<u>11</u>
Total	<u>64</u>	<u>59</u>

Directors

The emoluments of the highest paid director were as follows:

	2019 £	2018 £
Aggregate emoluments	183,614	174,776
Company contributions to defined benefit pension scheme	<u>33,969</u>	<u>31,460</u>
	<u>217,583</u>	<u>206,236</u>

The emoluments of all of the directors were as follows:

	2019 £	2018 £
Aggregate emoluments	282,393	271,801
Company contributions to defined benefit pension scheme	<u>52,243</u>	<u>48,384</u>
	<u>334,636</u>	<u>320,185</u>

Post-employment benefits are accruing for two directors (2018: 2) under a multi-employer pension scheme. No directors (2018: none) were members of the group pension scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

8. NET INTEREST INCOME

Interest receivable and similar income

	2019	2018
	£	£
Bank interest	45,687	18,930
Total interest receivable and similar income	45,687	18,930

Interest payable and similar expenses

	2019	2018
	£	£
Unwinding of discount rate for USS deficit recovery	(14,634)	(13,867)
Total interest payable and similar charges	(14,634)	(13,867)

Net interest income

	2019	2018
	£	£
Interest receivable and similar income	45,687	18,930
Interest payable and similar charges	(14,634)	(13,867)
Net interest income	31,053	5,063

9. TAX ON PROFIT

Tax expense included in profit or loss

	2019	2018
	£	£
<i>Current tax:</i>		
UK corporation tax on profits for the year	-	-
Total current tax	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing difference	-	-
Total deferred tax	-	-
Tax on profit	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

9. TAX ON PROFIT (CONTINUED)

Reconciliation of tax charge

Tax assessed for the year is at the standard rate of corporation tax in the UK for the year ended 31 July 2019 of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before taxation	6,257,334	3,779,784
Profit multiplied by the standard rate of tax 19% (2018: 19%)	1,188,893	718,159
Effects of:		
- Expenses not tax deductible	458,811	13,635
- Income not subject to tax	(171)	(140)
- Partnership losses from share of joint venture	(83,673)	(52,989)
- Surplus QCD from prior year carried forward to current year	-	(7,723)
- Accelerated capital allowances	(56,541)	(28,684)
- Revaluation of investments	(1,507,319)	(642,258)
Total tax charge for the year	-	-

10. INTANGIBLE ASSETS

	Software	Total
	£	£
Cost		
At 1 August 2018	-	-
Additions	96,061	96,061
Allocated from Construction in Progress	382,429	382,429
	<hr/>	<hr/>
At 31 July 2019	478,490	478,490
	<hr/>	<hr/>
Accumulated depreciation		
At 1 August 2018	-	-
Charge for the year	47,849	47,849
	<hr/>	<hr/>
At 31 July 2019	47,849	47,849
	<hr/>	<hr/>
Net book value at 31 July 2019	430,641	430,641

The allocation from Construction in Progress and the addition for the year is the customer relationship management system (CRM) which went live from the beginning of February 2019. The asset will be amortised over a period of five years on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

11. TANGIBLE ASSETS

	Furniture and equipment	Computer equipment	Construction in Progress	Total
	£	£	£	£
Cost				
At 1 August 2018	116,312	381,396	382,429	880,137
Additions	2,036	18,960	-	20,996
Allocated to Intangible Assets	-	-	(382,429)	(382,429)
Disposals	(657)	(1,050)	-	(1,707)
At 31 July 2019	117,691	399,306	-	516,997
Accumulated depreciation				
At 1 August 2018	38,180	302,018	-	340,198
Charge for the year	36,840	45,208	-	82,048
Disposals	(657)	(1,050)	-	(1,707)
At 31 July 2019	74,363	346,176	-	420,539
Net book value at 31 July 2019	43,328	53,130	-	96,458

12. LEASED ASSETS

Operating lease asset commitments

	2019	2018
	£	£
Lease payments not later than one year	3,379	1,196
Lease payments later than one year and not later than five years	8,055	1,794
 The total of lease payments recognised as an expense in year	 3,557	 6,196

13. INVESTMENTS

	2019	2018
	£	£
As at 1 August	22,044,324	18,053,783
Additions	645,993	744,095
Disposals (cost)	(1,020,973)	(2,345)
Disposals (valuation)	(3,018,143)	(131,516)
Revaluations	7,933,257	3,380,307
As at 31 July	26,584,458	22,044,324

Fixed asset investments comprise of wholly owned subsidiaries Cambridge University Technical Services Limited and Cambridge Enterprise Capital Limited, associate Apollo Therapeutics LLP and shares in fifty six investments, one of which is publicly traded. The company disposed of five investments in the year. Income from fixed asset investments recognised in the profit and loss account during the year totaled £7,049,088, of which £7,048,186 related to the disposal of investments and £902 related to dividend income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

13. INVESTMENTS (CONTINUED)

Subsidiaries:

	2019	2018
	£	£
Cambridge University Technical Services Limited	1	1
Cambridge Enterprise Capital Limited	1	1
	<u>2</u>	<u>2</u>

Cambridge University Technical Services Limited

The Company owns 100% of the equity share capital of Cambridge University Technical Services Limited. Cambridge University Technical Services Limited is incorporated in the UK. The registered office address for Cambridge Technical Services Limited is The Old Schools, Trinity Lane, Cambridge, CB2 1TN. The Company received no dividend from Cambridge University Technical Services Limited in the year (2018: nil). The result for the year for Cambridge University Technical Services Limited was a profit of £184 (2018: £145,105). The year end share capital was £1 (2018: £1) and reserves position was net assets of £686 (2018: £502).

Cambridge Enterprise Capital Limited

The Company owns 100% of the equity share capital of Cambridge Enterprise Capital Limited. Cambridge Enterprise Capital Limited is incorporated in the UK. The registered office address for Cambridge Enterprise Capital Limited is The Entrepreneurship Centre, Hauser Forum, 3 Charles Babbage Road, Cambridge, CB3 0GT. The Company received no dividend from Cambridge Enterprise Capital Limited in the year (2018: nil). Cambridge Enterprise Capital Limited is a dormant company therefore no results were recorded for the year (2018: £nil). The year end share capital was £1 (2018: £1) and reserves position was £nil (2018: £nil).

Associates:

	2019	2018
	£	£
Apollo Therapeutics LLP	1,695,196	1,050,716
	<u>1,695,196</u>	<u>1,050,716</u>

Apollo Therapeutics LLP

The Company invested £644,480 (2018: £744,025) in Apollo Therapeutics LLP in the year and holds an 8.33% share of the partnership. Apollo Therapeutics LLP is registered in the UK.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

13. INVESTMENTS (CONTINUED)

	Carrying value 2019	Carrying value 2018
	£	£
8Power Limited	2,340	Nil
Apcintex Limited	982,536	982,536
AQdot Limited	202,219	202,219
ArcticAX Inc	48,385	73,722
Arquer Diagnostics Limited	51,962	108,321
Cambridge Allergy Limited	357,523	234,479
Cambridge Epigenetix Limited	3,774,886	3,770,109
Cambridge Flow Solutions Limited	203,422	833,431
Cambridge GAN Devices Limited	214,200	12
Cambridge Graphene Limited	3	Nil
Cambridge InnoVision Limited	5	5
Cambridge Photon Technology Limited	Nil	7,992
CamFridge Limited	Nil	48,571
CEDAR Audio Limited	353,766	132,013
CellCentric Limited	44,793	44,793
Chroma Therapeutics Limited	172	172
Clinical and Biomedical Computing Consultants Limited	Disposed	30,000
Deepmatter Group plc	724	79,170
Definigen Limited	612,000	425,000
De Novo Pharmaceuticals Limited	0	1
Diagnostics for the Real World Limited	4,921,663	2,437,956
Energy Fluids Limited	3	3
Enval Limited	122,597	122,597
Epsilon-3 Bio Limited	Nil	Nil
Exvastat Limited	45,000	45,000
Fibrecore Developments Limited	1	Nil
Flusso Limited	150,000	1
Foreseer Limited	Disposed	Nil
Gas Recovery and Recycle Limited	Nil	Nil
Granta Design Limited	Disposed	4,009,109
Graphene Platform Corporation	212,800	Nil
Graphion Cambridge Technology Limited	68	0
Gyroscope Therapeutics Limited	450,000	450,000
Helio Display Materials Limited	262,500	1,225
iLexIR Limited	151,548	20
Inotec AMD Limited	442	439
InputDynamics Limited	Nil	Nil
Light Blue Optics Limited	Nil	1,960
Metalysis Limited	Nil	47,634
Microbial Technics Limited	Nil	Nil
Mission Therapeutics Limited	187,646	187,646
MorphogenIX Limited	1,862,688	261,941
Myosotis LLC	Nil	10,795
Neophore Limited	63,261	48,893
Paragraf Limited	227,400	90,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

13. INVESTMENTS (CONTINUED)

	Carrying value 2019 £	Carrying value 2018 £
Phoremest Limited	322,946	322,946
Polypharmakos Limited	Nil	37,050
Polyprox Therapeutics Limited	727,200	None
PredictImmune Limited	2,695,245	1,862,000
Raindance Technologies Limited	Disposed	8
ROADMap Systems Limited	543,575	543,600
Silicon Microgravity Limited	369,600	369,600
SMAP Energy Limited	35,000	21,000
Sphere Fluidics Limited	2,451,317	1,533,612
Storm Therapeutics Limited	365,085	365,085
Tarsis Technology Limited	12	9
TeraView Limited	Nil	Nil
The CRISP Consortium Limited	405	405
Water Intelligence plc	1,541	188
Z Factor Limited	<u>1,870,781</u>	<u>1,250,338</u>
	<u>24,889,260</u>	<u>20,993,606</u>

Nil: investment valued at nil in the year;

None: investment did not exist in the year.

14. DEBTORS

	2019 £	2018 £
Trade debtors	390,023	431,703
Amounts owed by group undertakings	2,496,293	4,320,377
Other debtors	39,497	49,902
VAT repayment	-	11,690
Prepayments	46,255	74,582
Accrued income	<u>102,059</u>	<u>504,366</u>
	<u>3,074,127</u>	<u>5,392,620</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of payment and are payable on demand.

Trade debtors are stated after provisions for impairment of £nil (2018: £nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	216,042	238,293
Amounts owed to group undertakings	6,939,476	2,391,432
Other creditors	1,094,637	438,935
Annual holiday pay accrual	118,817	92,049
Accruals and deferred income	2,175,390	2,388,796
	<u>10,544,362</u>	<u>5,549,505</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of payment and are payable on demand.

Annual holiday pay accrual is the provision for holiday accrued but unused as at 31 July 2019 less holiday taken in advance of being accrued, for all employees. The holiday year for the Company runs from 1 October 2018 to 30 September 2019.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Amounts falling due after more than five years		
Provision for pension deficit recovery payments	1,868,585	665,167
	<u>1,868,585</u>	<u>665,167</u>

17. POST EMPLOYMENT BENEFITS

The company operates two pension schemes for its employees. The amount recognised in the Balance Sheet is as follows:

		2019	2018
		£	£
Group scheme liability (CPS)	(a)	-	-
Multi-employer scheme liability (USS)	(b)	1,868,585	665,167
		<u>1,868,585</u>	<u>665,167</u>

The amount recognised in the profit and loss account is as follows:

		2019	2018
		£	£
Group Scheme liability (CPS)	(a)	120,880	109,322
Multi-employer scheme liability (USS)	(b)	1,668,767	371,396
		<u>1,789,647</u>	<u>480,718</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

17. POST EMPLOYMENT BENEFITS (CONTINUED)

The multi-employer scheme liability (USS) is in respect of the USS deficit recovery plan. The movements in the year are as follows:

	2019	2018
	£	£
Balance as at 1 August	665,167	733,698
Contributions	(35,216)	(51,325)
Interest on liability (note 8)	14,634	13,867
Change in underlying assumptions	1,224,000	(31,073)
Balance as at 31 July	1,868,585	665,167

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £1,115,749, a decrease of £752,835 from the current year end provision and a lower charge through the Statement of Comprehensive Income of £450,583.

18. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

	2019	2018
	£	£
Allotted and in issue		
At 1 August	3,333,335	3,333,335
Issued during the year	-	-
At 31 July	3,333,335	3,333,335

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

19. CAPITAL AND OTHER COMMITMENTS

At 31 July 2019, the Company has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019	2018
	£	£
Lease payments not later than one year	3,379	1,196
Lease payments later than one year and not later than five years	8,055	1,794
Lease payments later than five years	Nil	Nil

The Company had no off balance sheet contingencies or other commitments at 31 July 2019 (2018: £nil).

20. RELATED PARTY TRANSACTIONS

In the year catering services were procured by Cambridge Enterprise from the following colleges connected with the University of Cambridge:

<i>Institution</i>	<i>Amount</i>
Christ's College	£781
Clare College	£500
Downing College	£625
Gonville & Caius College	£172
Kings College Enterprises Limited	£11,637
Peterhouse College	£7,267
Selwyn College	£1,864
Trinity Hall	£739

In the year income distributions, as per applicable IP policies, were made by Cambridge Enterprise to the following colleges connected with the University of Cambridge:

<i>Institution</i>	<i>Amount</i>
Christ's College	£36
Corpus Christi College	£3,771
Magdalene College	£36
Sidney Sussex College	£36

As at 31st of July 2019, the following balances were outstanding as closing creditors with regards to related parties of Cambridge Enterprise:

<i>Institution</i>	<i>Amount</i>
Kings College Cambridge Enterprises Limited	£11,909
Trinity Hall	£759

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 JULY 2019 (CONTINUED)**

21. POST BALANCE SHEET EVENTS

As set out in Note 17 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £752,835 in the provision for the obligation to fund the deficit on the USS pension which would instead be £1,115,749. This adjustment will be reflected in the Cambridge Enterprise financial statements for the year ended 31 July 2020.

22. CONTROLLING PARTIES

The immediate parent undertaking is the University of Cambridge.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is the University of Cambridge. Copies of the University of Cambridge consolidated financial statements can be obtained from the Company Secretary at The Old Schools, Trinity Lane, Cambridge, Cambridgeshire, CB2 1TN. The ultimate controlling party is the University of Cambridge.