

**Technology Innovation Centre (limited by
guarantee)**

**Annual report and financial
statements**

Registered number 3196819

Year ended 31 July 2023



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Strategic report

In the year ending 31 July 2023 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 9% from £43.3m in 2021-22 to £47.2m in 2022-23. The operating surplus for the year is £5.2m against a corresponding loss of £41.1m in 2021-22. The primary cause of the loss in the previous year is a revised overhead charging policy introduced by the parent entity (BCU) and the impact of impairment charges.

Review of progress to date

2022/2023 saw part of the company move part of its operations into the new STEAMhouse building, and this has helped the business improve both visibility and self-confidence in student-industry events like Innovation Fest.

Overall academic performance in the company continues to improve from the early 'green shoots', right through to end of year performance. In terms of module outcomes, it's been the company's best results on record.

The company had very good outcomes in the National Student Survey (NSS) delivering some of the best results in the university.

The company delivered an excellent financial performance mainly due to the Overseas PG recruitment which enabled an increased income position against budget. This has continued the company's trend of delivering growth in student numbers, growth in income, effective control of costs while improving contribution to the university finances. Pipelines for research and enterprise funding, going forward are very strong and next year's targets will be secured.

The Company also saw the continued success of the Office for Students (OfS) funded project RAISE (Raising Artificial Intelligence Skills and Employability). The innovative MSc Artificial Intelligence conversion course developed through this project, involved close collaboration with potential students as well as industrial partners such as IBM, Microsoft, Amazon Web Services and Cisco. It upskills graduates from various backgrounds in the highly employable areas of Data Science and AI and actively incentivises recruiting female, disabled and BAME students through bursaries. The company has won a continuation of this project which will be extended in 2023/2024.

The future outlook

For 2023/2024 the company has proposed a revised and exciting portfolio for the future to the University and are now implementing the decisions of what to stop, grow and start.

The company has engaged strongly with the university plans for restructuring into colleges and in producing five-year subject plans and continue to use these as opportunities for the structural and cultural change that is needed.

There is significant optimism in the company and staff are rising to the challenges in the business and in the broader higher education sector. Key for the company going forward is to sustain these improvements in academic and financial performance while continuing to develop industry-linked, project-based pedagogy, revise module content/assessments and re-imagining its subject offers.

The future for the Company is optimistic. Our markets are showing the potential for growth both in traditional business and for diversification, such as internationally and in Continuing Professional Development. The new regime of government measuring of Higher Education performance does bring a new set of

Strategic report (continued)

performance and regulatory challenges, and the company is responding to align its business to the new metrics.

Principal Risks and Uncertainties

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

Covid-19: The Company has a dedicated section within its Risk Register in order to identify and mitigate specific Covid-19 risks that could jeopardise its operations and strategy implementation. The planning and preparatory work continues in order to ensure that the Faculty is in a position to address teaching and learning challenges while ensuring that staff and students' safety remain top priority.

Market and Regulatory Factors: Changes to the framework of UK public funding for higher education and the freeze on fee increases means that the unit of resource per student is reducing in real terms. The company mitigates these risks by: driving efficiency and effectiveness, 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.

By order of the board



Ms Karen Stephenson
Secretary

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

21 November 2023

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 July 2023.

Principal activities

The Company is a wholly-controlled subsidiary of Birmingham City University, and as an exempt charity is regulated, as is the University, by the Office for Students. 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.

Going concern assessment:

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a medium term financial plan, including cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, including changes arising from the current global geopolitical insecurity, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Directors and directors' interests

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

Prof J Beer (Chair)
Mr J Dhugga
Prof H Shah
MS K Stephenson

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 (2022: £nil).

Directors' report *(continued)*

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



Ms Karen Stephenson
Secretary

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

21 November 2023

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 charitable 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 charitable 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 charitable 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 charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNOLOGY INNOVATION CENTRE

Opinion

We have audited the financial statements of Technology Innovation Centre ("the charitable company") for the year ended 31 July 2023 which comprise the Profit and Loss Account, Balance Sheet, 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 charitable company's affairs as at 31 July 2023 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 charitable 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 charitable company or to cease its operations, and as they have concluded that the charitable 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board of Directors, the Group Audit Committee and inspection of policy documentation as to the charitable company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the charitable company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to profit targets, we perform procedures to address the risk of management override of controls in particular the risk that company management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Selecting journal sample with our professional judgement and incorporating an element of unpredictability by selecting a number of journal entries and other adjustments at the end of the reporting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), charities legislation, distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 that report 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 that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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:

- the charitable company has not kept adequate accounting records 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 6, 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 charitable 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 charitable 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 charitable 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 charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Dawson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
27 November 2023

Profit and loss account
for the year ended 31 July 2023

	<i>Note</i>	2023 £	2022 £
Turnover	3	47,171,737	43,341,282
Cost of sales		(37,739,043)	(81,433,918)
Gross Profit/(Loss)		9,432,695	(38,092,636)
Administrative expenses		(4,194,879)	(2,986,639)
Profit/(Loss) on ordinary activities before and after taxation	2	5,237,816	(41,079,275)

Other Comprehensive Income
for the year ended 31 July 2023

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

The notes on pages 12 to 17 form an integral part of these financial statements.

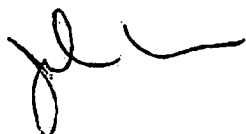
All turnover in the year relates to continuing operations.

Balance sheet
at 31 July 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	6	2,761,688	3,361,775
Investments	7	-	-
		<u>2,761,688</u>	<u>3,361,775</u>
Current assets			
Cash at bank and in hand		89,160	89,165
Debtors	8	<u>12,941,301</u>	<u>10,568,733</u>
		13,030,461	10,657,898
Creditors: Amounts falling due within one year	9	<u>(437,267)</u>	<u>(4,011,604)</u>
Net current assets		<u>12,593,194</u>	<u>6,646,294</u>
Total assets less current liabilities		<u>15,354,882</u>	<u>10,008,069</u>
Creditors : Amounts falling due after more than one year	10	(330,119)	(329,122)
Provisions	11	<u>(127,977)</u>	<u>(19,977)</u>
Net assets		<u>14,896,786</u>	<u>9,658,970</u>
Capital and reserves			
Profit and loss account	12	<u>14,896,786</u>	<u>9,658,970</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

These financial statements were approved, by order of the board of directors, on 21 November 2023 and were signed on its behalf by:



Prof J Beer
Chair

Registered number 3196819

Statement of Changes in Equity
at 31 July 2023

	Profit and loss account £	Total equity £
Balance at 1 August 2021	50,738,245	50,738,245
Total comprehensive income for the period		
Profit or loss	(41,079,275)	(41,079,275)
	<hr/>	<hr/>
Balance at 31 July 2022	9,658,970	9,658,970
	<hr/>	<hr/>
Balance at 1 August 2022	9,658,970	9,658,970
Total comprehensive income for the period		
Profit or loss	5,237,816	5,237,816
	<hr/>	<hr/>
Balance at 31 July 2023	14,896,786	14,896,786
	<hr/>	<hr/>

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 is also an exempt charity. It is 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 March 2018. 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 2019 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

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a medium term financial plan, including cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, including changes arising from the current global geopolitical insecurity, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

1 Accounting policies (*continued*)

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.

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.

Notes (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

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

	2023 £	2022 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration:		
Audit work	8,250	8,000
Non-audit work	5,400	4,900
	<hr/>	<hr/>

3 Turnover

	2023 £	2022 £
Teaching Grant	-	3,407,518
Research Grant	135,132	130,132
Tuition Fees	45,364,185	37,198,855
Project income	1,545,279	2,166,485
Release of deferred capital grants	10,972	11,969
Gift Aid from subsidiary	-	-
Miscellaneous income	116,169	426,323
Grant from Birmingham City University	-	-
	<hr/>	<hr/>
	47,171,737	43,341,282
	<hr/>	<hr/>

4 Directors' remuneration

The directors have not received any remuneration in respect of services performed on behalf of the Company during the year (2021: £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 £	Other Equipment £	Assets under Construction £	Total £
Cost					
At 1 August 2022	3,604,237	425,893	75,635	486,846	4,592,611
Additions	-	-	-	(486,846)	(486,846)
At 31 July 2023	3,604,237	425,893	75,635	-	4,105,765
Depreciation					
At 1 August 2022	795,722	419,920	15,194	-	1,230,836
Additions	96,510	5,973	10,758	-	113,241
At 31 July 2023	892,232	425,893	25,952	-	1,344,077
Net Book Value					
At 31 July 2023	2,712,005	-	49,683	-	2,761,688
At 31 July 2022	2,808,515	5,973	60,441	486,846	3,361,775

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 (2022: £nil).

8 Debtors

	2023 £	2022 £
Trade debtors	506,056	108,983
Prepayments and accrued income	156,404	1,777,837
Amounts owed by parent undertaking	10,221,828	6,630,900
Amounts owed by subsidiary undertaking	2,057,013	2,051,013
	12,941,301	10,568,733

Amounts owed by Birmingham City University and Technology Innovation Centre (Commercial) Limited are repayable on demand. However, the full amount of the balances owing by Birmingham City University and Technology Innovation Centre (Commercial) Limited are unlikely to be repaid before 31 July 2024.

9 Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	201,526	557,053
Other taxation and social security	24,226	57,102
Deferred capital grant	-	11,969
Accruals and deferred Income	211,515	3,385,480
	437,267	4,011,604

Notes (continued)

10 Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Deferred capital grant	330,119	329,122

11 Provisions

	2023 £	2022 £
Provisions for claw back of project funding	127,977	19,977

The provisions in 2023 relate to an estimate of claw back in respect of a Higher Education Academy Grant in respect of the Cyber Security project.

12 Profit and loss account

	£
At beginning of year	9,658,970
Profit for the financial year	5,237,816
At end of year	14,896,786

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

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.

Notes *(continued)*

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.

Technology Innovation Centre

KPMG LLP
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B4 6GH

21 November 2023

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Technology Innovation Centre ("the Company"), for the year ended 31 July 2022 for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Company's affairs as at 31 July 2023 and of the Company's profit or loss for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102")); and
- iii. whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

These financial statements comprise the Balance Sheet, the Profit and Loss Account, the Statement of Other Comprehensive Income, the Statement of Changes in Equity and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the Company meets the definition of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS 102.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such enquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement, for the preparation of financial statements that:
 - i. give a true and fair view of the state of the Company's affairs as at the end of its financial year and of its profit or loss for that financial year;
 - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102); and
 - iii. have been prepared in accordance with the requirements of the Companies Act 2006.

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The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Board in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Board has provided you with:
 - access to all information of which it is 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 the Board for the purpose of the audit; and
 - unrestricted access to persons within the Company or Group from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Board confirms the following:
 - i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is 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; and
 - b) allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that

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are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Board has disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

11. The Board confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Company's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
- b) No material events or conditions have been identified that may cast significant doubt on the ability of the Company to continue as a going concern.

12. The Board confirms that:

- there are no significant matters that have arisen that would require a restatement of the corresponding figures other than those disclosed in the financial statements;
- to the best of our knowledge and belief the Company has complied with the terms and conditions of any revenue or capital grant funding (for example research funding) received in recent years and where agreed outputs are to be delivered as part of the grant agreement, the Company has or anticipates delivering these;
- trade debtors are considered recoverable and no further provision is necessary; and
- the transactions entered into between the Company and Birmingham City University during the period are on commercial terms and have been charged at an arm's length price.

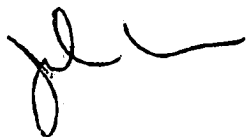
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This letter was tabled and agreed at the meeting of the Board of Directors on 21 November 2023.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'J. Beer', with a long horizontal flourish extending to the right.

Professor Julian Beer
Chair of the Board of Directors

Appendix to the Board Representation Letter of Technology Innovation Centre: Definitions

Criteria for applying the disclosure exemptions within FRS 102

- The Company discloses in the notes to its financial statements:
 - a) A brief narrative summary of the disclosure exemptions adopted; and
 - b) The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained

Financial Statements

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- a Balance Sheet as at the end of the period;
- a Profit and Loss account for the period;
- a statement of other comprehensive income for the period;
- a statement of changes in equity for the period;
- a cash flow statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information.

FRS 102 permits an entity either to present (i) separately a Profit and Loss account and a Statement of Other Comprehensive Income or (ii) a combined Profit and Loss Account and Other Comprehensive Income.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

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Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Qualifying Entity

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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- b) An entity is related to a reporting entity if any of the following conditions apply:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Appendix B to the Management Representation Letter of Technology Innovation
Centre Limited**

Summary of unadjusted audit differences

Under the requirements of ISA 260 we are required to present any unadjusted audit differences, other than those which are clearly trifling, to the Board of Directors. These are summarised below:

Unadjusted audit differences – TIC				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Clawback Provision (Project Funding) Cr Other Income	£(108,000.00)	£108,000.00	Management recognise a provision in relation to an estimate of clawback in relation to grant received on a particular project. BCU have provided based on a worse case scenario, despite the likelihood of this occurring being low due to the high achievement rate (90%). As it is deemed that likelihood of outflow of resources is not probable, it does not meet the requirements for a provision as per Section 21 of FRS102.

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