

# **Napier University Ventures Limited**

## **Annual Report and Accounts**

**For the year ended 31 July 2012**

**Company Number: SC103082**

# **Napier University Ventures Limited**

## **Report of the Directors**

### **Year Ended 31 July 2012**

The Directors have pleasure in presenting their report together with the audited Accounts for the year ended 31st July 2012.

#### **Business Activities**

The principal activity of the Company is to provide and to assist in providing research, consultancy, training and general education services. The Profit and Loss Account of the Company is set out on page 5.

#### **Business Review**

The income of Napier University Ventures Ltd for the year has increased by 15.1% to £8,537,042 from £7,415,469 in 2011.

The directors anticipate that the company's financial performance for the next year will improve and that underlying growth will be sustained for the foreseeable future thereby supporting a growing Gift Aid Donation to Edinburgh Napier University in line with the University's strategic plan. A Gift Aid payment of £2,482,749 was made to the University during the year (2010/11 – £2,387,984).

The Company is grateful to all members of academic and administrative staff who contribute to our work with Industry and Commerce.

#### **Principal Risks and Uncertainties**

The directors believe that the principal risks and uncertainties affecting the company's financial performance include not delivering improved project activity levels resulting in anticipated growth not being achieved.

The company's principal financial instrument is cash. Other financial assets and liabilities, such as trade debtors and creditors arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

##### *Credit risk*

The company's activities are spread across a significant number of smaller customers and the company therefore has a relatively low level of exposure to external credit risk.

##### *Liquidity risk*

The company aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts. The company also maintains a current account with its ultimate parent Edinburgh Napier University through which it manages liquidity.

#### **Company Structure**

The Company is limited by guarantee. The liability of each of the guarantors in the event of a winding up is limited to £1. At 31st July 2012 there were 4 guarantors in the register of members.

## **Napier University Ventures Limited**

### **Report of the Directors (continued)**

#### **Year Ended 31 July 2012**

#### **Directors**

The Directors who served the Company during the year to 31st July 2012 were:

Prof Dame Joan K. Stringer DBE  
Prof. George Borthwick CBE (resigned 31 July 2012)  
Prof. Robin MacKenzie (resigned 30 March 2012)  
Dr G Webber  
Ms J Mackenzie  
In addition Dr G Forbes was appointed on 1 August 2012

#### **Disclosure of information to auditors**

At the date of making this report each of the company's directors, as set out above, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### **Going Concern**

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives are described above.

The Company has a wide range of activities and built up successful long term relationships with a number of customers and suppliers both in the UK and Overseas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making suitable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Dr G Webber  
Secretary

EDINBURGH

10 December 2012

## **Napier University Ventures Limited**

### **Statement of directors' responsibilities for the financial statements**

#### **Year Ended 31 July 2012**

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

## **Independent Auditors' Report to the members of Napier University Ventures Limited**

We have audited the financial statements of Napier University Ventures Limited for the year ended 31 July 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2012 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 matter 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.

James Andrew Bishop (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor, Edinburgh

# Napier University Ventures Limited

## Profit and Loss Account

Year Ended 31 July 2012

	Notes	2012 £	2011 £
Turnover	3	8,537,042	7,415,469
Consultancy Expenses		(5,359,164)	(4,782,463)
<b>Gross Profit</b>		<b>3,177,878</b>	<b>2,633,006</b>
Administrative Expenses		(35,052)	(62,236)
Gift Aid Donation	4	(2,482,749)	(2,387,984)
Interest Receivable		765	439
		(2,517,036)	(2,449,781)
<b>Profit on ordinary activities before taxation</b>	5	<b>660,842</b>	<b>183,225</b>
Tax on Profit on ordinary activities	6	-	-
<b>Profit on ordinary activities after taxation</b>	12	<b>660,842</b>	<b>183,225</b>

All company activities are continuing.

There are no recognised gains and losses other than the profit for both years.

## Napier University Ventures Limited – Company Number SC103082

### Balance Sheet

As at 31 July 2012

	Notes	£	2012 £	£	2011 £
<b>Fixed Assets</b>					
Tangible Fixed Assets	7		62,190		53,508
Investments	8		5,594		23,695
			67,784		77,203
<b>Current Assets</b>					
Debtors	9	4,665,094		3,351,167	
Cash at Bank and in Hand		117,114		98,931	
			4,782,208		3,450,098
<b>Creditors: amounts falling due within one year</b>	10	1,979,689		1,317,840	
			2,802,519		2,132,258
<b>Net Current Assets</b>			2,802,519		2,132,258
<b>Total Assets less Current Liabilities</b>			2,870,303		2,209,461
<b>Total Net Assets</b>			2,870,303		2,209,461
<b>Capital and Reserves</b>					
Revaluation Reserve	11		51,889		53,510
General Reserve	12		2,818,414		2,155,951
			2,870,303		2,209,461
<b>Total Funds</b>			2,870,303		2,209,461

The Accounts were approved by the Board of Directors on 10 December 2012 and were signed on its behalf by:

Dr G Webber, Director

Ms J Mackenzie, Director

# Napier University Ventures Limited

## Notes to the 2011-12 Accounts

### 1. Fundamental Accounting Concept

The Directors anticipate making a Gift Aid payment to Edinburgh Napier University, which still leaves the company in a net asset position. Edinburgh Napier University, as it exercises a dominant influence, has committed to providing continuing support and on this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

The FRS1 exemption has been taken from preparing a cash flow statement on the grounds the Edinburgh Napier University consolidated accounts include the cash flow in their published financial statements.

### 2. Accounting Policies

#### (a) Basis of Accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards. Investments in associated undertakings are valued at cost unless the directors consider a reduction is appropriate.

#### (b) Turnover

Turnover, represents the value of goods and services (net of VAT) supplied in respect of training, research and consultancy services provided in the period.

#### (c) Consultancy Expenses

Consultancy expenses as shown in the accounts represent all direct expenditure relating to the services provided in the period. Profit is calculated on a basis to reflect the proportion of work carried out at the year-end, by recording turnover and related costs as project activity progresses. Full provision is made for losses on all contracts in the year in which they are first foreseen.

#### (d) Fixed Assets and Depreciation

Fixed assets, other than land and buildings which is included at valuation (see Note 7), are stated at their purchase cost together with any incidental expenses of acquisition. On adoption of FRS 15, the Company has followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1992, but not to adopt a policy of revaluation in the future.

Depreciation is provided by the straight-line method at percentages designed to write off the book value of assets over the term of their expected useful life. The principal rates range from 2% (for Land & Buildings) to 25% (for equipment/vehicles).

#### (e) Grants Received

Grants related to fixed assets are credited to a deferred income account and are released to revenue over the expected useful life of the related asset by equal annual amounts. Revenue based grants are credited to the profit and loss account in the year to which they relate.

#### (f) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless Financial Reporting Standard 19 does not permit such provision.

#### (g) VAT

The company is partially exempt for VAT purposes. Non-recoverable VAT is charged to the profit and loss account.

## Napier University Ventures Limited

### Notes to the 2011-12 Accounts

3. Segmental Reporting	United Kingdom		Overseas		Total	
	2012	2011	2012	2011	2012	2011
	£	£	£	£	£	£
Turnover	4,417,922	3,697,902	4,119,120	3,717,567	8,537,042	7,415,469
Consultancy Expenses	(3,369,908)	(2,837,211)	(1,989,256)	(1,945,252)	(5,359,164)	(4,782,463)
<b>Gross Profit</b>	<u>1,048,014</u>	<u>860,691</u>	<u>2,129,864</u>	<u>1,772,315</u>	<u>3,177,878</u>	<u>2,633,006</u>
<b>4. Gift Aid Donation</b>						
					<b>2012</b> £	<b>2011</b> £
Gift Aid Donation to Edinburgh Napier University					2,482,749	2,387,984
<b>5. Profit on ordinary activities before taxation</b>						
					<b>2012</b> £	<b>2011</b> £
Profit is stated after charging: -						
Auditors' remuneration					8,750	5,600
Depreciation					5,055	1,621
Directors Remuneration						
None of the Directors received any remuneration during the financial year in respect of their position on the board.						

## Napier University Ventures Limited

### Notes to the 2011-12 Accounts

6. Corporation Tax	2012 £	2011 £
<b>Tax on profit on ordinary activities</b>	-	-
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	660,842	183,225
Theoretical tax at UK corporation tax rate of 25.36% (2011 – 27.33%)	167,590	50,075
<b>Effects of:</b>		
Expenditure not tax deductible	719	(16,113)
Depreciation in excess of capital allowances	(3,637)	(4,319)
Short term timing differences	(164,672)	(29,643)
Current tax charge for the period	-	-

#### **Factors that may affect future tax charges**

The company has an unrecognised deferred tax asset of £21,873 (2011 £41,369). This asset has not been recognised as the company gifts all profits to Edinburgh Napier University under the Gift Aid Scheme and therefore will not be able to recover the asset in the foreseeable future.

## Napier University Ventures Limited

### Notes to the 2011-12 Accounts

7. Tangible Fixed Assets	Freehold Land & Buildings £	Equipment, Furniture & Fittings £	Total £
<b>Cost</b>			
At 1 August 2011	81,075	17,903	98,978
Additions	-	13,737	13,737
Disposals	-	(17,903)	(17,903)
At 31 July 2012	81,075	13,737	94,812
<b>Depreciation</b>			
At 1 August 2011	27,567	17,903	45,470
Charge for the Year	1,621	3,434	5,055
Disposals	-	(17,903)	(17,903)
At 31 July 2012	29,188	3,434	32,622
<b>Net book value at 31 July 2012</b>	51,887	10,303	62,190
<b>Net book value at 31 July 2011</b>	53,508	-	53,508
		<b>2012</b> £	<b>2011</b> £
<b>8. Investments</b>			
<b>Cost</b>			
At 1 August 2011	43,980	43,980	
Additions	4,999	-	
At 31 July 2012	48,979	43,980	
<b>Diminution</b>			
At 1 August 2011	20,285	20,285	
Diminution in Year	23,100	-	
At 31 July 2012	43,385	20,285	
Investment value at 31 July 2012	5,594	23,695	

The Company's investments are held in the shares of eight unlisted companies, one of which qualifies as an associated company.

# Napier University Ventures Limited

## Notes to the 2011-12 Accounts

### 8. Investments (Cont'd)

#### Associated Companies

At 31 July 2012 the Company held:

- 33% of the issued ordinary share capital of Flexicage Ltd., a company established on 27 November 2008 to exploit the commercial potential of a revolutionary component adaptation and integration tool in global software market. Patent registered in various identified trading territories. The value of the net liabilities in this entity are £26,120 at 30 November 2011.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>9. Debtors: Amounts due within one year</b>		
Trade Debtors	1,641,914	1,959,962
Other Debtors	2,550	-
Accrued Income	213,676	89,933
Prepayments	130,624	87,568
Amounts due from Edinburgh Napier University	2,676,330	1,213,704
	<hr/>	<hr/>
	4,665,094	3,351,167
	<hr/>	<hr/>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>10. Creditors: Amounts falling due within one year</b>		
Other Creditors	48,359	84,267
Accruals	216,446	266,626
Deferred Income	1,714,884	966,947
	<hr/>	<hr/>
	1,979,689	1,317,840
	<hr/>	<hr/>

## Napier University Ventures Limited

### Notes to the 2011-12 Accounts

	2012 £	2011 £
<b>11. Revaluation Reserve</b>		
Balance at 1 August	53,510	55,131
Transfer to General Reserve	(1,621)	(1,621)
	<hr/>	<hr/>
Balance at 31 July	51,889	53,510
	<hr/>	<hr/>
<b>12. General Reserve</b>		
Balance at 1 August	2,155,951	1,971,105
Profit for the Year	660,842	183,225
Transfer from Revaluation Reserve	1,621	1,621
	<hr/>	<hr/>
Balance at 31 July	2,818,414	2,155,951
	<hr/> <hr/>	<hr/> <hr/>

### 13. Parent Undertaking

The Company is not a legal subsidiary of Edinburgh Napier University. However, as the University exercises a dominant influence it is treated as a subsidiary for financial reporting. Copies of the accounts of Edinburgh Napier University can be obtained from Sighthill Campus, Edinburgh, EH11 4BN.