

**Napier University Ventures Ltd**

**Annual Report  
and Accounts**

**2000**

# Napier University Ventures Ltd

## Report of the Directors

Year Ended 31 July 2000

The Directors have pleasure in presenting their report together with the audited Accounts for the year ended 31st July 2000.

### **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 1% to £4,110,735 from £4,074,361 in the previous 12 month period. The Company is grateful to all members of academic and administrative staff who contribute to our work with Industry and Commerce.

### **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 2000 there were 7 guarantors in the register of members.

### **Directors**

The Directors of the Company for the year to 31st July 2000 were :

Mr A Anderson	
Mr E Angus	(resigned 31 December 1999)
Mr C Bryce	
Dr I Grieve	
Prof. J Mavor	
Sir Ronald Miller	
Dr A Read	(resigned 22 May 2000)
Mr A L Stewart	(resigned 8 May 2000)
Prof. M Thorne	
Dr G Webber	(appointed 4 October 1999)

Napier University Ventures Ltd

Report of the Directors

Year Ended 31 July 2000

**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**

G.C. Webber  
Secretary

EDINBURGH

26 October 2000

Registered No: 103082

Napier University Ventures Ltd

Report of the Auditors

Year Ended 31 July 2000

To the members of Napier University Ventures Ltd

We have audited the accounts set out on pages 4 to 10 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 page 6.

**Respective responsibilities of directors and auditors**

As described on page 2, the Company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

**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 2000 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 October 2000

Napier University Ventures Ltd

Profit and Loss Account

Year Ended 31 July 2000

	Notes	2000 £	1999 £
Turnover	1 (b)	4,110,735	4,074,361
Consultancy Expenses		2,683,513	2,895,636
<b>Gross Profit</b>		<u>1,427,222</u>	<u>1,178,725</u>
Administrative Expenses		38,713	261,724
<b>Operating Profit</b>		<u>1,388,509</u>	<u>917,001</u>
Interest Receivable		66,232	51,842
<b>Profit on ordinary activities before taxation</b>	2	<u>1,454,741</u>	<u>968,843</u>
Deed of Covenant	4	1,470,000	1,000,000
<b>Loss for period</b>		<u>(15,259)</u>	<u>(31,157)</u>
<b>Balance Brought Forward</b>		(164,998)	(135,463)
<b>Transfer from Revaluation Reserve</b>		1,621	1,622
<b>Balance Carried Forward</b>		<u>(178,636)</u>	<u>(164,998)</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 2000

	Notes	2000 £	1999 £
<b>Fixed Assets</b>			
Tangible Fixed Assets	5	99,025	108,811
Investments	6	3,500	-
		<hr/>	<hr/>
<b>Current Assets</b>		102,525	108,811
Debtors	7	1,238,686	1,191,262
Cash at Bank and in Hand		1,153,866	918,847
		<hr/>	<hr/>
		2,392,552	
<b>Creditors due within one year</b>	8	2,384,955	2,110,109
		<hr/>	<hr/>
<b>Net Current Assets</b>		7,597	2,098 443
		<hr/>	<hr/>
<b>Total Assets less Current Liabilities</b>		110,122	
	9	(17,412)	
<b>Deferred Capital Grants</b>			11,666
		<hr/>	<hr/>
		92,710	
<b>Total Net Assets</b>		<hr/>	120,477
			<hr/>
Represented by:-			(12,508)
<b>Creditors (amounts falling due after more than one year)</b>	10	200,000	107,969
			<hr/>
<b>Capital and Reserves</b>	11	(178,636)	
		71,346	
Profit and Loss Account		<hr/>	
Revaluation Reserve		92,710	200,000
		<hr/>	<hr/>
			(164,998)
			72,967
			<hr/>
			107,969
			<hr/>

The Accounts on pages 4 to 10 were approved by the Board of Directors on 26 October 2000 and were signed on its behalf by:

PROFESSOR J MAVOR, Chairman

A ANDERSON, Finance Director



Napier University Ventures Ltd

Notes to the Accounts at 31 July 2000

**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. 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 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.



(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.

Napier University Ventures Ltd

Notes to the Accounts at 31 July 2000

	2000 £	1999 £
<b>2. Profit on ordinary activities before taxation</b>		
Profit is stated after charging:-		
Auditors' remuneration	6,500	6,500
Directors emoluments	-	4,307
Depreciation	19,605	24,478
Operating lease rentals	-	-
Interest payable	-	-
	<hr/>	<hr/>

**3. Employee Information**

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

Company Administration	-	4
Other Units & Departmental Centres	11	15
	<hr/>	<hr/>
	11	19
	<hr/>	<hr/>

(b Employment costs - all employees:  
 )

Wages & Salaries	194,446	395,415
Social Security Costs	15,625	32,198
Other Pension Costs	18,499	90,042
	<hr/>	<hr/>
Total Remuneration Costs	228,570	517,655
	<hr/>	<hr/>

(c Directors Emoluments  
 )

No emoluments were received by directors during the year (1998/99 £4,307).

	2000 £	1999 £
<b>4. Deed of Covenant</b>		
Deed of Covenant to Napier University	1,470,000	1,000,000
	<hr/>	<hr/>

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

Napier University Ventures Ltd

Notes to the Accounts at 31 July 2000

<b>5. Tangible Fixed Assets</b>	Freehold Land & Buildings £	Equipment , Furniture & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 August 1999	81,075	587,957	9,029	678,061
Additions	-	14,686	-	
Disposals	-	(391)	(9,029)	14,686
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2000	81,075	602,252	-	683,327
<b>Depreciation</b>				
At 1 August 1999				
Depreciation for the period	8,108	557,192	3,950	
Disposals	1,621	17,772	212	
	-	(391)	(4,162)	569,250
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2000				19,605
	9,729	574,573	-	(4,553)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 2000</b>				584,302
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 1999</b>	71,346	27,679	-	
	<hr/>	<hr/>	<hr/>	<hr/>
	72,967	30,765	5,079	99,025
	<hr/>	<hr/>	<hr/>	<hr/>
				108,811
				<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.

	2000 £	1999 £
<b>6. Investments</b>		
Cost at 1 August 1999	33,000	33,000
Additions	3,500	-
Provision for diminution in value	(33,000)	(33,000)
	<hr/>	<hr/>
Value at 31 July 2000	3,500	-
	<hr/>	<hr/>

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

**Associated Company**

As at 31 July 2000 the Company held 33.33% of the issued share capital of Freelight Systems Ltd., a company established to exploit the commercial potential of polymer technology developed within Napier University. Dormant accounts were submitted by Freelight Systems Ltd. for the period 11 November 1998 to 30 November 1999 (value of net assets £1) and no trading activity has taken place in the period to 31 July 2000.

Napier University Ventures Ltd

Notes to the Accounts at 31 July 2000

	2000 £	1999 £
<b>7. Debtors</b>		
Trade Debtors	750,402	604,607
Amounts due from Napier University	390,289	532,600
Other Debtors	9,213	3,286
Accrued Income	88,782	50,769
	<hr/>	<hr/>
	1,238,686	1,191,262
	<hr/>	<hr/>
<b>8. Creditors due within one year</b>		
Trade Creditors	1,255,572	1,494,150
Amounts due to Napier University	968,388	425,822
Taxation and Social Security	59,082	59,056
Accruals	93,188	100,251
Deferred Income	8,725	19,164
	<hr/>	<hr/>
	2,384,955	2,098,443
	<hr/>	<hr/>

Included in Trade Creditors are Open Project Balances of £1,170,256 (98/99 £1,167,160).

	2000 £	1999 £
<b>9. Deferred Capital Grants</b>		
Balance at 1 August 1999	12,508	14,860
Received during year	14,300	3,468
Released to Income and Expenditure	(9,396)	(5,820)
	<hr/>	<hr/>
Balance at 31 July 2000	17,412	12,508
	<hr/>	<hr/>
<b>10. Creditors (amounts due after more than one year)</b>		
Scottish Enterprise Loan	200,000	200,000
	<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.

Napier University Ventures Ltd

Notes to the Accounts at 31 July 2000

	2000 £	1999 £
<b>11. Revaluation Reserve</b>		
Balance at 1 August 1999	72,967	74,589
Transfer to Profit and Loss Account	(1,621)	(1,622)
	<hr/>	<hr/>
Balance as at 31 July 2000	71,346	72,967
	<hr/>	<hr/>

**12. Deferred Tax**

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

**13. 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.