

**DUNDEE UNIVERSITY INCUBATOR LIMITED**

Registered No. SC 176751

Directors' Report and Financial Statements

**For the year ended 31 July 2020**



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## **COMPANY INFORMATION**

### **DIRECTORS**

K Bazley  
M Teven  
D Taylor - resigned 12 August 2019  
K Sullivan - appointed 12 August 2019 and resigned 30 March 2020  
A Muir - appointed 30 March 2020  
R Jenkins - appointed 31 January 2021

### **SECRETARY**

Thorntons Law LLP

### **BANKERS**

Royal Bank of Scotland  
3 High Street  
Dundee  
DD1 4EB

### **INDEPENDENT AUDITOR**

Ernst & Young LLP  
Atria One  
144 Morrison St  
Edinburgh  
EH3 8EB

### **REGISTERED OFFICE**

Whitehall House  
33 Yeaman Shore  
Dundee  
DD1 4BJ

## **DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 July 2020.

### **SMALL COMPANIES EXEMPTION**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies. The directors have made use of the Small Companies Exemption provided by section 415A of the Companies Act 2006 when preparing the Directors' Report and not to prepare Strategic Report provided by section 414B of the Companies Act 2006.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company continued to be that of managing incubator units.

### **RESULTS AND DIVIDENDS**

The result for the year, after taxation, amounted to £nil (2019: £nil).

### **GOING CONCERN**

The company has a net current liability of £5,568 (2019: net current asset £2,791). The company is dependent on continuing finance being made available by its parent undertaking, the University of Dundee, to enable it to continue operating and to meet its liabilities as they fall due through its going concern assessment period, being one year from the approval of these financial statements. The directors have received confirmation that the University of Dundee intends and is able to support the company for at least one year after these financial statements are signed.

The impact of Covid-19 on the future financial performance and cashflows of the University of Dundee has been considered as part of the adoption of the going concern basis in the University's consolidated financial statements. The University's view is that it remains entirely appropriate to prepare the consolidated financial statements on a going concern basis, and the auditor's report highlights no material uncertainties in relation to going concern, but does include an emphasis of matter in its opinion to draw attention to the disclosures around the financial and operating consequences of Covid-19 on the University's operations during 2020/21 and beyond. The audit opinion of the University of Dundee is not modified in respect of this matter and the financial statements are prepared on a going concern basis.

Given the continued support of the University of Dundee the Directors of Dundee University Incubator Limited continue to adopt the going concern basis in preparing these annual financial statements.

### **DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

K Bazley  
M Teven  
A Muir  
R Jenkins

K Sullivan was appointed as director on 12 August 2019 and appointed as Chair on 31 October 2019. K Sullivan resigned on 30 March 2020 as director and Chair of the Board. On 12 August 2019, D Taylor resigned as a director of the company. A Muir was appointed as a director of the company on 30 March 2020 and appointed as Chair on 25<sup>th</sup> June 2020. R Jenkins was appointed as a director of the company on 31 January 2021.

## **DIRECTORS' REPORT (continued)**

### **DISCLOSURE OF INFORMATION TO AUDITOR**

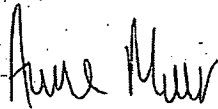
Each of the persons who are Directors at the time when this Directors' Report was approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the necessary steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **AUDITOR**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The report was approved by the Board and signed on its behalf by:



A Muir  
Director

11 March 2021

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 accounting estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE UNIVERSITY INCUBATOR LIMITED**

### **Opinion**

We have audited the financial statements of Dundee University Incubator Limited ("the company") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – Effects of COVID-19**

We draw attention to Note 1.2 in the financial statements, which describes the financial and operational consequences the company is facing as a result of Covid-19 which is impacting the financial and operational position and performance during 2020/21 and beyond. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Director's Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE UNIVERSITY INCUBATOR LIMITED (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 and take advantage of the small companies exemptions in preparing the Directors' Report and from the requirement to prepare Strategic Report.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE  
UNIVERSITY INCUBATOR LIMITED (continued)**

**Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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.



Stephen Reid (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
Date: 12 March 2021

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 July 2020

	Notes	2020 £	2019 £
<b>Continuing operations</b>			
Turnover	1.4	84,763	115,293
Administrative expenses		(173,125 )	(153,000 )
Other operating income		<u>88,362</u>	<u>37,643</u>
<b>Operating loss</b>	5	-	(64 )
Other income	6	<u>-</u>	<u>64</u>
<b>Operating result</b>		-	-
Taxation on result on ordinary activities		<u>-</u>	<u>-</u>
<b>Result for year</b>		-	-
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>-</u></u>	<u><u>-</u></u>

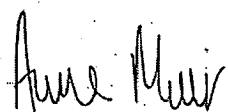
**STATEMENT OF FINANCIAL POSITION**  
at 31 July 2020

	Notes	2020 £	2019 £
<b>Fixed Assets</b>			
Tangible assets	8	<u>9,792</u>	<u>1,433</u>
<b>Current Assets</b>			
Debtors: amounts falling due within one year	9	<u>14,661</u>	<u>32,331</u>
Cash at bank and in hand		<u>126,944</u>	<u>60,221</u>
		141,605	92,552
<b>Creditors: amounts falling due within one year</b>	10	<u>(147,173)</u>	<u>(89,761)</u>
<b>Net current (liabilities) / assets</b>		<u>(5,568)</u>	<u>2,791</u>
<b>Total assets less current liabilities</b>		<u>4,224</u>	<u>4,224</u>
<b>Capital and reserves</b>			
Called up share capital	11	147,000	147,000
Capital redemption reserve		125,211	125,211
Profit and loss account		<u>(267,987)</u>	<u>(267,987)</u>
<b>Shareholders' funds</b>		<u>4,224</u>	<u>4,224</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accompanying accounting policies and notes on pages 11 to 15 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



A Muir  
Director

11 March 2021

**STATEMENT OF CHANGES IN EQUITY**  
**At 31 July 2020**

	Called up share capital £	Profit and loss account £	Capital redemption reserve £	Total equity £
<b>Balance at 1 August 2018</b>	<b>147,000</b>	<b>(267,987 )</b>	<b>125,211</b>	<b>4,224</b>
<b>Comprehensive income for the year</b>				
Surplus for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 1 August 2019</b>	<b>147,000</b>	<b>(267,987 )</b>	<b>125,211</b>	<b>4,224</b>
<b>Comprehensive income for the year</b>				
Surplus for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 July 2020</b>	<b>147,000</b>	<b>(267,987 )</b>	<b>125,211</b>	<b>4,224</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 July 2020**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

Dundee University Incubator Limited is a private company limited by shares incorporated in Scotland.

The financial statements have been prepared under historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

**1.2 Going Concern**

The company has a net current liability of £5,568 (2019: net current asset £2,791). The company is dependent on continuing finance being made available by its parent undertaking, the University of Dundee, to enable it to continue operating and to meet its liabilities as they fall due through its going concern assessment period, being one year from the approval of these financial statements. The directors have received confirmation that the University of Dundee intends and is able to support the company for at least one year after these financial statements are signed.

The impact of Covid-19 on the future financial performance and cashflows of the University of Dundee has been considered as part of the adoption of the going concern basis in the University's consolidated financial statements. The University's view is that it remains entirely appropriate to prepare the consolidated financial statements on a going concern basis, and the auditor's report highlights no material uncertainties in relation to going concern, but does include an emphasis of matter in its opinion to draw attention to the disclosures around the financial and operating consequences of Covid-19 on the University's operations during 2020/21 and beyond. The audit opinion of the University of Dundee is not modified in respect of this matter and the financial statements are prepared on a going concern basis.

Given the continued support of the University of Dundee the Directors of Dundee University Incubator Limited continue to adopt the going concern basis in preparing these annual financial statements.

**1.3 Reduced disclosure exemptions**

The Company has taken advantage of the following exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of the University of Dundee.

**1.4 Revenue**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

All revenue arose in the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2020

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures & Fittings                      25% straight line

**1.6 Financial Instruments: Cash and short-term debtors and creditors**

Cash in the balance sheet comprises cash at banks and in hand. Debtors and creditors receivable or payable within one year are recorded at transaction price.

**2. JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

It is the view of the Directors that there are no significant or material accounting judgements or estimates that impact on the financial statements.

**3. STAFF COSTS**

There were no employees during the year (2019: nil).

**4. DIRECTORS' EMOLUMENTS**

The directors did not receive any emoluments in respect of their services to the company (2019: nil).

**5. OPERATING LOSS**

	2020 £	2019 £
This is stated after charging:		
Auditor's remuneration – audit services	10,000	1,300
Operating lease	133,132	122,036
Depreciation of owned fixed assets	1,857	658
and after crediting:		
University Grant	<u>88,362</u>	<u>37,643</u>

**6. OTHER INCOME**

	2020 £	2019 £
Bank interest	<u>-</u>	<u>64</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2020

**7. TAX ON RESULT ON ORDINARY ACTIVITIES**

The company has estimated losses of £267,680 (2019: £256,939) available for carry forward against future trading profits. No tax charge has been incurred in the year (2019: nil).

Deferred tax assets from the losses carried forward are not recognised due to the fact that the directors do not consider that it is more likely than not that there will be suitable taxable profits against which to recover the deferred tax assets.

**8. TANGIBLE FIXED ASSETS**

	Fixtures and Fittings £
<b>Cost</b>	
At 1 August 2019	21,798
Additions	10,216
<b>At 31 July 2020</b>	<b>32,014</b>
<b>Accumulated depreciation</b>	
At 1 August 2019	(20,365 )
Charge for the year	(1,857 )
<b>At 31 July 2020</b>	<b>(22,222 )</b>
<b>Net book value</b>	
<b>At 31 July 2020</b>	<b>9,792</b>
At 31 July 2019	1,433

**9. DEBTORS**

	2020 £	2019 £
Trade debtors	-	14,808
HMRC debtor	854	1,780
Prepayments and accrued income	13,807	15,743
	<b>14,661</b>	<b>32,331</b>

**10. CREDITORS: amounts falling due within one year**

	2020 £	2019 £
Trade creditors	12,637	-
Amounts due to parent undertaking	41,241	72,754
Accruals and deferred Income	93,295	17,007
	<b>147,173</b>	<b>89,761</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 July 2020

**11. CALLED UP SHARE CAPITAL**

	No.	2020 £	2019 £
<b>Authorised</b>			
Class A Ordinary Shares of £1 each	147,000	147,000	147,000
Class B Ordinary Shares of £1 each	61,500	61,500	61,500
Class C Ordinary Shares of £1 each	61,500	61,500	61,500
Class D Ordinary Shares of £1 each	30,000	30,000	30,000
		<u>300,000</u>	<u>300,000</u>
<b>Allotted, called up and fully paid</b>			
Class A Ordinary Shares of £1 each		<u>147,000</u>	<u>147,000</u>

**12. CAPITAL AND RESERVES**

**Share Capital**

Fully paid capital relates to 147,000 Class A ordinary shares 100% owned by the University of Dundee.

**Reserves**

The capital redemption reserve was created in 2005 following the purchase by the company of the Class B, C and D ordinary shares for a total consideration of £27,789 enabling the company to become a wholly owned subsidiary of the University of Dundee.

The reserve for the profit and loss account comprises accumulated losses of the company.

**13. FINANCIAL COMMITMENTS**

The company is committed to making the following rental payments to the local authority under a non-cancellable operating lease:

	2020 £	2019 £
<b>Payable during the year</b>	133,132	122,978
<b>Future minimum lease payments due:</b>		
Not later than 1 year	134,000	134,000
Later than 1 year and not later than 5 years	396,126	530,126
Later than 5 years	-	-
<b>Total lease payments due</b>	<u>530,126</u>	<u>664,126</u>

The 20-year lease of the building at the Technopole is due to terminate in July 2024.

The company has negotiated an agreement with the local authority whereby the local authority will rebate the rental value of 50% of the void space.

**14. PARENT UNDERTAKING**

The ultimate parent undertaking and controlling party is the University of Dundee, established by grant of a Royal Charter and Statutes in 1967. The University of Dundee is the only entity to consolidate the financial statements of Dundee University Incubator Limited. The consolidated financial statements may be obtained from University of Dundee, Dundee, DD1 4HN.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 July 2020**

**15. RELATED PARTY TRANSACTIONS**

The company subleases the building from the University of Dundee, its parent entity. In the year the University made payments on behalf of the company relating to utilities and services amounting to £14,402 (2019: 15,559).

The University contributes a grant to the company to cover the trading deficit for the year. In the current year a grant of £88,362 (2019: 37,643) was agreed.

At the year end the amount owed to the University was £41,241 (2019: £72,754) and the amount owed by the University was £nil (2019: £nil). These sums are included in creditors falling due within one year (note 10).

**Key Management Personnel**

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be Key Management Personnel. Total remuneration in respect of these individuals in 2020 is £nil (2019: £nil).