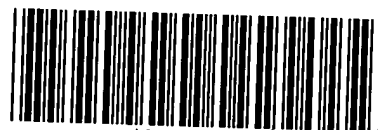


**THE BIORENEWABLES DEVELOPMENT
CENTRE LIMITED**

Report and Financial Statements

31 July 2016

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THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I A Graham
R Peet
J H Clark
S J McQueen Mason
J Ross

SECRETARY

M J Slade

REGISTERED OFFICE

Heslington Hall
Heslington
York
YO10 5DD

BANKERS

HSBC
13 Parliament Street
York
YO10 1XS

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
Leeds

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 July 2016. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITY

The principal activity of the company is to provide commercial research and development services in the field of Biorenewables. This is achieved by providing access to state of the art industrial biotechnology analytical, genomics and processing equipment; providing specialist consultancy and expertise in the field; developing and licensing know how and intellectual property; developing commercially advantageous products and processes, and acting as a major centre for biorenewables development and training.

GOING CONCERN

The directors have no concerns over the going concern of the Company. The Company is a wholly owned subsidiary of the University of York which will provide ongoing support to the Company in the unlikely event of it needing to do so.

STRATEGIC REVIEW

The Company (BDC) has further developed its facilities over the last year and has established a site at an industrial estate outside York allowing consolidation of a significant part of the BDC facilities into one location that offers good quality and lower cost space. This site also gives the BDC access to low cost warehouse space and two grant funded collaborative R+D projects are now ongoing that utilise this warehouse space.

The BDC business plan has been developed further and the company is now working towards a roughly even split of (1) Economic Development grant funded work; (2) Collaborative R+D grant funded work; and (3) Commercial work. In addition to a £2.4M award from HEFCE, the BDC team have secured a £1.79M ERDF award and a £1M LGF award, all of which support the BDC team in the delivery of Economic Development work.

Over the last year the BDC team has begun to build a strong pipeline of collaborative R+D grant, including H2020 and Innovate-UK funded projects, and commercial funding including key strategic projects with WRAP, Zerowaste Scotland, Drax, Unilever and GSK. This will continue in 2016/17 with increased marketing and promotion of these two areas of work.

One further key development is an alliance between the 5 major scale up centres in the UK - one in Scotland, one in Wales and 3 in England (including BDC). These 5 centres are in discussion with BEIS regarding UK government support for a UK-wide economic development programme in the biorenewables sector.

The Directors and the Company have the full support of The University of York, and believe the business plan and funding portfolio is on track for the next three years.

RESULTS

The results for the year are set out in detail on page 6.

DIRECTORS

The Directors who held office during the year are as follows:

J Ross
I A Graham
J H Clark
S J McQueen Mason
R Peet

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

DIRECTORS' REPORT

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006. A resolution to reappoint KPMG LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M J Slade
Company Secretary
30 November 2016

THE BIORENEWABLES DEVELOPMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

We have audited the financial statements of The Biorenewables Development Centre Limited for the year ended 31 July 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to produce a strategic report



Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
6 December 2016

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

INCOME STATEMENT

Year ended 31 July 2016

	Note	2016 £	2015 £
Turnover		204,878	3,153,154
Cost of sales		(73,063)	(60,031)
Gross profit		131,815	3,093,123
Administrative expenses		(1,726,033)	(2,107,860)
Other operating income		1,921,571	-
OPERATING PROFIT/(LOSS)	2	327,353	985,263
Interest receivable		50	50
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		327,403	985,313
Tax on profit on ordinary activities	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		327,403	985,313

The notes on pages 9 to 14 are an integral part of this income statement.

The Company has no recognised gains or losses other than those above and, therefore, no separate statement of total recognised gains and losses has been presented.

All of the activities undertaken by the Company during the current and prior period are continuing activities.

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 July 2016

	Note	2016 £	2015 £
Company Registration Number: 7239727			
FIXED ASSETS			
Tangible assets	5	2,789,296	4,195,289
CURRENT ASSETS			
Stock	6	68,080	63,000
Debtors	7	343,202	864,126
Cash at bank		133,304	19,401
		544,586	946,527
CREDITORS: amounts falling due within one year	8	(1,917,721)	(2,133,058)
NET CURRENT LIABILITIES		(1,373,135)	(1,186,531)
CREDITORS: amounts falling due after more than one year	9	-	(1,920,000)
NET ASSETS		1,416,161	1,088,758
CAPITAL AND RESERVES			
Profit and loss account		1,416,161	1,088,758
TOTAL SHAREHOLDER'S FUNDS		1,416,161	1,088,758

The notes on pages 9 to 14 are an integral part of this statement of financial position.

These financial statements were approved by the Board of Directors on 30 November 2016.

Signed on behalf of the Board of Directors



I A Graham
Director

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

STATEMENT OF CHANGES IN EQUITY

	Profit and loss account £	Total £
Balance at 1 August 2014	(48,833)	(48,833)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
Loss for the financial year	(105,170)	(105,170)
Other comprehensive income	1,242,761	1,242,761
Total comprehensive income for the year	1,088,758	1,088,758
Balance at 31-July 2015	<u>1,088,758</u>	<u>1,088,758</u>

	Profit and loss account £	Total £
Balance at 1 August 2015	1,088,758	1,088,758
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
Profit for the financial year	327,403	327,403
Total comprehensive income for the year	327,403	327,403
Balance at 31 July 2016	<u>1,416,161</u>	<u>1,416,161</u>

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Biorenewables Development Centre Limited (the 'company') is a private company, limited by guarantee, domiciled in England and Wales, company registration number 7239727. The registered office is Heslington Hall, Heslington, York, YO10 5DD.

These financial statements are the first financial statements that comply with Financial Reporting Standard 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) ('FRS 102'). The date of transition is 1 August 2015. In the transition to FRS 102 from old UK GAAP, the company has made measurement and recognition adjustments. The nature of these adjustments and their impact on the opening equity and profit for the comparative period are explained in notes 13 to 16 below. The financial statements are prepared on the historical cost convention. The presentation currency is pounds sterling.

The accounts have been prepared in accordance with the provisions of FRS 102 Section 1A small entities, on the grounds of the company qualifying as a small company under the provisions of the Companies Act 2006. There were no material departures from that standard, and the company has applied relevant disclosure exemptions, including exemption from the requirement to prepare a cash flow statement.

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

Going concern

In assessing the appropriateness of the application of the going concern basis, the Directors have considered the available forecasts, the uncertainties around the general economic environment, the current and future trading performance of the company and its available financial resources, including written confirmation from the parent entity of ongoing financial support. Following this review the directors have concluded that they 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.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Principles.

Turnover

All turnover has been derived in the United Kingdom. For goods and services turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties and it is recognised when the goods have been delivered or supplied. Lease income is recognised on a straight line basis over the term of the lease, net of VAT.

Key estimates and uncertainties

The directors do not consider there to be any judgements or estimates that contain sufficient uncertainty to have a significant impact upon the figures presented in these financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life, as follows;

Plant and equipment	20% straight line basis
Office equipment	33% straight line basis
Motor vehicles	25% straight line basis
Furniture and fittings	20% straight line basis

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

NOTES TO THE ACCOUNTS

Deferred capital grants

Revenue grants are recognised in the profit and loss account so as to match them with expenditure to which they contribute. Where grants are matched to specific capital assets they are recognised when the performance conditions relating to those assets are met.

Stock

Stock is valued at the lower of cost and net realisable value.

2. OPERATING PROFIT/(LOSS)

	2016 £	2015 £
Operating loss is stated after charging/(crediting):		
Depreciation	1,223,031	732,160
Deferred capital grants released	(1,920,000)	(676,811)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	1,160	1,140
	<u> </u>	<u> </u>

3. EMPLOYEES

The Company has no employees other than its directors, as the business is operated by the University of York as part of a management agreement.

4. DIRECTORS

The directors did not receive any emoluments in respect of their services to the Company.

5. TAXATION

	2016 £	2015 £
Tax at 20% profit on ordinary activities	(65,481)	(197,063)
Adjustments relating to capital grants received	65,481	197,063
	<u> </u>	<u> </u>
Tax charge per accounts	-	-
	<u> </u>	<u> </u>

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

NOTES TO THE ACCOUNTS

6. FIXED ASSETS

	Plant and equipment	Assets under construction	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 August 2015	3,612,239	3,000,000	-	13,814	639	19,000	6,645,692
Additions	1,953	-	-	2,126	-	7,400	11,479
Reclassifications	2,496,535	(2,805,559)	264,294	12,220	32,510	-	-
Adjustments	-	(194,441)	-	-	-	-	(194,441)
At 31 July 2016	<u>6,110,727</u>	<u>-</u>	<u>264,294</u>	<u>28,160</u>	<u>33,149</u>	<u>26,400</u>	<u>6,462,730</u>
Depreciation							
At 1 August 2015	2,423,892	-	-	12,286	437	13,788	2,450,403
Charge for the year	1,164,833	-	44,049	4,200	5,004	4,945	1,223,031
At 31 July 2016	<u>3,588,725</u>	<u>-</u>	<u>44,049</u>	<u>16,486</u>	<u>5,441</u>	<u>18,733</u>	<u>3,673,434</u>
Net book value							
At 31 July 2016	<u>2,522,002</u>	<u>-</u>	<u>220,245</u>	<u>11,674</u>	<u>27,708</u>	<u>7,667</u>	<u>2,789,296</u>
At 31 July 2015	<u>1,188,347</u>	<u>3,000,000</u>	<u>-</u>	<u>1,528</u>	<u>202</u>	<u>5,212</u>	<u>4,195,289</u>

Assets under construction have been adjusted by £194,441 to reflect a revised accounting treatment for the costs which comprise this figure.

7. STOCK

	2016 £	2015 £
Consumable items	<u>68,080</u>	<u>63,000</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	41,478	109,609
Social security and other taxes	12,831	29,921
Other debtors	280,530	705,951
Amounts due from group undertakings	8,363	18,645
	<u>343,202</u>	<u>864,126</u>

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

NOTES TO THE ACCOUNTS

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	1,004,182	653,546
Accruals and deferred income	139,092	25,244
Amounts due to group undertakings	774,447	1,454,268
	<u>1,917,721</u>	<u>2,133,058</u>

10. CREDITORS: AMOUNTS FALLING AFTER ONE YEAR

	2016	2015
	£	£
Deferred capital grants	-	1,920,000
	<u>-</u>	<u>1,920,000</u>

11. SHARE CAPITAL

The company, being limited by guarantee, has no shareholders.

12. RELATED PARTY TRANSACTIONS

As permitted by Financial Reporting Standard Number 8, transactions which eliminate on consolidation have not been reported, as the company is a wholly owned subsidiary of the University of York.

13. ULTIMATE PARENT UNDERTAKING

In the opinion of the directors, the University of York is regarded as the ultimate parent undertaking and controlling party. The largest and smallest group in which the results of the company are consolidated is that headed by The University of York. Copies of the parent's consolidated financial statements may be obtained from The Registrar and Secretary, University of York, Heslington, York, North Yorkshire, YO10 5DD.

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

NOTES TO THE ACCOUNTS

14. EXPLANATION OF THE TRANSITION: RECONCILIATION OF EQUITY

At 1 August 2015				
	Note	As previously stated £	Effect of transition £	FRS 102 (as restated) £
FIXED ASSETS		4,195,289	-	4,195,289
CURRENT ASSETS – PRIOR YEAR	15(a)	712,234	234,293	946,527
ADJUSTMENT				
CREDITORS: amounts falling due within one year	15(b)	(3,129,869)	996,811	(2,133,058)
CREDITORS: amounts falling due after one year	15(c)	(1,931,657)	11,657	(1,920,000)
NET ASSETS / (LIABILITIES)		(154,003)	1,242,761	1,088,758
CAPITAL AND RESERVES		(154,003)	1,242,761	1,088,758

15. NOTES TO RECONCILIATION

- a) The 2014/15 accounts included an amount of £152,278 in respect of invoices for services believed to have been provided to third parties by Biorenewables Development Centre Ltd. Subsequent investigation showed this to be incorrect and this amount has been adjusted for. The 2014/15 accounts also included an amount of £152,278 in respect of costs believed to have been recoverable from third parties. Subsequent investigation showed this to be incorrect and this amount has been adjusted for. These two adjustments cancel each other out so that their net effect is nil.

The 2014/15 accounts incorrectly omitted an amount of £234,293 in respect of accrued income relating to ERDF revenue grant funding and this amount has been adjusted for.

- b) Following the adoption of FRS 102 deferred capital grants previously reported within creditors falling due within one year have been released to the 2014/15 profit and loss account.
- c) Following the adoption of FRS 102 deferred capital grants previously reported within creditors falling due after one year have been released to the 2014/15 profit and loss account.

16. EXPLANATION OF THE TRANSITION: RECONCILIATION OF PROFIT AND LOSS ACCOUNT

	Note	At 1 August 2014 £	At 31 July 2015 £
As previously stated		(48,833)	(154,003)
Restatement of deferred capital grant release required under FRS 102	17(a)	1,008,468	1,008,468
Prior year adjustment	17(b)	234,293	234,293
Effect of transition		1,041,651	936,480

THE BIORENEWABLES DEVELOPMENT CENTRE LIMITED

NOTES TO THE ACCOUNTS

17. NOTES TO RECONCILIATION

- a) Following the adoption of FRS 102 deferred capital grants amounting to £996,811 previously reported within creditors falling due within one year have been released to the 2014/15 profit and loss account, and deferred capital grants amounting to £11,657 previously reported within creditors falling due after one year have been released to the 2014/15 profit and loss account. The total of this adjustment is £1,008,468.
- b) The 2014/15 accounts incorrectly omitted an amount of £234,293 in respect of accrued income relating to ERDF revenue grant funding and this amount has been adjusted for.