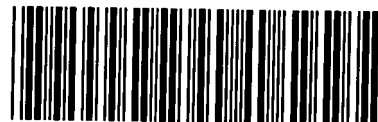


HERIOT-WATT TRADING LIMITED

Report and Financial Statements
YEAR ENDED 31ST JULY 2019

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COMPANIES HOUSE

Heriot-Watt Trading Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31st July 2019.

RESULTS AND DIVIDENDS

The profit for the year after taxation is £1,371,000 (2018 profit £641,000). A gift aid donation will be made to Heriot-Watt University before 30 April 2020 of £1,128,697 (2018 £22,020).

The directors recommend that no dividend be paid for the year ended 31st July 2019.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the company are the provision of consultancy, and management and business training.

The company undertakes a variety of commercial activities. The directors encourage the development of activity that could lead to transfers of knowledge from research and educational activity into commercial application. As these tend to be at an early stage of development, it is usually difficult to predict the profit or loss that may arise from them and consequently annual results can be volatile.

DIRECTORS

The directors of the company during the year were as follows:

A M Dalton

S M Collier

A M Menzies

GIFT AID DONATION

The company is wholly-owned by Heriot-Watt University which is a registered charity. In respect of each financial year the company pays to the University under the Gift Aid scheme an amount agreed by the directors of the company.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

REGISTERED OFFICE

The company's registered office is Heriot-Watt University, Riccarton, Edinburgh EH14 4AS.

DIRECTORS' REPORT

AUDITOR

The term of office of current auditors KPMG LLP ends shortly so the Group is in the process of tendering for new external auditors. An appointment will be made in the new year.

By order of the Board



Andrew Menzies
Director

Date:

13/12/2019

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERIOT-WATT TRADING LIMITED

Opinion

We have audited the financial statements of Heriot-Watt Trading Limited ("the company") for the year ended 31 July 2019 which comprise Profit and Loss Account and Other Comprehensive Income, the Balance Sheet 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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.

Directors' report

The directors are responsible for 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 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 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Registered Number : SC 132919

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERIOT-WATT TRADING LIMITED (continued)

- 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 directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.



Andrew Shaw (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

16 December 2019

Registered Number : SC 132919

Heriot-Watt Trading Limited

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the year ended 31st July 2019

		2019	2018
	Notes	£000	£000
TURNOVER	2	2,477	1,785
Cost of sales		(971)	(735)
GROSS PROFIT		1,506	1,050
Administrative expenses		(144)	(413)
OPERATING PROFIT	3	1,362	637
Interest receivable		9	4
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,371	641
Taxation	5	-	-
PROFIT FOR THE FINANCIAL YEAR		1,371	641
Gift Aid payment		(22)	(1,490)
TOTAL COMPREHENSIVE EXPENDITURE		<u>1,349</u>	<u>(849)</u>

All transactions are in respect of continuing operations.

There are no recognised gains or losses other than those shown above.

The notes on pages 8 to 12 form part of the financial statements.

Heriot-Watt Trading Limited

BALANCE SHEET

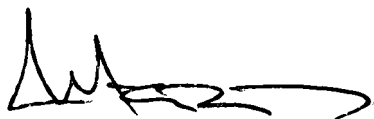
Year ended 31st July 2019

		2019	2018
	Notes	£000	£000
NON-CURRENT ASSETS			
Tangible fixed assets	6	21	44
CURRENT ASSETS			
Trade and other receivables	7	1,143	691
Cash and cash equivalents		2,949	2,020
		<u>4,092</u>	<u>2,711</u>
CREDITORS: amounts falling due within one year	8	<u>(541)</u>	<u>(532)</u>
NET CURRENT ASSETS		<u>3,551</u>	<u>2,179</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,572</u>	<u>2,223</u>
NET ASSETS		<u><u>3,572</u></u>	<u><u>2,223</u></u>
CAPITAL AND RESERVES			
Share capital	9	2,000	2,000
Profit and Loss account		1,572	223
SHAREHOLDERS' FUNDS		<u><u>3,572</u></u>	<u><u>2,223</u></u>

The notes on pages 8 to 12 form part of the financial statements

The Financial Statements on pages 6 to 12 were approved by the Board of Directors on.....13/12/2019

and were signed on its behalf by:-



ANDREW MENZIES

Registered Number: SC 132919

Registered Number : SC 132919

Heriot-Watt Trading Limited

NOTES TO THE ACCOUNTS

For the year ending 31st July 2019

1. Accounting Policies

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules including Financial Reporting Standard – the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and with the Companies Act 2006.

Under FRS 102 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking, Heriot-Watt University, includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Heriot-Watt University, the Company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Heriot-Watt University, within which this Company is included, can be obtained from the address given in note 12.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Freehold land is not depreciated.

Buildings are included in the balance sheet at historical cost and are depreciated on a straight line basis over their expected useful economic life as follows:

External fabric	50 years
Internal fabric	35 years
Mechanical & engineering	20 years

Where land and buildings are acquired or built with the aid of specific grants they are capitalised and depreciated as above.

Equipment costing less than £20,000 per individual item or group of related items is written off to the profit and loss account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight line basis over its expected useful economic life as follows:

Plant and Equipment	5 years
Other equipment	5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Gift aid

The company has early-adopted the FRC's amendments to FRS 102 (December 2017) from the year ending 31 July 2018.

NOTES TO THE ACCOUNTS

For the year ending 31st July 2019

The company records the tax effect of gift aid payments to its parent in the year in which profits are made rather than the year in which the gift aid payments are made so long as payment within 9 months of the subsidiary's year end is probable; and records the tax effect of gift aid payments in the profit and loss account rather than in equity.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised by the Directors if they consider it more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to the company's continuing activity of the provision of consultancy and management and business training.

3. Operating profit

	2019	2018
	£000	£000
This is stated after charging:		
Depreciation of owned fixed assets	22	41
Auditor remuneration		
– audit of these financial statements	4	3
– other services relating to taxation	4	-

4. Staff Costs

	2019	2018
	£000	£000
The company has no employees		
Staff costs recharged by the parent undertaking	<u>741</u>	<u>604</u>

NOTES TO THE ACCOUNTS

For the year ending 31st July 2019

5. Taxation

	2019	2018
	£000	£000
Current tax charge		
UK corporation tax	-	-
Group relief payable/(receivable)	-	-
Adjustments in respect of prior periods	-	-
Deferred tax	-	-
Total tax	-	-
Profit on ordinary activities before tax	1,371	641
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	261	122
Effect of:		
Expenses not deductible for tax purposes	-	1
Deferred tax not recognised	3	2
Rate changes	-	-
Group relief surrendered/(claimed)	(45)	(87)
Gift aid payment	(219)	(38)
Total tax charge for the year	-	-

Heriot-Watt Trading Limited

NOTES TO THE ACCOUNTS

For the year ending 31st July 2019

6. Tangible Fixed Assets

	<i>Plant & Equipment £000</i>	<i>Office Equipment £000</i>	<i>Total £000</i>
Cost			
At 1 August 2018	982	15	997
Additions	-	-	-
At 31 July 2019	<u>982</u>	<u>15</u>	<u>997</u>
Depreciation			
At 1 August 2018	939	15	954
Charge for year	22	-	22
At 31 July 2019	<u>961</u>	<u>15</u>	<u>976</u>
Net Book Value			
At 31 July 2019	<u>21</u>	<u>-</u>	<u>21</u>
At 1 August 2018	<u>43</u>	<u>-</u>	<u>43</u>

7. Trade and other receivables

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	257	395
Amounts due from group undertakings	466	105
Prepayments & accrued income	420	191
	<u>1,143</u>	<u>691</u>

8. Creditors: amounts falling due within one year

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	2	42
Amounts owed to parent undertaking	353	164
Accruals & deferred income	142	293
Other creditors	44	32
	<u>541</u>	<u>532</u>

Heriot-Watt Trading Limited

NOTES TO THE ACCOUNTS

For the year ending 31st July 2019

9. Share Capital and Reserves

	<i>Allotted, called up and fully paid</i>	
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
2,000,000 of £1 each	<u>2,000</u>	<u>2,000</u>
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Profit and Loss account		
Balance at 1 August	223	1,072
Profit for the financial year	1,371	641
Gift aid payment	(22)	(1,490)
Balance at 31 July	<u>1,572</u>	<u>223</u>

10. Capital Commitments

At 31st July 2019 the company had capital commitments of £nil (2018: £nil).

11. Related Party Transactions

The company is exempt under section 33.1A of FRS 102 of disclosing related party transactions with Heriot-Watt University.

12. Ultimate Parent Undertaking

The company's immediate and ultimate parent undertaking and controlling party for the year to 31st July 2019 is Heriot-Watt University, a company incorporated by Royal Charter with its principal place of business at Edinburgh Campus, Edinburgh, Scotland.

Copies of the group financial statements are available from Heriot-Watt University, Lord Balerno Building, Edinburgh Campus, Edinburgh, EH14 4AS.