

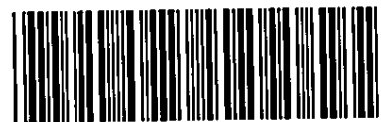
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Annual Report and Financial Statements for the Year Ended 31 July 2009

for

The Manchester Technology Fund Limited

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**Contents of the Financial Statements
for the Year Ended 31 July 2009**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

The Manchester Technology Fund Limited

**Company Information
for the Year Ended 31 July 2009**

DIRECTORS: Mr P Folkman – Resigned 31 July 2009
Prof R Coombs
Prof B Furr – Resigned 31 July 2009
Mr J Jackson – Resigned 31 July 2009
Mr S Purdham – Resigned 31 July 2009
Mrs J Raffle – Resigned 31 July 2009
Prof R Young – Resigned 31 July 2009
Mr R Young – Resigned 31 July 2009

SECRETARIES: Miss C J Faulkner

REGISTERED OFFICE: Core Technology Facility
46 Grafton Street
Manchester
M13 9NT

REGISTERED NUMBER: 03722632 (England and Wales)

AUDITORS: Deloitte LLP
Chartered Accountants and
Registered Auditors
Manchester
United Kingdom

The Manchester Technology Fund Limited

Report of the Director for the Year Ended 31 July 2009

The director presents his report with the financial statements of the company for the year ended 31 July 2009.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing investment management services to The University of Manchester in respect of a £6 million seed capital fund. The Fund was contributed to by the University, the Office of Science and Technology and the Wellcome Trust under the UK Government's University Challenge scheme.

During the year the University of Manchester decided to terminate the investment management agreement with The Manchester Technology Fund Ltd with effect from 31 July 2009 and transfer the investment management services to another party. Therefore with effect from 1 August 2009, the company has ceased to trade.

REVIEW OF BUSINESS

In the year under review, 5 investments were made. The fund's portfolio now comprises 13 live investments. The performance of the investment portfolio remains satisfactory.

GOING CONCERN

After making enquires, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the financial statements. This is discussed in more detail in the accounting policies.

DIRECTOR

Prof R Coombs has held office during the whole of the period from 1 August 2008 to the date of this report.

Other changes in directors holding office are as follows:

Mr P Folkman - resigned 31 July 2009
Prof B Furr - resigned 31 July 2009
Mr J Jackson - resigned 31 July 2009
Mr S Purdham - resigned 31 July 2009
Mrs J Raffle - resigned 31 July 2009
Prof R Young - resigned 31 July 2009
Mr R Young - resigned 31 July 2009

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manchester Technology Fund Limited

**Report of the Director
for the Year Ended 31 July 2009**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Deloitte LLP has been appointed as the Company's auditors during the year. A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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

ON BEHALF OF THE BOARD:



.....
Miss C J Faulkner - Secretary

Date: ..26/11/09.....

**Notes to the Financial Statements
for the Year Ended 31 July 2009**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going Concern

In carrying out his duties in respect of going concern, the director has carried out a review of the company's financial position and cashflow forecast for a period of 12 months from the date of signing these financial statements. Following this review, including consideration of the uncertainties brought about by the current economic environment, the financial statements have been prepared on a going concern basis. A summary of the more important accounting policies which have been applied consistently, is set out below.

Turnover

Turnover represents the amounts (excluding value added tax) derived from management fees charged to the Seed Capital Fund, fees for secondment of employees and fees for director services. Turnover is recognised at the point the company has performed its obligations, based on the fair value of the right to consideration.

Investments

Expenditure on pre-incorporation projects is shown on the balance sheet as a current asset investment pending incorporation of and investment into a new company. Cash to fund these investments was advanced to The Manchester Technology Fund Limited from the Fund which it manages by way of a loan. Current asset investments are held in the balance sheet at cost. In the event that their value is determined to be below cost, the investment is written down and an equivalent loan waiver is obtained.

Post retirement benefits

The Company participates in a group-wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2. TURNOVER

Turnover represents the amounts (excluding value added tax) derived from management fees charged to the seed capital fund, fees for secondment of employees and fees for director services. Turnover is recognised at the point the company has performed its obligations, based on the fair value of the right to consideration.

3. OPERATING LOSS

The operating loss is stated after charging:

	2009	2008
	£	£
Auditors' remuneration for audit services	600	1,400
Pension costs	45,633	21,939
Gift Aid	<u>13,821</u>	<u>-</u>
Directors' remuneration	140,687	136,007
Compensation to directors for loss of office	<u>147,565</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>2</u>	<u>2</u>
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Notes to the Financial Statements - continued
for the Year Ended 31 July 2009

4. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2009 £	2008 £
Current tax:		
UK corporation tax	<u>(51)</u>	<u>354</u>
Tax on loss on ordinary activities	<u>(51)</u>	<u>354</u>

UK corporation tax has been charged at 28% (2008 - 29.33%).

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(9,038)</u>	<u>(437)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 29.330%)	(2,531)	128
Effects of:		
Expenses not deductible for tax purposes	2,660	-
Capital allowances for period in excess of depreciation	(129)	226
Adjustment in respect of prior years	<u>(51)</u>	<u>-</u>
Current tax (credit)/charge	<u>(51)</u>	<u>354</u>

A deferred tax asset amounting to £517 (2008: £646) has not been recognised because in the opinion of the director there will be no suitable taxable gains available in the foreseeable future.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Amounts owed by group undertakings	171,914	30,000
Other debtors	<u>-</u>	<u>2,700</u>
	<u>171,914</u>	<u>32,700</u>

6. CURRENT ASSET INVESTMENTS

Current asset investments as at 31 July 2009 amounted to £nil (2008: £44,533). For 2008, these comprised pre-incorporation costs incurred by MTF on 1 project. These were converted to share capital acquired by the seed fund during the year.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Amounts owed to group undertakings	78,821	65,000
Taxation and social security	-	415
Other creditors	<u>193,125</u>	<u>11,780</u>
	<u>271,946</u>	<u>77,195</u>

**Auditors' Report to the Shareholders of
The Manchester Technology Fund Limited**

We have audited the financial statements of The Manchester Technology Fund Limited for the year ended 31 July 2009 which comprise the profit and loss account, the balance sheet and the relevant notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008). (United Kingdom Generally Accepted Accounting Practice for Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 director; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

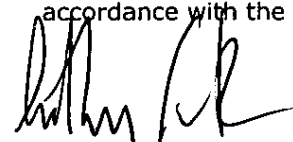
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for 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; or
- the director was not entitled to prepare the financial statements and the Report of the Director in accordance with the small companies regime.



Anthony Farnworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Registered Auditors
Manchester
United Kingdom

Date: 26/11/2009

The Manchester Technology Fund Limited

**Profit and Loss Account
for the Year Ended 31 July 2009**

	Notes	2009 £	2008 £
TURNOVER	2	392,629	197,833
Administrative expenses		(401,840)	(198,797)
OPERATING LOSS	3	(9,211)	(964)
Interest receivable and similar income		<u>173</u>	<u>527</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,038)	(437)
Tax on loss on ordinary activities	4	<u>51</u>	<u>(354)</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(8,987)</u>	<u>(791)</u>

The company has no recognised gains or losses other than the loss for the current financial year or loss for the preceding financial year. Accordingly, no separate statement of total recognised gains and losses has been prepared.

The Manchester Technology Fund Limited

**Balance Sheet
31 July 2009**

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors	5	171,914	32,700
Investments	6	-	44,533
Cash at bank and in hand		<u>108,248</u>	<u>17,165</u>
		280,162	94,398
CREDITORS			
Amounts falling due within one year	7	<u>(271,946)</u>	<u>(77,195)</u>
NET CURRENT ASSETS		<u>8,216</u>	<u>17,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>8,216</u></u>	<u><u>17,203</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	50,000	50,000
Profit and loss account	9	<u>(41,784)</u>	<u>(32,797)</u>
SHAREHOLDERS' FUNDS		<u><u>8,216</u></u>	<u><u>17,203</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on ...26/11/09.....
and were signed on its behalf by:



Prof R Coombs - Director

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2009**

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2009 £ <u>50,000</u>	2008 £ <u>50,000</u>
50,000	Ordinary			

9. RESERVES

**Profit
and loss
account
£**

At 1 August 2008	(32,797)
Deficit for the year	<u>(8,987)</u>
At 31 July 2009	<u>(41,784)</u>

10. PENSION COMMITMENTS

The company is a member of The University of Manchester Superannuation Scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme is accounted for by the company as if the scheme was a defined contribution scheme, the cost recognised within the profit or loss for the period in the profit and loss account being equal to the contributions payable to the scheme for the period.

The latest full actuarial valuation was carried out at 31 July 2007 and was updated for FRS 17 purposes to 31 July 2009 by a qualified independent actuary. The 2007 full actuarial valuation has been approved in principle by the principal employer, the University of Manchester and the Trustee but has not yet been formally signed.

The assumptions which had the most significant effect on the result of the full actuarial valuation were those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be gilts plus 1% per annum, salary increases would be inflation plus 1% per annum and pensions would increase by 5% or RPI if less per annum. The valuation was carried out using the projected unit method.

At the last full actuarial valuation of the scheme as at 31 July 2007, the value of the assets of the scheme was £283.7 million and the value of the past service liabilities was £305.6 million leaving a deficit of £21.9 million. The assets therefore were sufficient to recover 92.3% of the benefits which had accrued to members' deficit after allowing for expected future increases in earnings.

Two employees of the company participate in UMSS and contributions payable to UMSS in respect of these two employees during the year were £45,633 (2008: 2 employees: £21,939). Contributions are equivalent to 18.75% of pensionable pay (after allowing for National Insurance rebates). It has been agreed with the Trustees that contributions for the next year will be increased to 19.75% of members' pensionable pay.

The latest actuarial valuation of the scheme, prepared for the purposes of making the disclosures in accordance with FRS 17 in the consolidated financial statements of The University of Manchester shows a deficit of £58,500,000 (2008: surplus of £1,284,000). The value of the assets of the scheme was £243.6 million and the value of the past service liabilities was £302.1 million on an FRS 17 basis as at 31 July 2009 and the key assumptions were as follows: rate of increase in salaries 3.50% and no salary scale for the next four years, then 4.60% plus a salary scale; rate of increase in pensions in payment and deferred pensions 3.60%; discount rate 5.90% and inflation 3.30%.

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2009**

11. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of The University of Manchester, a University incorporated by Royal Charter. The largest and smallest group in which the results of the company are consolidated is that headed by The University of Manchester.

Copies of the group financial statements can be obtained from the University's registered office, which is The University of Manchester, Oxford Road, Manchester, M13 9PL.

12. RELATED PARTY DISCLOSURES

During the year the company made sales to investee company Gentronix Limited totalling £6,000 (2008: £6,000) Ai2 Ltd of £4,280 (2008:£nil) and to Nano E Print Limited of £4,583 (2008: £6,250).

There were no outstanding balances with investee companies as the year end (2008:£nil).

During the year, Manchester Science Park Limited charged the company £8,047 (2008:£6,289) for rent and office administration services. This arrangement was negotiated on an arm's length basis but is recorded here as two directors of The Manchester Technology Fund Limited are also directors of Manchester Science Park Limited. There is no outstanding creditor balance at the year end (2008:£nil).

As the company is a wholly owned subsidiary of The University of Manchester, the company has taken advantage of the exemption contained in Financial Reporting Standard for Smaller Entities (effective April 2008) and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The University of Manchester, within which this company is included, can be obtained from the address given in note 11.