

# **Napier University Ventures Limited**

## **Annual Report and Accounts**

**For the year ended 31 July 2011**

**Company Number: SC103082**

# **Napier University Ventures Limited**

## **Report of the Directors**

### **Year Ended 31 July 2011**

The Directors have pleasure in presenting their report together with the audited Accounts for the year ended 31st July 2011.

#### **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 income of Napier University Ventures Ltd for the year has increased by 29.9% to £7,415,469 from £5,707,867 in 2010.

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 £2,387,984 was made to the University during the year (2009/10 – £1,662,069).

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.

#### **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 2011 there were 4 guarantors in the register of members.

#### **Directors**

The Directors who served the Company during the year to 31st July 2011 were:

Prof. Dame Joan K. Stringer DBE  
Prof. George Borthwick CBE  
Prof. Robin MacKenzie  
Dr G Webber  
J Mackenzie (appointed 6 December 2010)

# **Napier University Ventures Limited**

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

**Year Ended 31 July 2011**

### **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.

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

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.

### **Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under s.415A of the Companies Act 2006.

Dr G Webber  
Secretary

EDINBURGH

05 December 2011

## **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 2011 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 the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 2, 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 Annual Report and Accounts 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 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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

# Napier University Ventures Limited

## Profit and Loss Account

Year Ended 31 July 2011

	Notes	2011 £	2010 £
Turnover		7,415,469	5,707,867
Consultancy Expenses		(4,782,463)	(3,377,544)
		<hr/>	<hr/>
<b>Gross Profit</b>		2,633,006	2,330,323
		<hr/>	<hr/>
Administrative Expenses		(62,236)	61,993
Gift Aid Donation	3	(2,387,984)	(1,662,069)
Interest Receivable		439	5,249
		<hr/>	<hr/>
		(2,449,781)	(1,594,827)
		<hr/>	<hr/>
<b>Profit / (Loss) on ordinary activities before taxation</b>	4	183,225	735,496
Tax on Profit on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Profit / (Loss) on ordinary activities after taxation</b>	11	183,225	735,496
		<hr/> <hr/>	<hr/> <hr/>

All company activities are continuing.

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

# Napier University Ventures Limited – Company Number SC103082

## Balance Sheet

As at 31 July 2011

	Notes	£	2011 £	£	2010 £
<b>Fixed Assets</b>					
Tangible Fixed Assets	6		53,508		55,129
Investments	7		23,695		23,695
			77,203		78,824
<b>Current Assets</b>					
Debtors	8	3,351,167	3,337,507		
Cash at Bank and in Hand		98,931	76,902		
		3,450,098	3,414,409		
<b>Creditors: amounts falling due within one year</b>	9	1,317,840	1,466,997		
<b>Net Current Assets</b>			2,132,258		1,947,412
<b>Total Assets less Current Liabilities</b>			2,209,461		2,026,236
<b>Total Net Assets</b>			2,209,461		2,026,236
<b>Capital and Reserves</b>					
Revaluation Reserve	10		53,510		55,131
General Reserve	11		2,155,951		1,971,105
			2,209,461		2,026,236
<b>Total Funds</b>			2,209,461		2,026,236

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act.

The Accounts were approved by the Board of Directors on 05 December 2011 and were signed on its behalf by:

DR G WEBBER, Director

PROF. G BORTHWICK CBE, Director

# Napier University Ventures Limited

## Notes to the 2010-11 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.

### 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 along with any attributable grant income (see note 2e).

#### (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 prudent 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 6), 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 2010-11 Accounts

3. Gift Aid Donation	2011 £	2010 £
Gift Aid Donation to Edinburgh Napier University	2,387,984	1,662,069
<b>4. Profit / (Loss) on ordinary activities before taxation</b>		
Profit / (Loss) is stated after charging: -		
Auditors' remuneration	5,600	5,405
Depreciation	1,621	1,621
<b>5. Corporation Tax</b>		
<b>Tax on profit on ordinary activities</b>	-	-
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	183,225	735,496
Theoretical tax at UK corporation tax rate of 27.33% (2010 – 28.00%)	50,075	205,939
<b>Effects of:</b>		
Expenditure not tax deductible	(16,113)	2,717
Depreciation in excess of capital allowances	(4,319)	(5,531)
Short term timing differences	(29,643)	(203,125)
Non-qualifying depreciation	-	-
Current tax charge for the period	-	-

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

The company has an unrecognised deferred tax asset of £41,369 (2010 £22,124). 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 2010-11 Accounts

6. Tangible Fixed Assets	Freehold Land & Buildings £	Equipment, Furniture & Fittings £	Total £
<b>Cost</b>			
At 1 August 2010 and 31 July 2011	81,075	17,903	98,978
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 August 2010	25,946	17,903	43,849
Depreciation for the year	1,621	0	1,621
	<hr/>	<hr/>	<hr/>
At 31 July 2011	27,567	17,903	45,470
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 2011</b>	53,508	0	53,508
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value at 31 July 2010</b>	55,129	0	55,129
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

7. Investments	2011 £	2010 £
Cost at 1 August	43,980	47,561
Additions/(Disposals) in Year	-	(3,581)
Provision for diminution in value	(20,285)	(20,285)
	<hr/>	<hr/>
Value at 31 July	23,695	23,695
	<hr/> <hr/>	<hr/> <hr/>

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

# Napier University Ventures Limited

## Notes to the 2010-11 Accounts

### 7. Investments (Cont'd)

#### Associated Companies

At 31 July 2011 the Company held:

- 18.23% of the issued ordinary share capital of CardioDigital Ltd., a company established in March 2001 to exploit the commercial potential of proprietary patents in the field of unique medical software. Value of net assets £262,793 at 31 December 2010.
- 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. Value of net assets are minus £(25,833) at 30 November 2010.

	2011 £	2010 £
<b>8. Debtors: Amounts due within one year</b>		
Trade Debtors	1,959,962	1,503,641
Other Debtors	-	-
Accrued Income	89,933	35,411
Prepayments	87,568	105,558
Amounts due from Edinburgh Napier University	1,213,704	1,692,897
	<hr/>	<hr/>
	3,351,167	3,337,507
	<hr/> <hr/>	<hr/> <hr/>
<b>9. Creditors: Amounts falling due within one year</b>		
Other Creditors	84,267	79,164
Accruals	266,626	199,843
Deferred Income	966,947	1,187,990
	<hr/>	<hr/>
	1,317,840	1,466,997
	<hr/> <hr/>	<hr/> <hr/>

## Napier University Ventures Limited

### Notes to the 2010-11 Accounts

	2011 £	2010 £
<b>10. Revaluation Reserve</b>		
Balance at 1 August	55,131	56,752
Transfer to General Reserve	(1,621)	(1,621)
	<hr/>	<hr/>
Balance at 31 July	53,510	55,131
	<hr/>	<hr/>
<b>11. General Reserve</b>		
Balance at 1 August	1,971,105	1,233,988
Profit / (Loss) for the Year	183,225	735,496
Transfer from Revaluation Reserve	1,621	1,621
	<hr/>	<hr/>
Balance at 31 July	2,155,951	1,971,105
	<hr/>	<hr/>

#### 12. Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 2006 for small companies.

#### 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.