

ITI Scotland Limited

Annual report and financial statements

For the year ended 31 March 2016

Registered number: SC251900

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Company Information

Directors

P. Lewis (Chairman)
N. Francis
E. Mitchell

Secretary

J. McRoberts

Independent auditor

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

Bankers

Bank of Scotland
123 St Vincent Street
Glasgow
G2 5EA

Registered office

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ

Directors' report

The directors present their report and audited financial statements of the Company, registered number SC251900, for the year ended 31 March 2016.

Principal activity and review of the business

ITI Scotland Limited is a company limited by guarantee and does not have share capital. The liability of each member is limited to the sum of £1.

At 31 March 2016 the Company had 1 member.

Until 31 March 2010 the Company's principal activity was the identification of global market opportunities within and across the areas of Energy, Life Sciences and Communications and Digital Media that would fit well with the existing Scottish research programmes with the aim of delivering economic benefit to Scotland. These programmes were designed to deliver new platform technologies upon which companies could develop their own products and services and new spin out companies could be launched.

No new operational commitments were entered into after that date and the Company's principal activity during this year was to work towards delivering programmes already commissioned, licencing assets already created and monetisation of unlicensed assets.

The profit and loss account for the year is set out on page 7.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

P. Lewis

N. Francis

E. Mitchell

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Directors' statement as to 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 aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 489 of the Companies Act, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

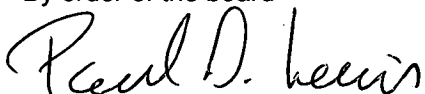
Directors' report (continued)

Small Company Exemption

This report has been prepared in accordance with the special provisions of Chapter 5 of Part 15 of the Companies Act 2006.

The company has also taken advantage of the exemptions contained within section 414(b) of the Companies Act 2006 from preparing a strategic report as the company is considered to be small under the small companies regime.

By order of the board



P. Lewis
Director

17 June 2016

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of ITI Scotland Limited

We have audited the financial statements of ITI Scotland Limited for the year ended 31 March 2016 set out on pages 8 to 13. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK 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 matters prescribed by the Companies Act 2006

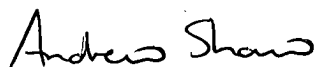
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of ITI Scotland Limited (continued)

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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Shaw (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

191 West George Street

Glasgow

G2 2LJ

30 June 2016

ITI Scotland Limited

Annual report and financial statements

31 March 2016

**Profit and loss account
for the year ended 31 March 2016**

		2016	2015
	Notes	£	£
Turnover	1	499,494	584,722
Other operating income	1	271,880	627,350
		<u>771,374</u>	<u>1,212,072</u>
Programme expenses		(777,946)	(1,209,046)
Administrative expenses		(6,436)	(6,279)
		<u>(784,382)</u>	<u>(1,215,325)</u>
Operating loss	2	(13,008)	(3,253)
Interest receivable and similar income		13,008	3,253
Result on ordinary activities before taxation		-	-
Tax on result on ordinary activities	3	-	-
Result for the financial year	7	<u>-</u>	<u>-</u>

There were no recognised gains or losses other than as shown in the profit and loss account above in the current and previous year.

ITI Scotland Limited

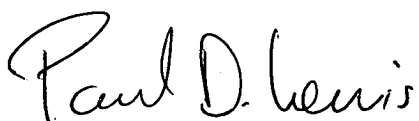
Annual report and financial statements

31 March 2016

Balance sheet**As at 31 March 2016**

		2016	2015
	Notes	£	£
Fixed assets – tangible assets	4	-	-
		-	-
Current assets			
Debtors	5	115,400	163,749
Cash at bank and in hand		218,998	287,145
		334,398	450,894
Creditors: amounts falling due within one year	6	(334,398)	(450,894)
Net current assets		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Profit and loss account	7	-	-

The financial statements on pages 8 to 13 were authorised and approved by the Board of Directors on 17 June 2016 and were signed on its behalf by:



P. Lewis
Director

17 June 2016

Registered Number: SC251900

Notes to the financial statements

As at 31 March 2016

1. Accounting policies

ITI Scotland Limited (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with the Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Scottish Enterprise, includes the Company in its consolidated financial statements. The consolidated financial statements of Scottish Enterprise are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from The Company Secretary, Scottish Enterprise, Atrium Court, 50 Waterloo Street, Glasgow, G2 6HQ. 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
- Related party disclosures

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

1.1 Going concern

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The validity of this assumption is dependent on the Company continuing to receive financial support from its ultimate parent company, Scottish Enterprise, which has indicated its willingness to continue to support the Company.

1.2 Turnover

Turnover represents the amounts invoiced to third parties in respect of services provided and licence income, excluding value added tax.

Licence income is generated from licensing Intellectual Property (IP). It is credited to the profit and loss account on an accruals basis based on royalty periods completed in the financial year. Down payments under licences are credited to the profit and loss account on signature of the relevant agreement.

1.3 Other operating income

Other operating income represents revenue grant funding receivable from Scottish Enterprise and European funding.

European funding is credited to the profit and loss account on the basis of amounts receivable in respect of expenditure incurred to 31 March each year on approved projects.

Notes to the financial statements

As at 31 March 2016

1.4 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.5 Research and development

Research and development expenditure is written off in the year which it is incurred.

1.6 Programme expenditure

The company invested significant sums in research programmes in conjunction with universities and other research providers. Each programme was entered into in the expectation of creating new platform technologies which would result in the creation of new intellectual property assets capable of commercial exploitation. The majority of programmes are now complete and the expenditure now comprises the cost of maintaining and protecting existing IP and completion of on-going research in one programme.

1.7 Fixed assets

All fixed assets are recorded at cost.

1.8 Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

IT Equipment - over 3 years

1.9 Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

1.10 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

2. Operating loss

This is stated after charging:

	2016	2015
	£	£
Auditor's remuneration – audit of these financial statements	4,000	4,000
Research and development expenditure	363,883	391,367
Provision for bad debts	12,191	268,697

No directors who held office during the year received any emoluments from any sources for their services to the company.

ITI Scotland Limited

Annual report and financial statements

31 March 2016

Notes to the financial statements (continued)

As at 31 March 2016

3. Taxation on result on ordinary activities

	2016	2015
	£	£
UK corporation tax		
Adjustments in respect of previous periods	-	-
	<hr/>	<hr/>
 Total current tax	 -	 -
	<hr/>	<hr/>

There is no charge to taxation in the year (2015: £nil). There are no factors affecting the current tax charge, which necessitate a reconciliation table being disclosed.

4. Tangible fixed assets

	IT Equipment
Cost	£
Cost at 1 April 2015 and 31 March 2016	278,787
	<hr/>
Depreciation	
Depreciation at 1 April 2015 and 31 March 2016	278,787
	<hr/>
Net book value at 31 March 2016	-
	<hr/>
Net book value at 31 March 2015	-
	<hr/>

Notes to the financial statements (continued)

As at 31 March 2016

5. Debtors

	2016	2015
	£	£
Trade debtors (i)	55,965	141,928
VAT	39,435	18,176
Accrued income	20,000	3,645
	<u>115,400</u>	<u>163,749</u>

(i) Trade debtors are stated net of bad debt provisions of £188,568 (2015:£176,376)

6. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	139,437	13,202
Accrued charges	119,381	236,014
Amounts owed to Scottish Enterprise	75,580	201,678
	<u>334,398</u>	<u>450,894</u>

All sums due under the funding contract dated 17 July 2003 between ITI Scotland Limited and Scottish Enterprise are secured by a floating charge over all the assets of the Company in favour of Scottish Enterprise.

7. Movement in reserves

	2016	2015
	£	£
Balance as at 1 April 2015	-	-
Result for the financial year	-	-
At 31 March 2016	<u>-</u>	<u>-</u>

8. Share capital

The company does not have share capital and is limited by guarantee. The liability of members is limited to £1 each. At 31 March 2016 the Company had one member (2015: one member), Scottish Enterprise.