

**EDINBURGH TECHNOLOGY TRANSFER CENTRE LIMITED**



**MEETING OF THE BOARD OF DIRECTORS**

**8 December 2014**

**Directors' Report and Accounts – Year to 31 July 2014**

Brief description of the paper

To finalise the Directors' Report and Accounts for the year to 31 July 2014. Draft accounts have previously been circulated to the Board. Audit work has now been concluded and there have been no changes to the figures previously presented.

Action requested

The Board are requested to:

1. Note the contents of the Directors' Responsibility Statement on page 4 of the accounts.
2. Approve the Directors' Report and Accounts for the year to 31 July 2014 and authorise Mr Derek Waddell to sign these on behalf of the Board.
3. Approve the draft of the Representation Letter to be sent to PwC, and authorise Mr Derek Waddell to sign on behalf of the Board.

Resource implications

Does the paper have resource implications? No

Risk Assessment

Does the paper include a risk analysis? No

Equality and Diversity

Does the paper have equality and diversity implications? No

Freedom of information

Can this paper be included in open business? Yes

Any other relevant information

None

Originator of the paper

Ian Lamb  
1 December 2014

SC107460

# **Edinburgh Technology Transfer Centre Limited**

Report and Financial Statements

31 July 2014

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**DIRECTORS' REPORT**

**DIRECTORS**

Peter Grant  
Derek Waddell  
Greg Ward

**SECRETARY**

Ian Lamb

**AUDITORS**

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

**BANKERS**

Royal Bank of Scotland plc  
St Andrews Square  
Edinburgh  
EH2 2YB

**SOLICITORS**

Lindsays WS  
Caledonian Exchange  
19A Canning Street  
Edinburgh  
EH3 8HE

**REGISTERED OFFICE**

Old College  
South Bridge  
Edinburgh  
EH8 9YL

**COMPANY NUMBER**

SC 107460

# Edinburgh Technology Transfer Centre Limited

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## DIRECTORS' REPORT

The directors present their report and the audited financial statements of Edinburgh Technology Transfer Centre Limited ("the Company") for the year ended 31 July 2014.

### PRINCIPAL ACTIVITIES

The Company's principal activities are the provision of early-stage incubation support to high-growth start-up and spin-out companies with on-going research and development links to the University of Edinburgh, and the provision of lettable project-office and laboratory facilities to these companies during the early stages of their development.

The Company is limited by guarantee of the University of Edinburgh and the City of Edinburgh Council and accordingly has no share capital.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A steady improvement in economic conditions has led to more stable climate for ETTC despite the early-stage investment market remaining tight. Demand at both facilities remains relatively high underpinning good trading performance. That good trading performance provided resources to upgrade meeting room facilities at the Alrick Building. Efforts to improve access to early stage capital will continue and will hopefully deliver a positive impact amongst tenant companies during the next period. However, the decanting of the Appleton Tower facility to the nearby Wilkie Building will result in some business interruption, extra costs and lost revenue towards the end of the next period.

The profit for the year after taxation amounted to £22,957 (2013: £24,877).

The directors recommend that the sum of £22,957 be transferred to reserves. (2013 transfer to reserves: £24,877).

The directors will continue to promote the Company's objectives and look for appropriate opportunities in the forthcoming year.

### DIRECTORS

The directors of the company who were in office during the year and up to the date of signing of the financial statements are detailed on page 2. None of the directors who held office at the end of the financial year has any disclosable interest in the shares of the Company.

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that as far as they are aware there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### AUDITORS

PricewaterhouseCoopers LLP were appointed as auditors of the company, following the resignation of KPMG LLP.

### SMALL COMPANY EXEMPTION

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the Board

Ian K Lamb  
Company Secretary  
8 December 2014

Old College  
South  
Bridge  
Edinburgh  
EH8 9YL

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# ***Independent auditors' report to the members of Edinburgh Technology Transfer Centre Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

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### **What we have audited**

The financial statements, which are prepared by Edinburgh Technology Transfer Centre Limited, comprise:

- the balance sheet as at 31 July 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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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.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Lindsey Paterson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
8 December 2014

# Edinburgh Technology Transfer Centre Limited

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## PROFIT AND LOSS ACCOUNT

for the year ended 31 July 2014

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
<b>TURNOVER</b>	2	241,664	323,709
Administrative expenses		(217,015)	(299,655)
<b>OPERATING PROFIT</b>		<u>24,649</u>	<u>24,054</u>
Interest receivable	3	208	593
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<u>24,857</u>	<u>24,647</u>
Tax on profit on ordinary activities	5	(1,900)	230
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>22,957</u></u>	<u><u>24,877</u></u>

All turnover and profit on ordinary activities before taxation are derived from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical costs equivalents.

### RECOGNISED GAINS AND LOSSES

The Company made no recognised gains or losses in either year other than those included in the profit and loss account.

# Edinburgh Technology Transfer Centre Limited

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## BALANCE SHEET

at 31 July 2014

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	-
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	8	24,586	33,297
Cash at bank and in hand		123,093	82,751
		<hr/>	<hr/>
		147,679	116,048
		<hr/>	<hr/>
<b>CREDITORS:</b> amounts falling due within one year	9	(52,520)	(43,846)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		95,159	72,202
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		95,159	72,202
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Profit and loss account	11	95,159	72,202
		<hr/>	<hr/>
		95,159	72,202
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 7 to 12 were approved by the Board of Directors on 8 December 2014 and were signed on its behalf by:

Director

D M WADDELL

Registered in Scotland Number SC107460

# Edinburgh Technology Transfer Centre Limited

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## NOTES TO THE FINANCIAL STATEMENTS

at 31 July 2014

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### *Fundamental accounting concept*

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less any estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment - 25% per annum

Items of a minor nature are written off to revenue in the year of purchase.

#### *Revenue Grants*

Revenue grants received are written off to profit and loss in the year in which they are received.

#### *Taxation*

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

### 2. TURNOVER

Turnover represents rental income receivable and expenses recharged (excluding Value Added Tax) and arises wholly from the principal activities of the Company within the United Kingdom.

### 3. INTEREST RECEIVABLE

	2014	2013
	£	£
On bank deposits	207	593
	=====	=====

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	2014	2013
	£	£
Fees paid to the Auditor and its associates:		
-Audit of these financial statements	2,100	2,405
	=====	=====

# Edinburgh Technology Transfer Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 July 2014

### 5. TAXATION

	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
<b>Current tax</b>		
UK Corporation tax on profits for the period	1,900	-
Adjustment for prior years	-	(230)
<b>Total Current tax</b>	<u>1,900</u>	<u>(230)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Total taxation</b>	<u><u>1,900</u></u>	<u><u>(230)</u></u>

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK 20%.

### Factors affecting tax charge for the period

	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>
Profit on ordinary activities before taxation	<u>24,857</u>	<u>24,647</u>
Tax charge at UK Corporation tax rate of 20%	3,655	4,929
Effects of:		
Depreciation in excess of capital allowances	973	(469)
Utilisation of tax losses	(4,788)	-
Expenses not deductible for tax purposes	2,060	-
Adjustments for prior years	-	(230)
Other (including provisions)	-	(4,460)
<b>Current tax charge for period</b>	<u><u>1,900</u></u>	<u><u>(230)</u></u>

### 6. STAFF COSTS

The company has no employees. The Directors did not receive any emoluments in respect of their specific services provided as a Director of the Company. (2013 – nil)

# Edinburgh Technology Transfer Centre Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 July 2014

### 7. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
At 1 August 2013	45,849
Additions	-
At 31 July 2014	45,849
Depreciation	
At 1 August 2013	45,849
Charge for year	-
At 31 July 2014	45,849
Net book value	
At 31 July 2014	-
At 31 July 2013	-

### 8. DEBTORS

	2014 £	2013 £
Trade debtors	13,552	26,951
Other debtors	-	1,988
Prepayments and accrued income	11,034	4,358
	24,586	33,297

### 9. CREDITORS: amounts falling due within one year

	2014 £	2013 £
Trade creditors	9,935	22,525
Amounts owed to Parent	27,005	-
Other taxes and social security costs	2,720	7,768
Current Corporation Tax	1,900	-
Accruals	10,960	13,553
	52,520	43,846

# Edinburgh Technology Transfer Centre Limited

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## NOTES TO THE FINANCIAL STATEMENTS

at 31 July 2014

### 10. SHARE CAPITAL

The Company has no share capital, being a Company limited by guarantee.

The University Court of the University of Edinburgh and the City of Edinburgh Council are the only members of the Company.

In the event of the winding up of the Company, the liability of the members is limited to £1 each.

### 11. MOVEMENT ON RESERVES

	<i>Profit and Loss account</i>
	<i>£</i>
At 1 August 2013	72,202
Profit for the year	22,957
	<hr/>
At 31 July 2014	95,159
	<hr/> <hr/>

### 12. RELATED PARTY TRANSACTIONS

During the year the Company purchased management and central services from the University of Edinburgh and one of its subsidiaries, Edinburgh Research and Innovation Limited totalling £156,611(2013: £254,307). At 31<sup>st</sup> July 2014, £27,005 was outstanding (2013: £18,771)

### 13. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is The University of Edinburgh.

The University of Edinburgh is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 July 2014. The consolidated financial statements of The University of Edinburgh are available from Old College, South Bridge, Edinburgh EH8 9YL.

8 December 2014

**PricewaterhouseCoopers LLP**

141 Bothwell Street  
Glasgow  
G2 7EQ

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Edinburgh Technology Transfer Centre Limited (the "company") for the year ended 31 July 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), and have been prepared in accordance with the Companies Act 2006.

We confirm that the following representations are made on the basis of enquiries of management and staff of the company with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, for all directors at the time the directors' report is approved, to the best of our knowledge and belief, and having made the appropriate enquiries, the following representations:

***Financial Statements***

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 14 July 2014, for the preparation of the financial statements in accordance with UK GAAP and the Companies Act 2006; in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the financial statements for which UK GAAP requires adjustment or disclosure have been adjusted or disclosed.

***Information Provided***

- Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that you (the company's auditors) are aware of that information.
- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the company from whom you determined it necessary to obtain audit evidence.
- So far as each director is aware, there is no relevant audit information of which you are unaware.

***Fraud and non-compliance with laws and regulations***

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

***Related party transactions***

We confirm that the ultimate controlling party of the company is the University of Edinburgh.

As a wholly owned subsidiary of the University of Edinburgh, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

We confirm that the company has no related parties, as defined in FRS 8, other than the University of Edinburgh and entities which form part of the University of Edinburgh group.

***Employee Benefits***

We confirm that we have made you aware of all employee benefit schemes in which employees of the company participate.

***Contractual arrangements/agreements***

All contractual arrangements (including side-letters to agreements) entered into by the company have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

***Litigation and claims***

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with UK GAAP.

***Taxation***

We have complied with the taxation requirements of all countries within which we operate and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any corporation or other direct tax or any indirect taxes. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and we have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In managing the tax affairs of the company, we have taken into account any special provisions such as transfer pricing, debt cap, tax avoidance disclosure and controlled foreign companies legislation as applied in different tax jurisdictions.

As minuted by the board of directors at its meeting on 8 December 2014

.....  
(Chairman)

.....  
(Secretary)

For and on behalf of Edinburgh Technology Transfer Centre Limited