

REGISTERED NUMBER: 4361684 (England and Wales)

**STFC INNOVATIONS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

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STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

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FOR THE YEAR ENDED 31 MARCH 2011**

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STFC INNOVATIONS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2011

DIRECTORS:	M A R Affonso T Bestwick Dr P B Kaziewicz
SECRETARY:	Aldwych Secretaries Limited
REGISTERED OFFICE	Rutherford Appleton Laboratory Harwell Science and Innovation Campus Didcot OX11 0QX
REGISTERED NUMBER.	4361684 (England and Wales)
AUDITORS:	James Cowper LLP Statutory Auditor & Chartered Accountants Willow Court 7 West Way Oxford Oxfordshire OX2 0JB
BANKERS	Lloyds TSB Bank plc Old Town Swindon 5 High Street Swindon Wiltshire SN1 3EN
SOLICITORS:	Manches LLP 9400 Garsington Road Oxford Business Park Oxford OX4 2HN

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

The directors present their report with the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the commercial exploitation of intellectual property and other assets owned by the Science and Technology Facilities Council (STFC). This activity was maintained during this accounting period and is considered unlikely to change in the foreseeable future.

REVIEW OF BUSINESS

STFC Innovations Limited carries out a number of activities in the field of commercialization for the Science and Technology Facilities Council (STFC). STFC Innovations Limited is wholly-owned by STFC, and is integrated with the operations and mission of STFC. Staff working with STFC Innovations Limited are either employed directly by the company, or are employees of STFC assigned to work with the company.

The major activities of STFC Innovations Limited are

- Commercial exploitation of STFC's Intellectual Property (IP) through licence agreements, shareholder agreements with start-up companies and sales of products and services
- Management of STFC's IP rights including registering, maintaining, protecting, building and defending its IP portfolio,
- Providing commercialization services under contract to the European Space Agency ("ESA"). STFC Innovations Limited has a contract from ESA to operate the ESA 'Business Incubation Centre' at Harwell. This activity is jointly funded by ESA and STFC.
- Managing aspects of STFC's contributions to the campuses at Daresbury and Harwell. For example the Company's staff are involved in operating multi-user laboratory and innovation accommodation for commercial and academic organizations (the 'I-TAC' facilities) for STFC.

STFC Innovations Limited has shareholdings in a number of 'start-up' companies, mainly arising as a result of licensing intellectual property owned by STFC to the Company. Most of the companies are funded by investment capital, although some are generating commercial revenue. In the current economic climate there continues to be very limited appetite from institutional venture capital investors for pre-revenue early-stage technology companies.

STFC Innovations Limited has used 'proof of concept' funds (provided by STFC) to develop and validate early stage technology from STFC that has commercial potential. This funding is used for activities to demonstrate technical capability, define markets and generally increase commercial value, and is intended to develop opportunities to a point where they are commercially viable, either by trading or ability to raise 'external' investment.

In the coming year STFC Innovations Limited expects to continue to build on its commercialisation success, developing prospects, protecting intellectual property, expanding its licensing and spin-out activities and working with STFC to develop its commercialisation activities. This will include continuing to manage the existing portfolio of spin-out companies and to add to this.

The viability of STFC Innovations Limited depends on the continued financial support from its sole shareholder, STFC. The Company has been advised by its parent that the cumulative loss incurred up to the end of 2010/11, and projected losses for STFC Innovations Limited up to 2014/15, will be underwritten in full by STFC.

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

PRINCIPAL RISKS AND UNCERTAINTIES

STFC Innovations Limited management assesses the risks involved in specific investments and licensing activities on their individual merits, considering individual business cases with an eye to developing opportunities that will be commercially successful in the longer term

With regard to operational risks, such as finance and health and safety, STFC Innovations Limited operates within STFC's risk management framework, which provides a systematic and comprehensive approach to risk management, involving an Audit Committee, which advises STFC's Chief Executive and Council on assessing and managing risks within STFC, and a Risk Advisory Group, which oversees the assessment of risk on a day to day basis

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2011

DIRECTORS

The directors shown below have held office during the period from 1 April 2010 to the date of this report

M A R Affonso

T Bestwick

Dr P B Kaziewicz

Dr J Beacham (resigned 14 June 2011)

P Greenish (resigned 4 May 2011)

Prof R Holdaway (resigned 7 June 2011)

Dr A G Rickman (resigned 7 June 2011)

Dr E Towns-Andrews (resigned 1 January 2011)

Prof C R Whitehouse (resigned 7 June 2011)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted for use in the European Union. 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 accounting estimates that are reasonable and prudent,
- 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

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

BY ORDER OF THE BOARD:



T Bestwick - Director

Date 24th June 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF STFC INNOVATIONS LIMITED

We have audited the financial statements of STFC Innovations Limited for the year ended 31 March 2011 on pages six to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as adopted for use in the European Union.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS's as adopted for use in the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

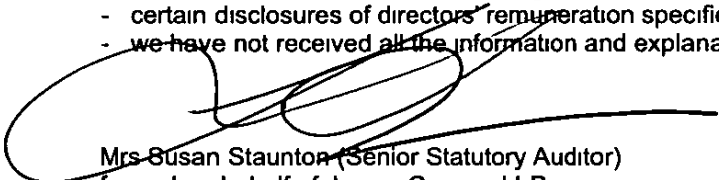
Opinion on other matter prescribed by the Companies Act 2006

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

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.



Mrs Susan Staunton (Senior Statutory Auditor)
for and on behalf of James Cowper LLP
Statutory Auditor & Chartered Accountants
Willow Court
7 West Way
Oxford
Oxfordshire
OX2 0JB

Date 28 June 2011

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
CONTINUING OPERATIONS			
Revenue		648,231	1,619,501
Administrative expenses		<u>(1,876,123)</u>	<u>(2,946,214)</u>
OPERATING LOSS		(1,227,892)	(1,326,713)
Finance income		<u>-</u>	<u>-</u>
LOSS BEFORE INCOME TAX	3	(1,227,892)	(1,326,713)
Income tax	4	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(1,227,892)</u>	<u>(1,326,713)</u>

The notes form part of these financial statements

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
LOSS FOR THE YEAR	(1,227,892)	(1,326,713)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,227,892)</u>	<u>(1,326,713)</u>

The notes form part of these financial statements

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**STATEMENT OF FINANCIAL POSITION
31 MARCH 2011**

	Notes	2011 £	2010 £
ASSETS			
NON-CURRENT ASSETS			
Investments	5	<u>1</u>	<u>1</u>
CURRENT ASSETS			
Trade and other receivables	6	102,142	242,236
Cash and cash equivalents	7	<u>63,715</u>	<u>380,059</u>
		<u>165,857</u>	<u>622,295</u>
TOTAL ASSETS		165,858	622,296
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	<u>(4,727,034)</u>	<u>3,955,580</u>
NET LIABILITIES		<u>(4,561,176)</u>	<u>(3,333,284)</u>
EQUITY			
Called up share capital	10	1	1
Revaluation reserve	9	1	1
Retained earnings	9	<u>(4,561,178)</u>	<u>(3,333,286)</u>
TOTAL EQUITY		<u>(4,561,176)</u>	<u>(3,333,284)</u>

The financial statements were approved by the Board of Directors on 24th June 2011 and were signed on its behalf by


Tim Bestwick -Director

The notes form part of these financial statements

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011**

		2011	2010
		£	£
Cash flows from operating activities			
Cash generated from operations	1	<u>(316,299)</u>	<u>(562,991)</u>
Net cash from operating activities		<u>(316,299)</u>	<u>(562,991)</u>
 Cash flows from investing activities			
Purchase of fixed asset investments		<u>(45)</u>	<u>(89)</u>
Net cash from investing activities		<u>(45)</u>	<u>(89)</u>
 Decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>380,059</u>	<u>943,139</u>
Cash and cash equivalents at end of year	2	<u><u>63,715</u></u>	<u><u>380,059</u></u>

The notes form part of these financial statements

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011**

1 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2011	2010
	£	£
Loss before income tax	(1,227,892)	(1,326,713)
	(1,227,892)	(1,326,713)
(Increase)/Decrease in trade and other receivables	140,094	(171,859)
Increase in trade and other payables	771,454	935,492
Impairment of fixed asset investments	45	89
Cash outflow from operations	<u>(316,299)</u>	<u>(562,991)</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts

Year ended 31 March 2011

	2011	2010
	£	£
Cash and cash equivalents	<u>63,715</u>	<u>380,059</u>

Year ended 31 March 2010

	2010	2009
	£	£
Cash and cash equivalents	<u>380,059</u>	<u>943,139</u>

The notes form part of these financial statements

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption not to prepare consolidated accounts available under Section 400 of the Companies Act 2006 as it is included in the consolidated accounts of the Science and Technology Facilities Council, copies of which can be obtained from the address in note 11.

Going Concern

The company has net liabilities of £4,561,176 (2010 - £3,333,284) and made a loss of £1,227,892 (2010 - £1,326,713) in the year. The directors consider it appropriate to prepare the accounts on a going concern basis as the parent company, the Science and Technology Facilities Council, has pledged to support the company at least up to 31 March 2015.

Revenue

Revenue is the total amount receivable by the company for external trading and public sector support, excluding VAT and trade discounts. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Statement of Financial Position 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 Statement.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

Investments

Unlisted investments are stated in accordance with the British Venture Capital Association guidelines for valuation of unlisted investments at amounts considered by the directors to be a fair assessment of their value

Unlisted investments are stated at amounts considered by the directors to be a fair assessment of their value, subject to overriding requirements of prudence. All investments are valued according to one of the following bases

- Cost (less any provision required)
- Third party valuation
- Earnings multiple
- Net assets

Investments are normally valued at cost until the availability of the first set of audited accounts post completion of the investment. Provisions against cost however, will be made as soon as appropriate in the light of adverse circumstances - for example, where an investment performs significantly below expectations

Gains and losses on realisation of fixed asset investments are dealt with through the realised capital reserve. Fixed asset investments are not held for immediate resale and any gains on realisations are not available for distribution as a dividend. The difference between the market value of fixed asset investments over cost to the Company is shown as an unrealised gain or loss

Trade and other receivables

Trade and other receivables are stated at cost after deducting provisions for impairment of receivables

Cash and cash equivalents

Cash and cash equivalents include cash at the bank and in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

Recent Accounting Developments

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) or by the International Financial Reporting Interpretations Committee (IFRIC). The Company's approach to these is as follows:

(a) Standards, amendments and interpretations effective in 2010/11

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 April 2010 but are not relevant to the Company's operations, or have no significant impact:

- IFRS 2 Share-based Payment – Group Cash settled Share-based Payment Transactions
- IAS 32 "Amendments to presentation – Classification of Rights Issues"
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18, "Transfer of Assets from Customers"

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2010 and have not been adopted early:

- IFRS 1 "Amendments to First-time adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"
- IFRS 7 "Amendments enhancing disclosures about transfers of financial assets"
- IFRS 9 "Financial Instruments – Classification and measurement"
- IAS 24 Related Party Disclosures (revised 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Critical Accounting Judgements

The company's principal accounting policies are set out above. Management is required to exercise significant judgement and make use of estimates and assumptions in the application of these policies.

Areas which management believes to require the most critical accounting judgements are:

(a) Impairment of investments

The company records all investments at cost. Impairment charges are made if in the management's assessment there is significant doubt as to the sufficiency of future economic benefits to justify the carrying values of the investments.

(b) Impairment of receivables

At the balance sheet date the directors evaluate the collectability of trade receivables and record the provisions for impairment of receivables based on experience including for example, comparisons of the relative age of accounts and consideration of actual write-off history. The actual level of debt collected may differ from estimated levels of recovery, which could impact on operating results positively or negatively.

STFC INNOVATIONS LIMITED (REGISTERED NUMBER 4361684)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

2 EMPLOYEES AND DIRECTORS

	2011	2010
	£	£
Wages and salaries	679,183	529,916
Social security costs	64,337	58,984
Other pension costs	<u>169,128</u>	<u>94,675</u>
	<u>912,648</u>	<u>683,575</u>

The average monthly number of employees during the year was as follows

	2011	2010
	10	7
Administrative staff	<u>10</u>	<u>7</u>

	2011	2010
	£	£
Directors' remuneration	90,860	76,041
Directors' pension contributions to money purchase schemes	<u>10,170</u>	<u>5,319</u>

3 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting)

	2011	2010
	£	£
Auditors' remuneration	4,500	4,500
Auditors' remuneration for non-audit work	500	3,100
Foreign exchange differences	<u>2,139</u>	<u>1,241</u>

4 INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2011 nor for the year ended 31 March 2010

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

5 INVESTMENTS

	Shares in group undertakings £
Year ended 31 March 2009	
Opening book amount	61,253
Additions	1
Impairments	<u>(61,253)</u>
At 31 March 2009	1
Year ended 31 March 2010	
Opening book amount	1
Additions	89
Impairments	<u>(89)</u>
At 31 March 2010	1
Year ended 31 March 2011	
Opening book amount	1
Additions	45
Impairments	<u>(45)</u>
At 31 March 2011	<u>1</u>

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

5 INVESTMENTS - continued

At 31 March 2011 the company held interests in the following undertakings

	Country of incorporation	Class of share held	Proportion held %	Aggregate of capital and reserves £	Profit/(Loss) for the year £
Oxsensis Limited	England	Ordinary	5	1,588,902	(355,857)
L3 Technology Limited	England	Ordinary	6	269,656	(1,126,804)
Microvisk Limited	England	Ordinary	6	1,091,314	(1,243,664)
LaserThor Limited	England	Ordinary	8	(327,253)	(2,161)
Dsoft Limited	England	Ordinary	15	8,181	1,311
Petra Limited	England	Ordinary	18	3,532	(916,190)
Cobalt Systems Limited	England	Ordinary	33	1,099	(154,879)
Quantum Detectors Limited	England	Ordinary	90	40,209	14,374
Constellation Technologies Limited	England	Ordinary	33	3,924	(6,719)
Cryox Limited	England	Ordinary	59	(56)	(56)
Electrospinning Limited	England	Ordinary	48	11,312	(88,695)
Scitech Precision Limited	England	Ordinary	100	30,032	(7,373)
Teratech Components Limited	England	Ordinary	62.9	200,491	19,301
Cella Energy Limited	England	Ordinary	22	84,207	(66,283)

At 31 March 2010 the company held interests in the following undertakings

	Country of incorporation	Class of share held	Proportion held %	Aggregate of capital and reserves £	Profit/(Loss) for the year £
Oxsensis Limited	England	Ordinary	5	932,215	(1,898,641)
L3 Technology Limited	England	Ordinary	6	268,000	(1,060,000)
Microvisk Limited	England	Ordinary	6	85,921	(1,237,153)
LaserThor Limited	England	Ordinary	8	(327,253)	(2,161)
Dsoft Limited	England	Ordinary	15	8,181	1,311
Petra Limited	England	Ordinary	18	32,506	(60,084)
Cobalt Systems Limited	England	Ordinary	33	467,942	(100,480)
Quantum Detectors Limited	England	Ordinary	90	40,456	46,195
Constellation Technologies Limited	England	Ordinary	33	4,085	(15,511)
Cryox Limited	England	Ordinary	59	(56)	(56)
Electrospinning Limited	England	Ordinary	48	-	-
Scitech Precision Limited	England	Ordinary	100	20,792	20,792

Aggregate of capital and reserve and loss for the year are derived from the most recent unaudited management accounts of the individual investee companies

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

6 TRADE AND OTHER RECEIVABLES

	2011 £	2010 £
Current		
Trade debtors	66,451	145,610
Amounts owed by group undertakings	-	56,123
Other debtors	<u>35,691</u>	<u>40,503</u>
	<u>102,142</u>	<u>242,236</u>

7 CASH AND CASH EQUIVALENTS

	2011 £	2010 £
Bank accounts	<u>63,715</u>	<u>380,059</u>

8 TRADE AND OTHER PAYABLES

	2011 £	2010 £
Current		
Trade payables	40,679	-
Amounts owed to group undertakings	4,581,742	3,871,325
Deferred government grants	32,624	84,255
Other creditors	<u>71,989</u>	<u>-</u>
	<u>4,727,034</u>	<u>3,955,580</u>

9 RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2009	(2,006,573)	1	(2,006,572)
Deficit for the year	<u>(1,326,713)</u>	<u>-</u>	<u>(1,326,713)</u>
At 1 April 2010	(3,333,286)	1	(3,333,285)
Deficit for the year	<u>(1,227,892)</u>	<u>-</u>	<u>(1,227,892)</u>
At 31 March 2011	<u>(4,561,178)</u>	<u>1</u>	<u>(4,561,177)</u>

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £	2010 £
1	Ordinary share	£1	<u>1</u>	<u>1</u>

11 ULTIMATE PARENT COMPANY

The directors regard the Science and Technology Facilities Council (formerly the Council for the Central Laboratory of the Research Councils), a non-departmental public body incorporated by Royal Charter in England and Wales, as the company's ultimate parent by way of its 100% shareholding. The accounts of this company are available from the Science and Technology Facilities Council, Polaris House, North Star Avenue, Swindon, SN2 1SZ.

12 RELATED PARTY DISCLOSURES

During the year the company made net invoiced purchases of £433,432 (2010 £786,721) from STFC, the parent company. At the end of the year a balance of £4,581,742 (2010 £3,871,325) remains outstanding and is included within creditors. The company also made sales of £120,194 to STFC (2010 £nil).

During the year the company had net invoiced purchases of £nil (2010 - £1,360) from Diamond Light Source, a company under common control. There were no outstanding amounts at either 31 March 2011 or 31 March 2010.

During the year the company made sales to and purchases from the following companies in which it has a financial interest, as disclosed in note 6:

	Sales	Purchases	Debtor at 31 March 2011 £	Creditor at 31 March 2011 £
Oxsensis Limited	20,299	-	4,604	-
Cobalt Systems Limited	4,203	-	364	-
The Electrospinning Company Limited	18,940	5,483	22,728	5,481
Scitech Precision Limited	402	-	-	-
Teratech Components Limited	10,205	-	-	-

There were no transactions with these companies during the year ended 31 March 2010.

STFC INNOVATIONS LIMITED (REGISTERED NUMBER: 4361684)

**INCOME STATEMENT SUMMARIES
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
REVENUE		
Commercial income	376,386	356,427
Royalties	245,580	19,615
Rainbow management fee	9,856	40,794
PoC B funding	10,625	624,843
PSRE proof of concept funding	<u>5,784</u>	<u>577,822</u>
	<u>648,231</u>	<u>1,619,501</u>
	2011 £	2010 £
ADMINISTRATIVE EXPENSES		
Administrative expenses		
Directors' salaries	90,860	76,041
Directors' social security	10,899	9,683
Directors' Pension Contribution	10,170	5,319
Wages	588,323	468,877
Social security	53,438	49,301
Pensions	158,958	89,356
Training expenses	3,673	1,621
Telephone	4,439	11,482
Stationery and books	9,503	3,784
Travel and entertainment	82,783	87,677
Internal costs	2,165	28,086
Rent	862	-
Computer costs	8,611	11,602
Licences and patent fees	373,666	368,545
Repairs and renewals	17,087	220
Exhibition costs	18,483	1,438
Sundry expenses	26,745	9,293
Fuel	509	3,516
Material and equipment	69,015	109,097
STFC Overhead charge	-	182,965
POCF A expenditure	-	443,770
POCF B expenditure	-	635,442
Award costs	141,995	-
Other professional fees	94,537	128,375
Auditors' remuneration	4,500	4,500
Auditors remuneration for non audit work	3,100	3,100
Foreign exchange losses	2,139	1,241
Cost of third party sales	99,567	204,212
Bad debts	-	7,487
Impairment of fixed asset investments	45	89
Finance costs		
Bank charges	<u>51</u>	<u>95</u>
	<u>1,876,123</u>	<u>2,946,214</u>