

**Napier University Ventures Ltd**

**Annual Report  
and Accounts**

**1998**

# Napier University Ventures Ltd

## Report of the Directors

Year Ended 31 July 1998

The Directors have pleasure in presenting their report together with the audited Accounts for the year ended 31st July 1998.

### **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 4.

### **Business Review**

The revenue income of Napier University Ventures Ltd for the year has increased by 22% to £4,611,132 from £3,785,943 in the previous 12 month period, reflecting the continued efforts within all Departments and Units at Napier University. The Company is grateful to all members of academic and administrative staff who contribute to our work with Industry and Commerce.

The cost of running Napier University Ventures Ltd as a percentage of total income has decreased to 5.01% from 7.19% in the previous year. The staff of the Company have contributed greatly to its continued efficiency and their good work is very much appreciated by the Directors.

### **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 1998 there were 10 guarantors in the register of members.

### **Directors**

The Directors of the Company for the year to 31st July 1998 were :

Mr A Anderson  
Mr E Angus  
Mr C Bryce (appointed 15 June 1998)  
Prof K W Dickinson (resigned 9 March 1998)  
Prof. J Mavor  
Mr I J Miller  
Sir Ronald Miller  
Dr A Read  
Mr A L Stewart  
Prof. M Thorne (appointed 9 March 1998)  
Mrs G Walker

Napier University Ventures Ltd

Report of the Directors

Year Ended 31 July 1998

**Statement of Directors' Responsibilities**

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, 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 accounts
- prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

**Auditors**

The Directors have resolved to exercise the dispensation available under the Companies Act 1985 to appoint Auditors annually.

**By Order of the Board**

Ian J Miller  
Secretary

EDINBURGH

26 January 1998  
103082

Registered No:

Napier University Ventures Ltd

Report of the Auditors

Year Ended 31 July 1998

To the members of Napier University Ventures Ltd

We have audited the accounts set out on pages 4 to 11 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies as set out on pages 6 and 7.

**Respective responsibilities of directors and auditors**

As described on page 2, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 July 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG

Registered Auditors

Ten George Street  
Edinburgh  
EH2 2DZ

26 January 1999

Napier University Ventures Ltd

Profit and Loss Account

Year Ended 31 July 1998

	Notes	1998 £	1997 £
Turnover	1 (b)	4,611,132	3,785,943
Consultancy Expenses		3,437,931	3,056,398
<b>Gross Profit</b>		<u>1,173,201</u>	<u>729,545</u>
Administrative Expenses		285,971	307,684
<b>Operating Profit</b>		<u>887,230</u>	<u>421,861</u>
Interest Receivable		80,329	60,772
<b>Profit on ordinary activities before taxation</b>	2	<u>967,559</u>	<u>482,633</u>
Deed of Covenant	4	995,665	499,754
<b>Loss for period</b>		<u>(28,106)</u>	<u>(17,121)</u>
<b>Balance Brought Forward</b>		(108,979)	(93,479)
<b>Transfer from Revaluation Reserve</b>		1,622	1,621
<b>Balance Carried Forward</b>		<u>(135,463)</u>	<u>(108,979)</u>

All company activities are continuing. There are no recognised gains and losses other than the loss for the year.

Napier University Ventures Ltd

Balance Sheet

As at 31 July 1998

	Notes	1998 £	1997 £
<b>Fixed Assets</b>			
Tangible Fixed Assets	5	118,845	107,370
Investments	6	-	13,000
		<hr/>	<hr/>
<b>Current Assets</b>		118,845	120,370
Debtors	7	1,391,845	922,563
Cash at Bank and in Hand		928,210	852,416
		<hr/>	<hr/>
<b>Creditors due within one year</b>	8	2,320,055	1,774,979
<b>Net Current Assets</b>		2,284,914	35,141
		<hr/>	<hr/>
<b>Total Assets less Current Liabilities</b>		153,986	
	10	(14,860)	36,971
<b>Deferred Capital Grants</b>		<hr/>	<hr/>
		139,126	
<b>Total Net Assets</b>		<hr/>	157,341
			<hr/>
Represented by:-			
<b>Creditors (amounts falling due after more than one year)</b>	11	200,000	157,341
			<hr/>
<b>Capital and Reserves</b>		(135,463)	
	12	74,589	
Profit and Loss Account		<hr/>	
Revaluation Reserve			190,109
		139,126	
		<hr/>	
			(108,979)
			76,211
			<hr/>
			157,341
			<hr/>

The Accounts on pages 4 to 11 were approved by the Board of Directors on 26 January 1999 and were signed on its behalf by:

PROFESSOR J MAVOR, Chairman

E ANGUS, Managing Director



# Napier University Ventures Ltd

## Notes to the Accounts at 31 July 1998

### 1. 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 invoiced value of goods and services supplied in respect of research, consultancy and laboratory services provided in the period. In addition, revenue based grants for the provision of training are credited to turnover in the period in which they are received.

#### (c) Consultancy Expenses

- ) Consultancy expenses as shown in the accounts represent all the expenditure on contracts including a provision for outstanding expenditure. No profit is recognised until the contracts are completed.

#### (d) Fixed Assets and Depreciation

- ) Fixed assets, other than land and buildings which is included at valuation (see Note 5), are stated at their purchase cost together with any incidental expenses of acquisition.

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 50% (for equipment).

#### (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) Pensions

- ) The Company obtained Admitted Body status to the Local Government Superannuation Scheme (LGSS) in 1997. The LGSS is a contributory, final salary scheme administered by the City of Edinburgh Council. The Company's contributions to this scheme are charged to the Profit & Loss Account so as to achieve the accounting objective of recognising the costs of providing pensions on a systematic and rational basis over the period during which the Company benefits from the employee's services.

#### (g) Taxation

- ) Deferred tax is accounted for in respect of all material timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future. The Company undertakes to make an annual payment by deed of covenant to Napier University sufficient to eliminate the profit for corporation tax purposes.

#### (h) VAT

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

#### (i) Operating Leases

- ) Rentals payable under operating leases are charged to the profit and loss account in the period in which they become payable.



Napier University Ventures Ltd

Notes to the Accounts at 31 July 1998

1. Accounting Policies (contd.)

(j) Foreign Currencies

) Transactions in foreign currencies are recorded at the date ruling at the date of transaction. Monetary assets denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

	1998 £	1997 £
<b>2. Profit on ordinary activities before taxation</b>		
Profit is stated after charging:-		
Auditors' remuneration	6,000	6,000
Directors emoluments	5,228	57,531
Depreciation	27,190	57,759
Operating lease rentals	1,337	4,013
Interest payable	9,891	8,463
	<hr/>	<hr/>

3. Employee Information

(a) The average number of persons employed by the Company during the period is shown below:-

Company Administration	6	7
Other Units & Departmental Centres	17	18
	<hr/>	<hr/>
	23	25
	<hr/>	<hr/>

(b) Employment costs - all employees:

	£	£
) Wages & Salaries	416,675	478,263
Social Security Costs	34,348	44,240
Other Pension Costs	22,984	34,370
	<hr/>	<hr/>
Total Remuneration Costs	474,007	556,873
	<hr/>	<hr/>

(c) Directors Emoluments

) During the year the highest paid director received emoluments of £5,228 (96/97 £30,335). The Chairman and remaining directors received no emoluments (96/97 one other director received emoluments of £4,081).

Napier University Ventures Ltd

Notes to the Accounts at 31 July 1998

<b>4. Deed of Covenant</b>	1998	1997
	£	£
Deed of Covenant to Napier University	995,665	499,754
	<hr/>	<hr/>

The amount paid by deed of covenant is the Company's profit assessable to corporation tax.

<b>5. Tangible Fixed Assets</b>	Freehold Land & Buildings £	Equipment , Furniture & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 August 1997	81,075	576,305	-	657,380
Additions	-	29,636	9,029	38,665
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1998	81,075	605,941	9,029	696,045
<b>Depreciation</b>				
At 1 August 1997				
Depreciation for the period	4,864	545,146	-	
	1,622	23,311	2,257	
	<hr/>	<hr/>	<hr/>	550,010
At 31 July 1998				27,190
<b>Net book value at 31 July 1998</b>	6,486	568,457	2,257	<hr/>
	74,589	37,484	6,772	577,200
<b>Net book value at 31 July 1997</b>	<hr/>	<hr/>	<hr/>	<hr/>
	76,211	31,159	-	118,845
	<hr/>	<hr/>	<hr/>	<hr/>
				107,370
				<hr/>

The Company's freehold land and buildings have been valued by the directors at an amount equivalent to its original cost to Napier University.

1998	1997
£	£

**6. Investments**

Cost at 1 August 1997	13,000	13,000
Additions	20,000	-
Provision for diminution in value	(33,000)	-
	<hr/>	<hr/>
Value at 31 July 1998	-	13,000
	<hr/>	<hr/>

The Company's investments are held in the shares of two unlisted companies.

Napier University Ventures Ltd

Notes to the Accounts at 31 July 1998

	1998 £	1997 £
<b>7. Debtors</b>		
Trade Debtors	579,396	642,789
Amounts due from Napier University	709,785	212,746
Other Debtors	49,517	24,795
Accrued Income	53,147	42,233
	<hr/>	<hr/>
	1,391,845	922,563
	<hr/>	<hr/>

**8. Creditors due within one year**

Trade Creditors	1,461,021	1,110,951
Amounts due to Napier University	650,787	482,320
Taxation and Social Security	114,370	74,506
Accruals	22,451	20,473
Deferred Income	36,285	49,758
	<hr/>	<hr/>
	2,284,914	1,738,008
	<hr/>	<hr/>

Included in Trade Creditors are Open Project Balances of £1,199,113 (96/97 £913,323).

	1998 £	1997 £
<b>9. Leased Equipment Liabilities</b>		
The commitments under non-cancellable operating leases are as follows:		
Operating leases which expire		
- within one year	-	10,367
- between two and five years	-	-
	<hr/>	<hr/>
	-	10,367
	<hr/>	<hr/>

Napier University Ventures Ltd

Notes to the Accounts at 31 July 1998

	1998	1997
<b>10. Deferred Capital Grants</b>	£	£
Balance at 1 August 1997	-	-
Received during year	19,813	-
Released to Income and Expenditure	(4,953)	-
	<hr/>	<hr/>
Balance at 31 July 1998	14,860	-
	<hr/>	<hr/>
<b>11. Creditors (amounts due after more than one year)</b>		
Scottish Enterprise Loan	200,000	190,109
	<hr/>	<hr/>

The above loan of £200,000 including interest of £37,100 is repayable in annual instalments commencing 1 April 1997. Repayment is conditional on the profitability of the Scottish Electronic Manufacturing Centre, the operating centre in respect of which the loan was granted. The terms of the loan agreement are currently under review and it is not anticipated that any repayment will be due in the near future.

	1998	1997
	£	£
<b>12. Revaluation Reserve</b>		
Balance at 1 August 1997	76,211	77,832
Transfer to Profit and Loss Account	(1,622)	(1,621)
	<hr/>	<hr/>
Balance as at 31 July 1998	74,589	76,211
	<hr/>	<hr/>

**13. Deferred Tax**

The Company has a deferred tax asset for which no provision has been made in the accounts amounting to £14,000.

**14. Parent Undertaking**

The Company is not a legal subsidiary of Napier University. However, as the University exercises a dominant influence it is treated as a subsidiary for financial reporting. Copies of the accounts for Napier University can be obtained from 219 Colinton Road, Edinburgh.