

Napier University Ventures Ltd

**Annual Report
and Accounts**

1999

Napier University Ventures Ltd

Report of the Directors

Year Ended 31 July 1999

The Directors have pleasure in presenting their report together with the audited Accounts for the year ended 31st July 1999.

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 decreased by 12% to £4,074,361 from £4,611,132 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.

The cost of running Napier University Ventures Ltd as a percentage of total income has decreased to 4.4% from 5.01% 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 1999 there were 10 guarantors in the register of members.

Directors

The Directors of the Company for the year to 31st July 1999 were :

Mr A Anderson	
Mr E Angus	
Mr C Bryce	
Dr I Grieve	(appointed 12 October 1998)
Prof. J Mavor	
Mr I J Miller	(resigned 4 October 1999)
Sir Ronald Miller	
Dr A Read	
Mr A L Stewart	
Prof. M Thorne	
Mrs G Walker	(resigned 12 October 1998)

Company Secretary

Mr I J Miller resigned as Company Secretary on 4 October 1999 and Dr G C Webber was appointed on the same date.

Napier University Ventures Ltd

Report of the Directors

Year Ended 31 July 1999

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

8 November 1999

Registered No: 103082

Napier University Ventures Ltd

Report of the Auditors

Year Ended 31 July 1999

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 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 1999 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

8 November 1999

Napier University Ventures Ltd

Profit and Loss Account

Year Ended 31 July 1999

	Notes	1999 £	1998 £
Turnover	1 (b)	4,074,361	4,611,132
Consultancy Expenses		2,895,636	3,437,931
Gross Profit		<u>1,178,725</u>	<u>1,173,201</u>
Administrative Expenses		261,724	285,971
Operating Profit		<u>917,001</u>	<u>887,230</u>
Interest Receivable		51,842	80,329
Profit on ordinary activities before taxation	2	<u>968,843</u>	<u>967,559</u>
Deed of Covenant	4	1,000,000	995,665
Loss for period		<u>(31,157)</u>	<u>(28,106)</u>
Balance Brought Forward		(135,463)	(108,979)
Transfer from Revaluation Reserve		1,622	1,622
Balance Carried Forward		<u>(164,998)</u>	<u>(135,463)</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 1999

	Notes	1999 £	1998 £
Fixed Assets			
Tangible Fixed Assets	5	108,811	118,845
Investments	6	-	-
		<hr/>	<hr/>
Current Assets		108,811	118,845
Debtors	7	1,191,262	1,391,845
Cash at Bank and in Hand		918,847	28,210
		<hr/>	<hr/>
Creditors due within one year	8	2,110,109	2,320,055
Net Current Assets		2,098,443	2,284,914
		<hr/>	<hr/>
Total Assets less Current Liabilities		120,477	
	9	(12,508)	35,141
Deferred Capital Grants		<hr/>	<hr/>
		107,969	
Total Net Assets		<hr/>	153,986
			(14,860)
Represented by:-			<hr/>
Creditors (amounts falling due after more than one year)	10	200,000	139,126
			<hr/>
Capital and Reserves	11	(164,998)	
		72,967	
Profit and Loss Account		<hr/>	
Revaluation Reserve			200,000
		107,969	
		<hr/>	<hr/>
			(135,463)
			74,589
			<hr/>
			139,126
			<hr/>

The Accounts on pages 4 to 10 were approved by the Board of Directors on 8 November 1999 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 1999

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.

(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 1999

	1999	1998
	£	£
2. Profit on ordinary activities before taxation		
Profit is stated after charging:-		
Auditors' remuneration	6,500	6,000
Directors emoluments	4,307	5,228
Depreciation	24,478	27,190
Operating lease rentals	-	1,337
Interest payable	-	9,891
	_____	_____

3. Employee Information

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

Company Administration	4	6
Other Units & Departmental Centres	15	17
	_____	_____
	19	23
	_____	_____

(b Employment costs - all employees:

Wages & Salaries	395,415	416,675
Social Security Costs	32,198	34,348
Other Pension Costs	90,042	22,984
	_____	_____
Total Remuneration Costs	517,655	474,007
	_____	_____

(c Directors Emoluments

) During the year the highest paid director received emoluments of £4,307 (97/98 £5,228). The Chairman and remaining directors received no emoluments.

	1999	1998
	£	£
4. Deed of Covenant		
Deed of Covenant to Napier University	1,000,000	995,665
	_____	_____

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 1999

5. Tangible Fixed Assets	Freehold Land & Buildings £	Equipment , Furniture & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 August 1998	81,075	605,941	9,029	696,045
Additions	-	14,444	-	
Disposals	-	(32,428)	-	14,444
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1999	81,075	587,957	9,029	678,061
Depreciation				
At 1 August 1998				
Depreciation for the period	6,486	568,457	2,257	
Disposals	1,622	21,163	1,693	
	-	(32,428)	-	577,200
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1999				24,478
	8,108	557,192	3,950	(32,428)
Net book value at 31 July 1999				<hr/>
	72,967	30,765	5,079	569,250
Net book value at 31 July 1998	<hr/>	<hr/>	<hr/>	<hr/>
	74,589	37,484	6,772	108,811
	<hr/>	<hr/>	<hr/>	<hr/>
				118,845
				<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.

6. Investments	1999 £	1998 £
Cost at 1 August 1998	33,000	13,000
Additions	-	20,000
Provision for diminution in value	(33,000)	(33,000)
	<hr/>	<hr/>
Value at 31 July 1999	-	-
	<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 1999

	1999 £	1998 £
7. Debtors		
Trade Debtors	604,607	579,396
Amounts due from Napier University	532,600	709,785
Other Debtors	3,286	49,517
Accrued Income	50,769	53,147
	<hr/>	<hr/>
	1,191,262	1,391,845
	<hr/>	<hr/>

8. Creditors due within one year

Trade Creditors	1,494,150	1,461,021
Amounts due to Napier University	425,822	650,787
Taxation and Social Security	59,056	114,370
Accruals	100,251	22,451
Deferred Income	19,164	36,285
	<hr/>	<hr/>
	2,098,443	2,284,914
	<hr/>	<hr/>

Included in Trade Creditors are Open Project Balances of £1,167,160 (97/98 £1,199,113).

	1999 £	1998 £
9. Deferred Capital Grants		
Balance at 1 August 1998	14,860	-
Received during year	3,468	19,813
Released to Income and Expenditure	(5,820)	(4,953)
	<hr/>	<hr/>
Balance at 31 July 1999	12,508	14,860
	<hr/>	<hr/>
10. Creditors (amounts due after more than one year)		
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 1999

	1999 £	1998 £
11. Revaluation Reserve		
Balance at 1 August 1998	74,589	76,211
Transfer to Profit and Loss Account	(1,622)	(1,622)
	<hr/>	<hr/>
Balance as at 31 July 1999	72,967	74,589
	<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.