
Napier University Ventures Limited

Annual Report and Accounts

For the year ended 31 July 2016

Company Number: SC103082

Directors

Prof Andrea Nolan OBE
Dr Gerald Webber
The Very Revd Dr Graham Forbes
Prof Alistair Sambell
Mr Simon Belfer (Until 16/09/2016)

Secretary

Dr Gerald Webber

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers

Royal Bank of Scotland
206 Bruntsfield Place
Edinburgh
EH10 4DF

Solicitors

Anderson Strathern LLP
1 Rutland Court
Edinburgh
EH3 8EY

Registered Office

Merchiston Tower
10 Colinton Road
Edinburgh
EH10 5DT

Napier University Ventures Limited

Strategic Report

Year Ended 31 July 2016

The Directors have pleasure in presenting their strategic report for the year ended 31 July 2016.

Review of the business

The principal activity of the Company is to provide and to assist in providing research, consultancy, training and general education services. The Statement of Income and Retained Earnings the Company is set out on page 9.

	2016	2015	Change	Change
	£000	£000	£000	%
Turnover	12,527	12,593	(66)	(0.5)
Profit after tax (PAT)	3,777	3,639	+138	+4
Gift aid donation	4,596	3,691	+905	+25
KPIs				
PAT as % of turnover	30%	29%		(1)
Current assets as % of current liabilities	321%	351%		(32)

The income of Napier University Ventures Ltd for the year has decreased by 0.5% to £12,527k from £12,593k in 2015. Turnover in the rest of the World increased by £663k, and in Europe by £31k. In the United Kingdom, turnover fell by £(761)k.

Profit after tax increased by 4% primarily due to a decrease in Expenditure of £(200)k offset against a slight increase in Turnover of £66k.

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 £4,596,150 was made to the University during the year (2014-15 – £3,691,439).

The Financial Statements were prepared according to the new FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* with this being the only change to the accounting policies and no adjustments have resulted from the transition.

During the year it was decided to market Morningside Church for sale which has seen this move from Tangible Fixed Assets to Current Assets as an Asset Held for Sale. There is no effect to Total Net Assets as the movement of £45k, or the carrying value of the asset, is from Tangible Fixed Assets to Current Assets.

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

Risk Management Framework

Risk is managed within the context of the overall University Risk Management policy, which is subject to periodic review and approved by the University Court. The risk management policy is part of the University's internal control and corporate governance arrangements. The policy explains the institution's underlying approach to risk management, documents the roles and responsibilities of the members of Court, the University Leadership Team, and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

Consideration of risks

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.

On behalf of the Board



Dr Gerry Webber
Director

5 December 2016

Directors' Report

Registered No: SC103082

Year ended 31 July 2016

The directors present their report together with the financial statements for the year ended 31 July 2016.

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 31 July 2016 there were 4 guarantors in the register of members.

Results and dividends

The profit for the year after taxation amounted to £3,777,137 (2015 – £3,638,911). The directors do not recommend a final dividend (2015 – £nil).

Future Developments

The company continues to undertake the provision of education, research and consultancy services. The company is looking to grow its income by £1,277k in 2016-17, with CPD identified as the area most likely to yield more income.

Directors

The directors who served the company during the year were as follows:

Prof Andrea Nolan OBE
Dr Gerald Webber
The Very Revd Dr Graham Forbes
Prof Alistair Sambell
Mr Simon Belfer (Until 16/09/2016)

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

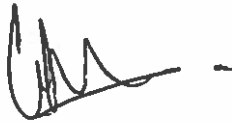
The directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

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.

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.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'G. Webber', with a horizontal line extending to the right.

Dr Gerald Webber
Secretary

EDINBURGH

5 December 2016

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S 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 2016 set out on pages 9 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 7, 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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.

Andrew Shaw (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

December 2016

Napier University Ventures Limited
Statement of Income and Retained Earnings
Year Ended 31 July 2016

	Notes	2016 £	2015 £
Turnover	3	12,526,909	12,593,403
Consultancy Expenses		(7,426,182)	(7,423,629)
Gross Profit		<u>5,100,727</u>	<u>5,169,774</u>
Administrative Expenses		(378,179)	(580,912)
Interest Receivable	4	4	73
		<u>(378,175)</u>	<u>(580,839)</u>
Profit on ordinary activities before taxation	5	4,722,552	4,588,935
Tax on Profit on ordinary activities	6	(945,415)	(950,024)
Profit on ordinary activities after taxation		<u>3,777,137</u>	<u>3,638,911</u>
Other comprehensive income and expenditure		-	-
Total comprehensive income		<u>3,777,137</u>	<u>3,638,911</u>
Retained earnings			
Gift aid payment	4	(4,596,150)	(3,691,439)
Current tax credit		945,415	950,024
Effect of gift aid		<u>(3,650,735)</u>	<u>(2,741,415)</u>
Retained earnings		<u>126,402</u>	<u>897,496</u>

All company activities are continuing.
There are no recognized gains and losses other than the profit for both years.
The notes on the pages 11-16 form part of the financial statements.

Napier University Ventures Limited – Company Number SC103082

Balance Sheet

As at 31 July 2016

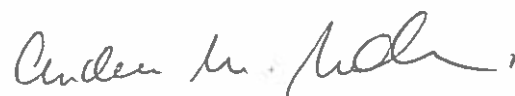
	Notes	£	2016 £	2015 £
Fixed Assets				
Tangible Fixed Assets	7		18,830	65,020
Investments	8		17,915	17,948
			<hr/>	<hr/>
Current Assets			36,745	82,968
Debtors	9	6,944,832	6,491,470	
Cash at Bank and in Hand		14,465	10,385	
Asset Held for Sale	10	45,400	-	
			<hr/>	<hr/>
			7,004,697	6,501,855
Creditors: amounts falling due within one year	11	(2,182,588)	(1,852,371)	
			<hr/>	<hr/>
Net Current Assets			4,822,109	4,649,484
			<hr/>	<hr/>
Total Net Assets			4,858,854	4,732,452
			<hr/>	<hr/>
Capital and Reserves				
Revaluation Reserve	12		45,404	47,025
General Reserve	13		4,813,450	4,685,427
			<hr/>	<hr/>
Total Funds			4,858,854	4,732,452
			<hr/>	<hr/>

The notes on pages 11-16 form part of the financial statements.

The Accounts were approved by the Board of Directors on 5 December 2016 and were signed on its behalf by:



Dr. Gerald Webber, Director



Prof Andrea Nolan OBE, Director

Napier University Ventures Limited

Notes to the 2015-16 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 FRS 102 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 according to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* with this the only accounting policy change from previous years and no adjustments have resulted from the transition. The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings. 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 102, 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 102 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 2015-16 Accounts

(h) Foreign Currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the statement of income and retained earnings.

3. Segmental Reporting	2016 £	2015 £
Turnover		
Analysis by geographical market		
United Kingdom	4,400,204	5,161,103
Rest of Europe	282,235	251,151
Rest of World	7,844,470	7,181,149
	12,526,909	12,593,403

4. Gift Aid Donation	2016 £	2015 £
Gift Aid Donation to Edinburgh Napier University	4,596,150	3,691,439

5. Profit on ordinary activities before taxation	2016 £	2015 £
Profit is stated after charging: -		
Auditor's remuneration – Audit	5,100	6,120
Auditor's remuneration – Non Audit Services	2,500	3,000
Depreciation	13,585	15,706

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 2015-16 Accounts

6. Corporation Tax	2016 £	2015 £
Tax on profit on ordinary activities	945,415	950,024
Current tax reconciliation		
Profit on ordinary activities before tax	4,722,552	4,588,935
Tax at UK corporation tax rate of 20% (2015 – 20.67%)	944,510	948,533
Effects of:		
Expenses not deductible for tax purposes	143	128
Capital Allowances for period in excess of depreciation	-	1,363
Movement in short term timing differences	-	-
Fixed asset differences	324	-
Rate change	515	-
DT not recognised	(77)	-
	945,415	950,024
Current tax charge for the period	945,415	950,024
Gift Aid Payment to be paid by 30 th April	4,727,077	4,596,150
Tax credit at UK corporation rate of 20% (2015 – 20.67%)	945,415	950,024
Total Current Tax Charge	-	-

Factors that may affect future tax charges

The company has a recognized deferred tax asset of £4,626 (2015 £4,703). This asset has not been recognized 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 2015-16 Accounts

7. Tangible Fixed Assets	Freehold Land & Buildings £	Equipment, Furniture & Fittings £	Total £
Cost			
At 1 August 2015	81,075	52,556	133,631
Additions	-	12,795	12,795
Transfer to Assets Held for Sale	(81,075)	-	(81,075)
At 31 July 2016	-	65,351	65,351
Depreciation			
At 1 August 2015	34,053	34,558	68,611
Charge for the Year	1,622	11,963	13,585
Transfer to Assets Held for Sale	(35,675)	-	(35,675)
At 31 July 2016	-	46,521	46,521
Net book value at 31 July 2016	-	18,830	18,830
Net book value at 31 July 2015	47,022	17,998	65,020
		2016	2015
		£	£
8. Investments			
Cost			
At 1 August		61,665	61,660
Additions		-	5
At 31 July		61,665	61,665
Diminution			
At 1 August		43,717	43,405
Diminution in Year		33	312
At 31 July		43,750	43,717
Investment value at 31 July		17,915	17,948

Napier University Ventures Limited

Notes to the 2015-16 Accounts

8. Investments (Cont'd)

The Company's investments are held in the shares of nine unlisted companies, two of which qualify as an associated company.

Associated Companies

At 31 July 2016 the Company held:

- 33% of the issued ordinary preference 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 the global software market. Patent registered in various identified trading territories. The value of the net liabilities in this entity are £26,725 at 30 November 2015.
- 21.64% of the issued share capital of Symphonic Software Ltd, a company established on 14 May 2012 to exploit the commercial potential of the secure data sharing within and between organisations. The value of net assets in this entity are £8,380 at 31 May 2015.

	2016 £	2015 £
9. Debtors: Amounts due within one year		
Trade Debtors	2,703,828	2,504,671
Accrued Income	610,482	127,655
Prepayments	157,754	208,224
Amounts due from Edinburgh Napier University	3,472,768	3,650,920
	6,944,832	6,491,470
10. Assets Held For Sale	2016	2015
	£	£
At 1 August	-	-
Transfer from Tangible Fixed Assets (Note 7)	45,400	-
At 31 July	<u>45,400</u>	=
	2016	2015
	£	£
11. Creditors: Amounts falling due within one year		
Other Creditors	123,078	75,142
Accruals	257,543	243,928
Deferred Income	1,801,967	1,533,301
	2,182,588	1,852,371

Napier University Ventures Limited

Notes to the 2015-16 Accounts

	2016 £	2015 £
12. Revaluation Reserve		
Balance at 1 August	47,025	48,646
Transfer to General Reserve	(1,621)	(1,621)
	<hr/>	<hr/>
Balance at 31 July	45,404	47,025
	<hr/>	<hr/>
13. General Reserve		
Balance at 1 August	4,685,427	3,786,310
Profit for the Year	126,402	897,496
Transfer from Revaluation Reserve	1,621	1,621
	<hr/>	<hr/>
Balance at 31 July	4,813,450	4,685,427
	<hr/>	<hr/>

14. 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.

Under section 33.1A of FRS102, the company is exempt from disclosing related party transactions.