

2004-05

Octopus Ventures Limited

Report and Accounts
31 December 2003



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COMPANIES HOUSE 05/06/04

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	C R Hulatt G B Myles S A Rogerson
Company Secretary	C R Hulatt
Registered Office	1st Floor 14 Dover Street London W1S 4LW
Auditors	Rees Pollock 7 Pilgrim Street London EC4V 6DR
Bankers	HSBC plc 31 Holborn London EC1N 2HR
Solicitors	Denton Wilde Sapte One Fleet Place London EC4M 7WS
Registered Number	3974202

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the company during the year was investment in technology and biotechnology companies.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

C R Hulatt
G B Myles
S A Rogerson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the accounts of the parent company.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors 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.

Auditors

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



C R Hulatt
Director

1 June 2004



REES POLLOCK

Chartered Accountants

7 Pilgrim Street
London EC4V 6DR
Telephone 020 7329 6404
Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTOPUS VENTURES LIMITED

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock
Chartered Accountants
Registered Auditors

3 June 2004

Octopus Ventures Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	2	15,556	15,000
Administrative expenses		<u>335,522</u>	<u>299,486</u>
OPERATING LOSS	3	(319,966)	(284,486)
Loss on disposal of fixed assets	6	<u>—</u>	<u>(24,598)</u>
		(319,966)	(309,084)
Profit/(loss) on disposal of investments	7	<u>48,858</u>	<u>(66,956)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(271,108)	(376,040)
Tax on loss on ordinary activities	8	<u>—</u>	<u>—</u>
LOSS FOR THE FINANCIAL YEAR		(271,108)	(376,040)
Balance brought forward		<u>(920,412)</u>	<u>(544,372)</u>
Balance carried forward		<u>(1,191,520)</u>	<u>(920,412)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 11 form part of these accounts.

Octopus Ventures Limited

BALANCE SHEET

at 31 December 2003

	Note	£	2003 £	2002 £
FIXED ASSETS				
Investments	9		1,317,275	1,317,275
CURRENT ASSETS				
Debtors	10	26,391		12,033
Investments	11	54,383		5,525
Cash at bank		124		1,015
		80,898		18,573
CREDITORS: amounts falling due within one year	12	2,589,692		2,256,259
NET CURRENT LIABILITIES			(2,508,794)	(2,237,686)
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,191,519)	(920,411)
CAPITAL AND RESERVES				
Called-up equity share capital	14		1	1
Profit and loss account			(1,191,520)	(920,412)
DEFICIENCY	15		(1,191,519)	(920,411)



S A Rogerson
Director

1 June 2004

The notes on pages 7 to 11 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern

The directors have considered the company's ability to continue as a going concern. As the group companies have confirmed that they will not call in their debt for at least twelve months, the accounts have been prepared on the going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for permanent diminution of value.

Current asset investments

Current asset investments are stated at the lower of cost and market value.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company

3. OPERATING LOSS

Operating loss is stated after charging:

	2003	2002
	£	£
Directors' emoluments	110,000	121,849
Auditors' remuneration		
- as auditors	3,000	3,050
Operating lease costs:		
- land and buildings	<u>39,300</u>	<u>39,300</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of administrative staff	<u>7</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	189,236	146,090
Social security costs	20,533	14,610
	<u>209,769</u>	<u>160,700</u>

5. DIRECTORS' EMOLUMENTS

	2003	2002
	£	£
Emoluments	<u>110,000</u>	<u>121,849</u>

6. LOSS ON DISPOSAL OF FIXED ASSETS

	2003	2002
	£	£
Loss on disposal of fixed assets	<u>—</u>	<u>(24,598)</u>

7. (PROFIT)/LOSS ON DISPOSAL OF INVESTMENTS

	2003	2002
	£	£
Amounts written off investments	<u>(48,858)</u>	<u>66,956</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

8. TAX ON LOSS ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2002 - 10%).

	2003 £	2002 £
Loss on ordinary activities before taxation	(271,108)	(376,040)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2002: 10%)	(51,511)	(37,604)
Effects of:		
Expenses not deductible for tax purposes	206	300
Movement in provisions for investments	(9,283)	4,842
Movement in tax losses	60,588	33,809
Difference between profit on disposal for accounting and tax purposes	—	(1,347)
Total current tax	—	—

9. INVESTMENTS

	Unlisted investments £
Cost	
At 1 January 2003 and 31 December 2003	1,364,205
Amounts written off	
At 1 January 2003 and 31 December 2003	46,930
Net book value	
At 31 December 2003	1,317,275
At 31 December 2002	1,317,275

10. DEBTORS

	2003 £	2002 £
VAT recoverable	12,384	—
Prepayments and accrued income	14,007	12,033
	26,391	12,033

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

11. INVESTMENTS

	2003	2002
	£	£
Other investments	<u>54,383</u>	<u>5,525</u>

Listed investments

Investments having a net book value of £54,383 (2002 - £5,525) are listed on a recognised stock exchange and had a market value of £55,825 at the end of the year (2002 - £5,525).

The historical cost of the listed investments is £54,383 (2002 £54,383).

12. CREDITORS: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	7,321	15,540
Amounts owed to group undertakings	2,577,948	2,237,719
Other creditors	1,423	—
Accruals and deferred income	3,000	3,000
	<u>2,589,692</u>	<u>2,256,259</u>

13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003		2002	
	Land & buildings £	Other items £	Land & buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	<u>39,300</u>	<u>3,254</u>	<u>39,300</u>	<u>3,254</u>

14. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Loss for the financial year	(271,108)	(376,040)
Opening equity shareholders' deficit	(920,411)	(544,371)
Closing equity shareholders' deficit	<u>(1,191,519)</u>	<u>(920,411)</u>

16. ULTIMATE PARENT COMPANY

The ultimate parent undertaking of the company is Octopus Capital plc, a company incorporated in England and Wales.

Copies of group accounts can be obtained from The Secretary, Octopus Capital plc, 14 Dover Street, London W1S 4LW.