Technology Innovation Centre (limited by guarantee)

Annual report and financial statements

Registered number 3196819

Year ended 31 July 2018

Contents

Strategic report

In the year ending 31 July 2018 Technology Innovation Centre ("the Company") comprised 2 Schools which are located at Millennium Point:

- School of Engineering and Built Environment (EBE)
- School of Computing and Digital Technology (CDT)

Financial Review and Highlights

The Company's revenue for the year has increased by 4.1% from £30.97m in 2016-17 to £32.24m in 2017-18. The income for the Company and its subsidiary, Technology Innovation Centre (Commercial) Limited (together "TIC Group") has increased from £30.98m in 2016-17 to £32.34m in 2017-18. The operating surplus for the year is £7.18.m (TIC Group - £7.23m surplus) against a corresponding surplus of £5.26m in 2016-17 (TIC Group - £5.26m surplus).

An increase in Student Fee Income primarily contributed to the overall increase in company income. During the year, the Company experienced increases in home full time and part time postgraduate and undergraduates. Overseas student numbers also increased for the post graduate provision but there was drop in the undergraduate provision and offsite partnerships. The higher home undergraduate student fees income in particular has continued to offset reductions in grant funding from HEFCE. Income from projects has increased this year compared to last year. The Company's share of central shared services is the main reason for the increase in expenditure.

Review of progress to date

The Company's operations are guided by its 2020 strategy. This strategy is built on two important goals: 1 – to establish and maintain financial sustainability, and 2 – to achieve top quartile in our academic performance.

The Company has taken tough decisions since 2009 to ensure its financial sustainability. Our focus was on reducing costs; largely by reducing the number of staff. By 2012, we had become as efficient as we could with our existing business and our focus shifted towards increasing our income, performing better and consequently attracting more interest from potential students and by developing new business, particularly overseas. The Company's income is now growing strongly and indicates that the size (quantity) of our business is heading in the right direction.

The Company's business strategy is underpinned by pursuing three strategic drivers. These are (i) Improved Efficiency, (ii) Improved Effectiveness and (iii) Diversification of Income. In improving efficiency, the Company has taken action to streamline our portfolio to focus to those courses where there is, or will be, strong market demand. In improving effectiveness, more students are being successful and continuing to study with us. The Company is diversifying its income portfolio through transforming its research capacity and capability which will manifest itself in the growth of research and enterprise income and the Company continues to develop strong partnerships overseas based on the full validation model of business.

By the end of the 2017/18 financial year, income has grown to £32M and the business is financially sustainable (goal 1). In terms of academic performance (goal 2), recruitment of students, student attainment, student outcomes (good honours and progression) and graduate prospects are all showing sustained improvement. Student experience remains a challenge and in the last year was impacted by the University resource allocation model and an over-running refurbishment project in Millennium Point that impact directly on student experience in the first semester.

Strategic report *(continued)*

The future outlook

Our much stronger recruitment and better financial performance mean that we continue to identify and are better placed to take advantage of opportunities that will support the acceleration of the improvement of academic performance. In the coming year, the primary focus will be on the student experience. The revised programmes that are based around 'learning by doing' (flipped curriculum) are designed to improve student engagement with their learning and will deliver a better student experience. These new programmes are being phased in and will not be fully implemented until the 2019/20 session. However, aspects of the new curriculum are being deployed into existing programmes and some benefit should accrue. In addition to this, the Company will place greater emphasis on monitoring and evaluation the student experience in real time. To this end it is working on an innovative approach using a smart phone app.

Birmingham, one of the United Kingdom's great industrial cities continues to significantly support and drive the UK economy as a whole and being the Company's location, continues to have a positive impact on the Company's business. The creation of the West Midlands Combined Authority and the High Speed Rail Link positions the Company to play a key role in partnership not only locally but regionally. A recent Midland Economic Forum Report highlighted the importance of manufacturing, construction, transportation, utilities, information technology, real estate and professional services accounting for 56% of Midlands Output. These are all areas which the Company specialises in teaching, research and enterprise activities. The Company's graduates are increasingly finding graduate employment and this is projected to increase with the major regeneration and infrastructure projects coming on stream locally and regionally.

Over the past 9 years, the Company has pursued a strategy of building and developing 'centres of excellence'. The idea behind this strategy was to establish things for which we are or could be recognised by industry, policymakers and potential students and that would lead to higher performance and more income. Centres demonstrate focus on an issue or subject and this is important to both external and internal decision makers. We referred to this approach based around centres in our 2020 strategy, describing them as "the engine room of our academic endeavour and the driving force behind the cultural change needed to improve academic performance and grow income".

The Company's aim is that the centres would become high performing teams and this approach has worked well, and examples include the Knowledge Based Engineering Lab, the Digital Technology Lab, and the Cyber Security Lab (there are more). Each of these has had a different genesis, but they have become, or are well on the road to becoming high performing teams. The Company has invested in these centres both in terms of cash and people and the returns have been substantial in terms of new taught programmes driven by research and enterprise. The Company's medium to long term strategy focuses on the need to grow the business to 6,000 students based on current market intelligence.

Strategic report *(continued)*

The future outlook *(continued)*

Principal Risks and Uncertainties

The principal risks identified by the Board and the corresponding controls are set out below in no order of priority.

Market and Regulatory Factors: changes to the framework of UK public funding for higher education and the introduction of new immigration rules will have a significant impact on market demand from both home and international students. The company mitigates these risks by: continued investment in marketing and open days for applicants, the development of additional partnerships which will deliver a stable supply of international students, enhancing the current and prospective student experience and building a profile of academic excellence.

Financial Strategy: The Company will remain alert to changes in demand for its products and services and respond promptly to decreases in income from any source by reducing costs accordingly.

Fraud Risk: The Company is subject to the same strong control framework in respect of potential fraud or other dishonest behaviour as the other business units of Birmingham City University and is subject to routine internal audit under the oversight of the University's Audit Committee.

Going concern assessment

The Company participates in the Birmingham City University group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the future viability of the current trading arrangements. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able 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.

By order of the board

KM Stephenson

Ms. Karen Stephenson
Secretary

Technology Innovation Centre
Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

6 February 2019

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 July 2018.

Principal activities

The Company is a wholly-controlled subsidiary of Birmingham City University. The company aims to further the advancement of education in particular, but not exclusively, by providing and promoting or assisting in the provision of further and higher education in the fields of technological innovation, engineering and science. The company was incorporated on 10 May 1996 and commenced trading on 1 August 1999. The assets of the University's Faculty of Engineering and Computer Technology were transferred under a formal transfer agreement to the Company on 31 July 2000.

On 23 July 1999, Technology Innovation Centre (Commercial) Limited, a company limited by guarantee, was incorporated and is a wholly owned subsidiary of Technology Innovation Centre. Technology Innovation Centre (Commercial) Limited trades as a general commercial company in the areas of science, engineering and technology.

Directors and directors' interests

The directors who held office during the year were as follows:

Prof J Beer
Mr C Hall (resigned 5 November 2018)
Prof M Lees (resigned 30 September 2018)
Ms J Ladbrooke
Mr D Wilkin (appointed 5 November 2018)
Prof H Shah (appointed 5 November 2018)

No director had any interest in the Company during the year. Ms K Stephenson served as Company Secretary during the year.

Political and charitable contributions

The Company made no political or charitable contributions during the year (*2017: £nil).*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

K Stephenson

Ms. Karen Stephenson
Secretary

Technology Innovation Centre
Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

6 February 2019

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent auditor's report to the members of Technology Innovation Centre

Opinion

We have audited the financial statements of Technology Innovation Centre ("the Company") for the year ended 31 July 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Technology Innovation Centre *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

M Rowley

Michael Rowley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

16 April 2019

Profit and loss account
for the year ended 31 July 2018

	Note	2018 £	2017 £
Turnover	3	**32,280,339**	30,972,299
Cost of sales		**(24,077,159)**	(23,697,683)
Gross profit		**8,203,180**	7,274,616
Administrative expenses		**(987,349)**	(2,010,222)
Profit on ordinary activities before and after taxation	2	**7,215,831**	5,264,394

Other Comprehensive Income
for the year ended 31 July 2018

There were no recognised gains or losses other than the result for the year.

The notes on pages 11 to 16 form an integral part of these financial statements.

All turnover in the year relates to continuing operations.

Balance sheet
at 31 July 2018

	Note	2018		2017	
		£	**£**	£	£
Fixed assets					
Tangible fixed assets	*6*	**3,248,315**		3,472,855	
Investments	*7*	**-**		-	
		3,248,315		3,472,855	
Current assets					
Cash at bank and in hand		**38,180**		38,190	
Debtors	*8*	**23,930,628**		16,089,471	
		23,968,808		16,127,661	
Creditors: Amounts falling due within one year	*9*	**(1,450,376)**		(1,098,853)	
Net current assets			**22,518,432**		15,028,808
Total assets less current liabilities			**25,766,747**		18,501,663
Creditors : Amounts falling due after more than one year	*10*		**(376,999)**		(385,552)
Provisions	*11*		**(141,770)**		(83,964)
Net assets			**25,247,978**		18,032,147
Capital and reserves					
Profit and loss account	*12*		**25,247,978**		18,032,147

The notes on pages 11 to 16 form an integral part of these financial statements.

These financial statements were approved by order of the board of directors on 6 February 2019 and were signed on its behalf by:

Prof J Beer
Chair

Registered number 3196819

Statement of Changes in Equity
at 31 July 2018

	Profit and loss account £	Total equity £
Balance at 1 August 2016	12,822,589	12,822,589
Total comprehensive income for the period		
Profit or loss	5,264,394	5,264,394
Gift aid repayment to subsidiary	(54,836)	(54,836)
Balance at 31 July 2017	18,032,147	18,032,147
Balance at 1 August 2017	18,032,147	18,032,147
Total comprehensive income for the period		
Profit or loss	7,215,831	7,215,831
Balance at 31 July 2018	**25,247,978**	**25,247,978**

Notes
(forming part of the financial statements)

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.

The Technology Innovation Centre (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK and is wholly owned by the Birmingham City University, whose liability is limited to £1.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in September 2015 have been applied. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Birmingham City University includes the Company in its consolidated financial statements. The consolidated financial statements of Birmingham City University are prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2017 and in accordance with Financial Reporting Standards (FRS) 102 and are available to the public and may be obtained from http://www.bcu.ac.uk/about-us/corporate-information/corporate-publications.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The company is exempt from the obligation to prepare consolidated financial statements on the grounds that it is a wholly-owned subsidiary undertaking of Birmingham City University within whose consolidated financial statements the Company's activities are included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

In preparing these accounts the directors believe it is appropriate to adopt the going concern assumption based on the continued profitability of the Company and their forecasts that the Company will continue to have sufficient resources for its ongoing operations.

Foreign currencies

The presentation currency of these financial statements is Sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured as the fair value of the consideration received, excluding any discounts and Value Added Tax (VAT).

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	period of lease or useful economic life, if shorter
Newly completed buildings:		
Minor works	-	up to 60 years
Services	-	30 years
Finishes	-	20 years
Fixtures and fittings	-	30 years
Equipment	-	between 3 and 10 years

No depreciation is provided on freehold land or on assets in the course of construction.

Government grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the Company is entitled to the funds subject to any performance related conditions being met.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Notes *(continued)*

1 Accounting policies *(continued)*

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Taxation status

The Company is an exempt charity within the meaning of the Taxes Acts and, accordingly, is not liable to corporation tax or capital gains tax in respect of its charitable activities. Education and related services are deemed to be exempt business activities for Value Added Tax (VAT) purposes, although the Company is obliged to charge the appropriate rate of VAT on those activities not closely related to the provision of education. As a partially exempt organisation, therefore, the Company is unable to reclaim all the VAT charged on its purchases and the expenditure amounts shown in the financial statements are inclusive of VAT in relation to its exempt activities.

2 Profit on ordinary activities before taxation

	2018	2017
	£	£
Profit on ordinary activities before taxation is stated after charging		
Auditor's remuneration:		
Audit work	**4,512**	4,416
Non-audit work	**2,453**	2,401

3 Turnover

	2018	2017
	£	£
HEFCE / OfS recurrent funding from Birmingham City University	**2,001,583**	2,462,309
Other HEFCE / OfS funding from Birmingham City University	**1,021,111**	1,005,632
Education and Skills Funding Agency (ESFA) from Birmingham City University	**79,000**	126,684
Birmingham City University Grant towards Research Activity	**160,365**	193,411
Tuition fees	**27,947,608**	26,410,729
Project income	**985,528**	702,816
Release of deferred capital grants	**8,553**	8,553
Gift Aid from subsidiary	**37,694**	-
Miscellaneous income	**38,897**	62,165
	32,280,339	30,972,299

4 Directors' remuneration

The directors have not received any remuneration in respect of services performed on behalf of the Company during the year *(2017: £nil)*.

5 Staff costs

The Company carries out its operations using staff employed by Birmingham City University.

Notes *(continued)*

6 Tangible fixed assets

	Leasehold Improvements	Computer equipment	Total
	£	£	£
Cost			
At beginning of year	**4,745,335**	**2,463,064**	**7,208,399**
Disposals	(1,141,098)	(2,024,808)	(3,165,906)
At end of year	**3,604,237**	**438,256**	**4,042,493**
Depreciation			
At beginning of year	1,454,264	2,281,280	3,735,544
Charge for the year	96,511	128,029	224,540
Disposals	(1,141,098)	(2,024,808)	(3,165,906)
At end of year	**409,677**	**384,501**	**794,178**
Net book value **At 31 July 2018**	**3,194,560**	**53,755**	**3,248,315**
At 1 August 2017	3,291,071	181,784	3,472,855

7 Investments

The Company has a wholly owned subsidiary undertaking, Technology Innovation Centre (Commercial) Limited. Due to the subsidiary being limited by guarantee, the cost and hence the net book value of this investment is £nil *(2017: £nil)*.

8 Debtors

	2018	2017
	£	£
Trade debtors	**2,106,290**	2,091,197
Prepayments and accrued income	**476,125**	366,580
Amounts owed by parent undertaking	**19,080,090**	11,421,338
Amounts owed by subsidiary undertaking	**2,268,123**	2,210,356
	23,930,628	16,089,471

Amounts owed by group undertakings are trading balances repayable on demand and are non-interest bearing.

Notes *(continued)*

9 Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	**257,506**	277,546
Deferred capital grant	**8,553**	8,553
Accruals and deferred Income	**1,184,317**	812,754
	1,450,376	1,098,853

10 Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Deferred capital grant	**376,999**	385,552

11 Provisions

	2018	2017
	£	£
Provisions for claw back of project funding	**141,770**	83,964

The provisions in 2018 relate to an estimate of claw back in respect of EPSRC funded Industrial Caseship (£64k) ,a Higher Education Academy Grant in respect of the Cyber Security project (£20k) and (£57k) for student credit that are refundable.

12 Profit and loss account

	£
At beginning of year	18,032,147
Profit for the financial year	7,215,831
At end of year	**25,247,978**

13 Related party transactions

The Company has taken advantage of the exemption in respect of transactions between group members available under paragraph 33.1a of FRS 102 on the grounds that it is a wholly owned subsidiary of a group headed by Birmingham City University whose financial statements are publicly available.

14 Parent undertaking

Technology Innovation Centre is a Company registered in England and Wales and is a wholly owned subsidiary of Birmingham City University. The University's financial statements may be obtained from:

Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

Notes *(continued)*

15 Accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates.

Impairment of debtors

The Company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.