

# **Napier University Ventures Limited**

## **Annual Report and Accounts**

**For the year ended 31 July 2005**

**Company Number: SC103082**

# **Napier University Ventures Limited**

## **Report of the Directors**

### **Year Ended 31 July 2005**

The Directors have pleasure in presenting their report together with the audited Accounts for the year ended 31st July 2005.

#### **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 7.5% to £4,062,163 from £4,391,536 in 2004. This is due to a drop in activity levels in terms of the number of projects between the two years.

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 Napier University in line with the University's strategic plan.

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 2005 there were 4 guarantors in the register of members.

#### **Directors**

The Directors of the Company for the year to 31st July 2005 were:

Prof. J Stringer  
Dr A Cubie  
Mrs D Robertson  
Dr G Webber

Prof Gill Tucker resigned as a Director in February 2005.

# **Napier University Ventures Limited**

## **Report of the Directors**

**Year Ended 31 July 2005**

### **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
- 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**

A resolution to re-appoint RSM Robson Rhodes LLP as external auditors will be proposed at the forthcoming Annual General Meeting.

### **By Order of the Board**

Dr. G. Webber  
Secretary

EDINBURGH

6<sup>th</sup> December 2005

# **Napier University Ventures Limited**

## **Independent Auditors' Report to the members of Napier University Ventures Limited**

**Year Ended 31 July 2005**

We have audited the accounts on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the Annual Report and accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 July 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

Edinburgh, Scotland  
6<sup>th</sup> December 2005

# Napier University Ventures Limited

## Profit and Loss Account

Year Ended 31 July 2005

	Notes	2005 £	2004 £
Turnover		4,062,163	4,391,536
Consultancy Expenses		(3,036,966)	(3,341,332)
<b>Gross Profit</b>		<u>1,025,197</u>	<u>1,050,204</u>
Administrative Expenses		12,589	14,703
Other Operating Income	3	162,900	-
Gift Aid Donation	5	(1,280,056)	(1,165,000)
Interest Receivable		39,101	92,408
		<u>(1,065,466)</u>	<u>(1,057,889)</u>
<b>(Loss) / profit on ordinary activities before taxation</b>	4	(40,269)	(7,685)
<b>Balance Brought Forward</b>		(221,305)	(215,242)
<b>Transfer from Revaluation Reserve</b>	11	1,622	1,622
<b>Balance Carried Forward</b>		<u>(259,952)</u>	<u>(221,305)</u>

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

## Balance Sheet

As at 31 July 2005

	Notes	2005 £	2004 £
<b>Fixed Assets</b>			
Tangible Fixed Assets	7	77,414	64,859
Investments	8	4,176	4,176
		81,590	69,035
<b>Current Assets</b>			
Debtors	9	845,308	410,868
Cash at Bank and in Hand		1,827,304	2,726,923
		2,672,612	3,137,791
<b>Creditors: amounts falling due within one year</b>	10	2,950,916	3,363,271
<b>Net Current Liabilities</b>		(278,304)	(225,480)
<b>Total Assets less Current Liabilities</b>		(196,714)	(156,445)
<b>Total Net Liabilities</b>		(196,714)	(156,445)
Represented by: -			
<b>Capital and Reserves</b>			
Revaluation Reserve	11	63,238	64,860
Profit and Loss Account		(259,952)	(221,305)
		(196,714)	(156,445)
		(196,714)	(156,445)

The Accounts were approved by the Board of Directors on 6<sup>th</sup> December 2005 and were signed on its behalf by:

PROFESSOR J STRINGER, Chairman

DR G WEBBER, Secretary

# Napier University Ventures Limited

## Notes to the Accounts at 31 July 2005

### 1. Fundamental Accounting Concept

At the year end the company was in a net liability position. 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 7), 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 Accounts at 31 July 2005

3. Other Operating Income	2005 £	2004 £
Loan from Scottish Enterprise no longer repayable	162,900	0
<b>4. Profit on ordinary activities before taxation</b>		
Profit is stated after charging: -		
Auditors' remuneration	1,250	1,200
Depreciation	5,349	1,622
<b>5. Gift Aid Donation</b>		
Gift Aid Donation to Napier University	1,280,056	1,165,000

The amount paid under the Gift Aid Scheme is equivalent to the Company's profit assessable to corporation tax.

6. Corporation Tax	2005 £	2004 £
<b>Factors affecting the tax charge in year: -</b>		
Profit on ordinary activities before tax	(40,268)	(7,685)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004:30%)		
<b>Effect of:</b>	(12,080)	(2,305)
Disallowed expenses and non-taxable income		
Depreciation in excess of capital allowances	5,532	1,903
Short term timing differences	9,604	3,318
	(3,056)	(2,916)
Current tax charge for the period		
	0	0

#### Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £21,518 (2004 £14,970). This asset has not been recognized as the company gifts all profits to 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 Accounts at 31 July 2005

7. Tangible Fixed Assets	Freehold Land & Buildings £	Equipment, Furniture & Fittings £	Total £
<b>Cost</b>			
At 1 August 2004	81,075	71,137	152,212
Disposals	-	(71,137)	(71,137)
Additions during year	-	17,903	17,903
	<hr/>	<hr/>	<hr/>
At 31 July 2005	81,075	17,903	98,978
<b>Depreciation</b>			
At 1 August 2004	16,215	71,137	87,352
Disposals	-	(71,137)	(71,137)
Depreciation for the year	1,621	3,728	5,349
	<hr/>	<hr/>	<hr/>
At 31 July 2005	17,836	3,728	21,564
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 2005</b>	<b>63,239</b>	<b>14,175</b>	<b>77,414</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 2004</b>	<b>64,859</b>	<b>0</b>	<b>64,859</b>
	<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 Napier University. Fixed Asset postings have been actioned during the year to match off fully depreciated assets against their accumulated depreciation.

8. Investments	2005 £	2004 £
Cost at 1 August	37,461	37,176
Additions	-	285
Provision for diminution in value	(33,285)	(33,285)
	<hr/>	<hr/>
Value at 31 July	4,176	4,176
	<hr/>	<hr/>

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

# Napier University Ventures Limited

## Notes to the Accounts at 31 July 2005

### 8. Investments (Cont'd)

#### Associated Companies

As at 31 July 2005 the Company held:

- 34% of the issued share capital of Freelight Systems Ltd., a company established to exploit the commercial potential of polymer technology developed within Napier University. Value of net liabilities £13,340 at 30 November 2004.
- 29% of the issued 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 £47,853 at 31 December 2004.

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>9. Debtors: Amounts due within one year</b>		
Trade Debtors	578,239	315,180
Other Debtors	264	12,487
Accrued Income	266,495	46,101
Prepayments	310	37,100
	<hr/>	<hr/>
	845,308	410,868
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### 10. Creditors: Amounts falling due within one year

Amounts due to Napier University	1,365,263	1,557,832
Taxation and Social Security	40,092	75,199
Other Creditors	329,740	405,200
Accruals	887,400	888,295
Deferred Income	328,421	236,745
Scottish Enterprise Loan	-	200,000
	<hr/>	<hr/>
	2,950,916	3,363,271
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## Napier University Ventures Limited

### Notes to the Accounts at 31 July 2005

	2005 £	2004 £
<b>11. Revaluation Reserve</b>		
Balance at 1 August 2004	64,860	66,482
Transfer to Profit and Loss Account	(1,622)	(1,622)
	<hr/>	<hr/>
Balance as at 31 July 2005	63,238	64,860
	<hr/> <hr/>	<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 1985 for small companies.

### 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 Craighouse Campus, Edinburgh, EH10 5LG.