WWII LIMITED
(a company limited by guarantee)

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD

FROM 4 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 JULY 2014

Registered number: 08760652

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WWII LIMITED

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

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WWII LIMITED

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

LEGAL AND ADMINISTRATIVE INFORMATION

WWII Limited is a not for profit company limited by guarantee, not having a share capital and is governed by its memorandum and articles of association.

Company Registration Number:	8760652
Registered Office:	30-36 Newport Road, Research and Commercial Division, Cardiff, CF24 0DE
Trading Address:	Rhodfa Marics, Ynysmaerdy, Pontyclun, CF72 8UX

The company is a wholly owned subsidiary of Cardiff University. At 31 July 2014, the company has six Directors who have been appointed to either represent Cardiff University (ultimate parent company), Swansea University or for their commercial expertise. The Directors are responsible for setting policy and for agreeing strategy. Those who held office during the period were:

F N Peel – Chair	(appointed 21 January 2014)
K G Harding – Chief Executive	(appointed 21 January 2014)
C A Donoghue – Chair of Audit and Risk Committee	(appointed 21 January 2014)
Sir R S Jones	(appointed 21 January 2014)
Professor R M Clement	(appointed 21 January 2014)
Professor K J Morgan	(appointed 21 January 2014)
S Berry	(appointed 4 November 2013, resigned 6 January 2014)
Acuity Nominees Limited	(appointed 4 November 2013, resigned 6 January 2014)

The Board has two sub-committees: an Audit and Risk Committee and a Remuneration Committee. The Committees enable appropriate scrutiny and monitoring of different areas of the company's work.

Chief Executive – K G Harding
Director of Finance – A Lewis
Company Secretary – S Hatch

The day to day management is delegated to the Chief Executive, the Management Team (made up of employees selected for their expertise in the various activities of the organisation) and the company's other staff.

Principal Advisers:

Registered Auditors: PricewaterhouseCoopers LLP, 1 Kingsway, Cardiff, CF10 4AD
Bankers: NatWest, 96 Queen Street, Cardiff, CF10 2GR

WWII LIMITED

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the period from 4 November 2013 (date of incorporation) to 31 July 2014.

PRINCIPAL ACTIVITIES AND OBJECTIVES OF THE WELSH WOUND INNOVATION INITIATIVE

The Welsh Wound Innovation Initiative will tackle the challenges associated with acute, traumatic and chronic non-healing wounds and their treatment and prevention, in addition to other skin health issues. The initiative comprises two focused components; namely the Welsh Wound Innovation Centre (WWIC) and the Welsh Wound Innovation Science Park (WWISP)

The Initiative's vision is to improve wound prevention and treatment. The provision of expert clinical service, the quality of life for people with wounds and to also improve the cost effectiveness of wound prevention across Wales and internationally. The Welsh Wound Innovation Initiative will advance the knowledge of wound prevention and treatment, and apply this knowledge to transform its management and delivery.

A unique aspect of the Initiative is the integration of multi-disciplinary teams spanning government, academia, health service delivery, business and industry, all of which play a key role in overcoming the wound prevention and treatment challenge. Synergies delivered through the Initiative's stakeholder network will enable it to systematically and strategically address the key challenges in wound prevention and treatment.

WELSH WOUND INNOVATION CENTRE (WWIC)

The Welsh Wound Innovation Centre provides the resources necessary to achieve a co-ordinated approach nationally, but also the strategic guidance to ensure delivery of the objectives required by all stakeholders, including patients. WWIC, as a core competence for Wales, will attract industry both during the start-up phase but also at all levels of the company's growth. Businesses wishing to enter this marketplace require both support and guidance. This element of the Initiative provides a significant economic development opportunity for Wales and the UK. The creation of a national, virtual science park focused on a clinical public health issue.

The science park will provide new and existing business access to resources and like-minded businesses, which will help them to grow and develop and to form useful collaborations.

NATIONAL WOUND REGISTRY

A key output from the Initiative will be the establishment of a national wound registry in Wales. The registry will capture existing information in a consistent format across Wales and will include key strategic information about wounds, their occurrence, their treatment, trends, etc. This registry will also link with other registries across Wales (e.g. Surgical Site Infection Surveillance, Orthopaedic Surveillance).

Co-ordination of data capture will be a key aspect of activities of WWIC. Those outside the project will be provided with the means to capture and record the information consistently and will be provided with training where necessary. Users of the registry will include: NHS; Clinicians; Welsh Government; Commercial Organisations; and Research Organisations. Access to this knowledge will enhance the research activity, improve wound treatment and accelerate the development of technologies to prevent and treat wounds.

WWII SERVICES

Clinical Trials
WWIC can conduct clinical evaluations from a simple case study through to full scale, CRO facilitated RCTs and everything in between. WWIC also has experience of running pharmaceutical studies. WWIC's national wound registry can be used for pragmatic studies and evaluation. The company's health economist can facilitate cost effective analysis for healthcare systems.

Education and Training
WWIC can provide education and training at our purpose built education suite. This training is both clinically and patient focussed. The company has 1, 3 and 5 day courses but can also provide bespoke events, including product or company focused events.

Consultancy Services
The company can provide consultancy services by its pool of consultants for all aspects of wound care across academic, clinical and commercial areas (including clinical negligence cases).

Clinical Development
WWIC can provide an environment for the clinical development of products and technologies. These services can range from full service for start up to small businesses to partial for larger corporations. Any level of service can include a sabbatical period for the development of a company's staff to 'breathe, eat, live and sleep' wound care clinical environment and challenges.

Strategic Forums
The company has access to a large pool of wound care 'experts' (academics, clinicians, patients, commercial) who can be brought together to evaluate both product and marketing platforms. This allows early testing of products which provides early feedback, saving time and resources being wasted on areas not of interest or with no perceived value in the market place.

Customer Events
WWIC can host bespoke customer events for companies. This can allow the partnering company to present WWIC as its centre of excellence, providing a valuable resource for SMEs in Wales.

Co-located Centre of Excellence
WWIC can provide the co-location or co-branding of a centre of excellence concept around a specific area of wound care (eg centre of excellence for compression), or the provision of competencies not existing within a company (eg R&D and/or Clinical Development).

Clinical Innovation
WWIC can provide the resources to start-up businesses or larger organisations to develop and evaluate product or technology concepts at an early stage. This can include connecting potential interested 'partner organisations' at a very early stage to reduce the time to market. WWIC will host regular events for these organisations to meet and learn of activities on an ongoing basis – an 'innovation circle'- where all are continuously connected.

REVIEW OF ACTIVITIES

This first period of operations has focussed on getting WWIC fit for purpose as a clinical research and education facility. This took longer than expected because the previous occupier of the building had removed all of the IT and communications wiring infrastructure, which had to be replaced.

The Management Team has also concentrated on marketing the company and establishing a network of commercial contacts. Research contracts have been signed with six companies and further contracts will be signed shortly. A suite of education and training modules in wound healing is being developed and training workshops have already been provided at NHS organisations. Service improvement plans are being developed for each of the Welsh LHBs to improve patient outcomes following infection and resource utilisation. Two business start-up companies with inward investment have been brought into Wales as a result of liaison with WWII Ltd and links with six Welsh SMEs established.

REVIEW OF ACTIVITIES (continued)

2013/14 was the first period of the original three year strategic and business plan that was prepared to support the bid for a Welsh Government economic development grant of £1.2m. This plan is currently being updated and the Directors are confident, now that WWIC has been established, of making further progress towards meeting the targets set out in the original plan.

FINANCIAL REVIEW

The business plan recognised that a significant amount of pump priming finance was required to establish the company, before it would become self-supporting from income generated from operations. This finance was provided by a £1.2m economic development grant from Welsh Government and a £1.5m funding contribution from Welsh Local Health Boards. Unfortunately the company was unsuccessful in securing the third element of pump priming, which was £1.5m from the Welsh Government Invest to Save Fund and a further bid for funds will be submitted for 2015/16.

As a result of failing to secure the Invest to Save funding, the Board has had to maintain very strong control over cash flow to ensure it could meet its obligations.

RELATED PARTY

WWII Ltd is a wholly owned subsidiary of Cardiff University (by virtue of the guarantee) and complements the work of the University, by specialising in education and research in wound healing. The University holds the economic development grant of £1.2m on behalf of the company, which draws down working capital from the grant as required. For administrative efficiency, the company and the University have members of staff in common and share a number of office services. For further details see note 11 to the financial statements.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate, as:

- the Company has secured grant funding to at least 31 March 2016 and the cash flow forecast to 31 July 2015 projects that sufficient funds will be available for the 2015/16 financial year;
- the Company will commence full trading in the 2014/15 financial year and is forecasting significant revenue from that trading to fund future activities.

DIVIDENDS

The company is limited by guarantee and the directors do not recommend the payment of a dividend in respect of the period ended 31 July 2014.

DIRECTORS

Details of the directors who held office during the year and up to the date of signing the financial statements are set out on page 2.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 surplus or deficit 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and offer themselves for reappointment in accordance with the Companies Act 2006.

EXEMPTIONS

This report has been prepared in accordance with the special provisions relating to small companies' as provide by Section 415A of the Companies Act 2006.

Approved by the Directors on 15 December 2014 and signed on behalf of the Board.

F. PEEL
Chair

WWII LIMITED

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WWII LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its deficit for the period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by WWII Limited, comprise:

- the Balance Sheet as at 31 July 2014;
- the Income and Expenditure Account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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 applicable to Smaller Entities).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Director's Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
16 December 2014

(a) The maintenance and integrity of the WWII Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

WWII LIMITED

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD 4 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 JULY 2014

	Notes	£000
INCOME		
Other operating income	2	1,093
TOTAL INCOME		1,093
EXPENDITURE		
Other operating charges	3	(1,095)
TOTAL EXPENDITURE		(1,095)
NET EXPENDITURE FOR THE FINANCIAL PERIOD	4,10	(2)

All transactions during the period are derived from the continuing operations of the company.

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains or losses has been presented.

There is no difference between the result for the financial period stated above and its historical cost equivalent.

The notes on pages 13 to 17 form part of these financial statements.

WWII LIMITED

(TRADING AS WELSH WOUND INNOVATION INITIATIVE)

BALANCE SHEET AS AT 31 JULY 2014
(Registered number: 08760652)

	Notes	£000
TANGIBLE FIXED ASSETS	6	80
CURRENT ASSETS		
Debtors	7	63
Cash at bank and in hand		83
		146
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(228)
NET CURRENT LIABILITIES		(82)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2)
CAPITAL AND RESERVES		
Income and expenditure account	10	(2)

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 11 to 17 were approved by the Directors on 15 December 2014 and were signed on their behalf by

F. PEEL Chair of the Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 4 NOVEMBER 2013 (DATE OF INCORPORATION) TO 31 JULY 2014

1. ACCOUNTING POLICIES

These financial statements are prepared on the going concern basis (see below), under the historical cost convention, in accordance with the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008). The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate, as:

- the Company has secured grant funding to at least 31 March 2016 and the cash flow forecast to 31 July 2015 projects that sufficient funds will be available for the 2015/16 financial year;
- the Company will commence full trading in the 2014/15 financial year and is forecasting significant revenue from that trading to fund future activities.

Income

Welsh Government grant income is accounted for when drawn down from Cardiff University and received. The contributions from Welsh Local Health Boards are accounted for on the accruals basis.

Other operating income consists of commercial income from running education and training courses and is recognised at the time the service is performed.

Tangible fixed Assets

Tangible fixed assets are stated at cost, net of accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Tangible fixed assets are depreciated on a straight line basis so as to write off the assets over their estimated useful lives, as follows:

Fixtures, fittings and furniture	10 years
Clinical equipment	5 years
Computers and office equipment and software	4 years

No depreciation is applied in the year of purchase.

1. ACCOUNTING POLICIES (continued)

Reserves

The company needs reserves in order to cope with the difficulties of predicting levels of commercial income to cover contingencies and unforeseen opportunities. The Directors will review the level of reserves annually to determine the level required.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Income and Expenditure Account.

Cash flow

The financial statements do not include a Cash Flow Statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

2. OTHER OPERATING INCOME

Other operating income, which arose solely in the United Kingdom, relates wholly to the principal activity.

	£000
Welsh Government economic development grant	371
Contributions from Welsh Local Health Boards	667
Other operating income	55
	1,093

3. OTHER OPERATING CHARGES

	£000
Management and administration	670
Premises refurbishment, running costs and equipment	425
	1,095

4. NET EXPENDITURE FOR THE FINANCIAL PERIOD

The net expenditure for the financial period is stated after charging:

	£000
Auditors fees for the statutory audit	10

The auditors did not perform nor receive any remuneration for non-audit services to the company during the period.

5. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the company.

6. TANGIBLE FIXED ASSETS

	Office Furniture	Clinical Equipment	Computer Equipment and Software	Total
	£000	£000	£000	£000
COST				
Additions	9	37	34	80
At 31 July 2014	9	37	34	80
NET BOOK VALUE				
At 31 July 2014	9	37	34	80

7. DEBTORS

	£000
Trade debtors	1
Other debtors	51
Prepayments and accrued income	11
	63

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£000
Trade creditors	109
Amounts owed to related parties (see note 11)	43
Other creditors	76
	228

9 COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. The sole member for the purposes of the guarantee is Cardiff University.

10. RESERVES

	Income and Expenditure Account
	£000
Net expenditure for the financial period	(2)
At 31 July 2014	(2)

11. RELATED PARTY TRANSACTIONS

The relationship between WWII Limited and Cardiff University is explained in the Directors' Report on page 6. During the period WWII Limited paid Cardiff University for the following items:

	£000
Salaries incurred by Cardiff University	176
Services pre incorporation	43
Funded by drawdown from economic development grant	(176)
Amount payable as at 31 July 2014 (included in note 8)	43

12. CONTINGENT ASSET

The company is in the process of obtaining group VAT registration with Cardiff University, but this has not yet been confirmed by HMRC. When approved, this registration will be effective from 30 June 2014. The company will be able to reclaim a small proportion of input VAT, but this has not been accrued for in the accounts, pending confirmation of the registration.

13. ULTIMATE PARENT AND CONTROLLING PARTY

The directors regard Cardiff University to the ultimate parent company by virtue of be the sole member subject to the guarantee (see note 9). The directors do not consider there to be an ultimate controlling party of the company.