

STFC INNOVATIONS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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STFC INNOVATIONS LIMITED

COMPANY INFORMATION
For The Year Ended 31 March 2013

DIRECTORS

T Bestwick
A Taylor
Dr P B Kaziewicz
M A R Affonso
W Whitehorn

SECRETARY

Aldwych Secretaries Limited

REGISTERED OFFICE

Rutherford Appleton Laboratory
Harwell Science and Innovation Campus
Didcot
OX11 0QX

REGISTERED NUMBER

04361684 (England and Wales)

AUDITORS

James Cowper LLP
Chartered Accountants & Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

BANKERS

Lloyds TSB
5 High Street
Swindon
Wiltshire
SN1 3EN

SOLICITORS

Manches LLP
9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

REPORT OF THE DIRECTORS
For The Year Ended 31 March 2013

The directors present their report with the financial statements of the company for the year ended 31 March 2013

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The major activities of STFC Innovations Ltd are

Using STFC 'proof of concept' funds to develop and validate early stage technology 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.

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.

STFC Innovations Ltd has a contract from ESA to operate the European Space Agency Business Incubation Centre at Harwell. This activity is jointly funded by ESA and STFC, and is proving to be successful and productive. A similar activity has been initiated with CERN, located at Daresbury.

Managing aspects of STFC's contributions to the campuses at Daresbury and Harwell. For example, SIL staff are involved in operating multi-user laboratory and innovation accommodation for commercial and academic organisations on behalf of STFC.

STFC Innovations Ltd has shareholdings in a portfolio of start-up companies, mainly arising from licensing intellectual property owned by STFC to the company. Most of the companies are funded by investment capital, although some are generating commercial revenue. Many of the companies continue to work closely with STFC, some renting accommodation or using other facilities.

In the coming year STFC Innovations Ltd 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 and develop the existing portfolio of spin-out companies and to develop the relationship with the European Space Agency in the delivery of technology transfer activities.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2012 to the date of this report.

T Bestwick
Dr P B Kaziewicz
M A R Affonso
W Whitehorn

Other changes in directors holding office are as follows

A Taylor - appointed 12 March 2013
G Stewart - resigned 12 March 2013

REPORT OF THE DIRECTORS
For The Year Ended 31 March 2013

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy to endeavour to pay suppliers within an acceptable period of allowed creditor days in accordance with the agreed terms. The company acted in accordance with this policy throughout the year where possible. The company had 20 days purchases outstanding at 31 March 2013 (2012: 12 days) based on the average daily amount invoiced by suppliers during the year ended 31 March 2013.

EMPLOYEE DIVERSITY AND INCLUSION

The Board remains committed to developing further a culture that encourages the inclusion and diversity of all of the company's employees through respecting and appreciating their differences and to promoting the continuous development of employees through skills enhancement and training programmes. The company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the company) should, as far as reasonably possible, be identical to that of other employees.

ENVIRONMENT

The company has an environment policy and acknowledges that environmental considerations form an integral part of its corporate social responsibility. The company wide environment committee meets to discuss ways in which the business can contribute more to their local environments by getting involved in local initiatives and also to look at ways of promoting environmental well being amongst the staff. Employees are actively encouraged to ensure conservation of energy and resource through awareness campaigns and positive action.

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 by 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.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

STFC INNOVATIONS LIMITED (REGISTERED NUMBER 04361684)

REPORT OF THE DIRECTORS
For The Year Ended 31 March 2013

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

BY ORDER OF THE BOARD.

A handwritten signature in black ink, appearing to read 'T Bestwick', written over a horizontal line.

T Bestwick - Director

Date 23rd April 2013

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

We have audited the financial statements of STFC Innovations Limited for the year ended 31 March 2013 on pages six to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by 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 a Report of the Auditors 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

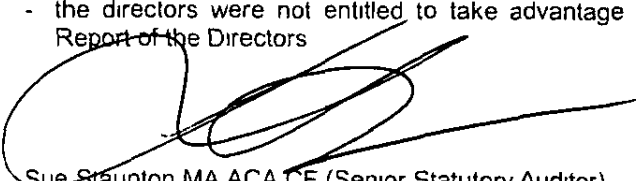
Opinion on other matter prescribed by the Companies Act 2006

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors.



Sue Staunton MA ACA CF (Senior Statutory Auditor)
for and on behalf of James Cowper LLP
Chartered Accountants & Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date 23 July 2013

STFC INNOVATIONS LIMITED (REGISTERED NUMBER 04361684)

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 March 2013

	Notes	2013 £	2012 £
CONTINUING OPERATIONS			
Revenue		572,089	469,646
Other operating income		123,182	-
Administrative expenses		(1,575,371)	(2,577,119)
OPERATING LOSS		(880,100)	(2,107,473)
Finance income	3	22,952	-
LOSS BEFORE INCOME TAX	4	(857,148)	(2,107,473)
Income tax	5	-	-
LOSS FOR THE YEAR		(857,148)	(2,107,473)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(857,148)	(2,107,473)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 March 2013

	Notes	2013 £	2012 £
ASSETS			
NON-CURRENT ASSETS			
Investments	6	404,808	404,808
Loans and other financial assets	7	238,000	238,000
		<u>642,808</u>	<u>642,808</u>
CURRENT ASSETS			
Trade and other receivables	8	204,378	149,252
Cash and cash equivalents	9	146,244	17,437
		<u>350,622</u>	<u>166,689</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	249,706	334,558
NET CURRENT ASSETS/(LIABILITIES)		<u>100,916</u>	<u>(167,869)</u>
NON-CURRENT LIABILITIES			
Trade and other payables	10	8,269,522	7,143,589
NET LIABILITIES		<u>(7,525,798)</u>	<u>(6,668,650)</u>
SHAREHOLDERS' EQUITY			
Called up share capital	11	1	1
Revaluation reserve	12	1	1
Retained earnings	12	(7,525,800)	(6,668,652)
TOTAL EQUITY		<u>(7,525,798)</u>	<u>(6,668,650)</u>

The financial statements were approved by the Board of Directors on 23rd April 2013 and were signed on its behalf by


T Bestwick - Director

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 March 2013

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2011	1	(4,561,179)	1	(4,561,177)
Changes in equity				
Total comprehensive income	-	(2,107,473)	-	(2,107,473)
Balance at 31 March 2012	1	(6,668,652)	1	(6,668,650)
Changes in equity				
Total comprehensive income	-	(857,148)	-	(857,148)
Balance at 31 March 2013	1	(7,525,800)	1	(7,525,798)

The notes form part of these financial statements

STFC INNOVATIONS LIMITED (REGISTERED NUMBER 04361684)

STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2013

		2013 £	2012 £
Cash flows from operating activities			
Cash generated from operations	1	105,855	596,529
Net cash from operating activities		<u>105,855</u>	<u>596,529</u>
Cash flows from investing activities			
Purchase of fixed asset investments		-	(642,807)
Dividends received		22,952	-
Net cash from investing activities		<u>22,952</u>	<u>(642,807)</u>
Increase/(decrease) in cash and cash equivalents		<u>128,807</u>	<u>(46,278)</u>
Cash and cash equivalents at beginning of year	2	17,437	63,715
Cash and cash equivalents at end of year	2	<u>146,244</u>	<u>17,437</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2013

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

	2013 £	2012 £
Loss before income tax	(857,148)	(2,107,473)
Finance income	(22,952)	-
	<u>(880,100)</u>	<u>(2,107,473)</u>
Increase in trade and other receivables	(55,126)	(47,110)
Increase in trade and other payables	1,041,081	2,751,112
	<u>1,041,081</u>	<u>2,751,112</u>
Cash generated from operations	<u>105,855</u>	<u>596,529</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31 March 2013

	31 3 13 £	1 4 12 £
Cash and cash equivalents	<u>146,244</u>	<u>17,437</u>

Year ended 31 March 2012

	31 3 12 £	1 4 11 £
Cash and cash equivalents	<u>17,437</u>	<u>63,715</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2013

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.

Exemption from preparing consolidated financial statements

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 STFC, copies of which can be obtained from the address in note 13.

Revenue

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be reliably estimated.

Revenue represents amounts receivable by the company in respect of services rendered during the year in accordance with the underlying contract or licence, stated net of value added tax.

Amounts receivable under milestone agreements are recognised in accordance with the terms of the underlying agreement and are typically recognised upon the completion of the significant acts within the agreements. Revenue is specifically only recognised when the terms of any milestone are reasonably expected to be met and the relevant act has been completed as the company has no contractual rights to the revenue until this point.

Licence fee revenue is recognised up-front as a sale of the company if the company has discharged all of its on-going obligations.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

1 ACCOUNTING POLICIES - continued

Financial instruments

The company uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances

Financial assets and liabilities are recognised on the Statement of Financial Position when the company has become a party to the contractual provisions of the instrument

Financial instruments recognised on the Statement of Financial Position include cash and cash equivalents, trade receivables, trade payables and borrowings

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Interest bearing loans and overdrafts are recorded at the fair value received less any transaction costs. Subsequent to initial recognition such instruments are measured at amortised cost, using the effective interest method

Financial assets

Convertible loan stock, trade receivables, loans and other receivables that have fixed or determinable payments are classified as loans and receivables and are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial

Financial assets are assessed for impairment at each reporting date by considering the recoverable amount of the asset in comparison to its carrying value and any impairment recognised in the Statement of Comprehensive Income. Trade receivables are assessed for collectability and where appropriate the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account and changes in the carrying amount of the allowance account are recognised in the profit or loss in the Statement of Comprehensive Income

Financial liabilities

Financial liabilities such as trade payables and loans are classified as payables and are measured initially at fair value less transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, except for short term payables when the recognition of interest would be immaterial

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 statement of financial position 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 Statement of Comprehensive Income

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

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

1 ACCOUNTING POLICIES - continued

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

The company has taken advantage of the exemption available under IFRS 10 not to apply the equity method of accounting in relation to the investments in note 6

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

1 ACCOUNTING POLICIES - continued

Going Concern

The company has net liabilities of £7,525,798 (2012 - £6,668,650) and made a loss of £857,148 (2012 - £2,107,473) in the year. The directors consider it appropriate to prepare the accounts on a going concern basis as the parent company, the STFC, has pledged to support the company until at least 31 March 2015.

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.

Recent Accounting Developments

The company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the company's financial statements for the year beginning 1 April 2012:

IFRS 7 - Financial Instruments Disclosures

IAS 12 - Income Taxes Deferred tax - Recovery of Underlying Assets

The directors have assessed that the adoption of these revisions and amendments did not have an impact on the financial position or performance of the company.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective -

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Amendment)

IAS 27 Separate Financial Statements

IAS 28 Investments in Associate and Joint Ventures

All the above Standards and Interpretations are effective for periods commencing on or after 1 January 2013.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

1 ACCOUNTING POLICIES - continued**(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.

Deferred Tax

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities in the accounting and tax balance sheets except where IAS 12 'Income Taxes' specifies that it should not. Deferred taxation is measured at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates or laws enacted or substantively enacted at the balance sheet date.

STFC Innovations Limited do not recognise the deferred tax asset because it is unrealistic that the company will make a sufficient profit in the future to utilise the losses available.

2 EMPLOYEES AND DIRECTORS

	2013 £	2012 £
Wages and salaries	447,451	821,634
Social security costs	47,815	86,461
Other pension costs	73,616	173,110
	<u>568,882</u>	<u>1,081,205</u>

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

	2013	2012
Administrative staff	<u>9</u>	<u>10</u>

	2013 £	2012 £
Directors' remuneration	89,938	86,770
Directors' pension contributions to money purchase schemes	<u>7,604</u>	<u>9,620</u>

3 NET FINANCE INCOME

	2013 £	2012 £
Finance income		
Interest received	<u>22,952</u>	<u>-</u>

4 LOSS BEFORE INCOME TAX

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

	2013 £	2012 £
Auditors' remuneration	5,150	4,500
Auditors' remuneration for non audit work	3,250	3,250
Foreign exchange differences	<u>(9,061)</u>	<u>3,474</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

5 INCOME TAX**Analysis of tax expense**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2013 nor for the year ended 31 March 2012

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2013 £	2012 £
Loss on ordinary activities before income tax	<u>(857,148)</u>	<u>(2,107,473)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	<u>(205,716)</u>	<u>(547,943)</u>
Effects of		
Expenses not deductible for tax purposes	-	2,654
Group relief surrendered	-	27,653
Deferred tax not recognised	<u>205,716</u>	<u>517,636</u>
Tax expense	<u>-</u>	<u>-</u>

6 INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2012 and 31 March 2013	<u>404,808</u>
NET BOOK VALUE	
At 31 March 2013	<u>404,808</u>
	Shares in group undertakings £
COST	
At 1 April 2011	1
Additions	<u>404,807</u>
At 31 March 2012	<u>404,808</u>
NET BOOK VALUE	
At 31 March 2012	<u>404,808</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

6 INVESTMENTS - continued

At 31 March 2013 the company held interests in the following undertakings

	Class of share held	Proportion 31 March 2013 %	Date of financial information	Aggregate of capital and reserves £	Profit/(Loss) for the year £
Oxsensis Limited	Ordinary	3.3	31/12/12	(750,564)	(1,254,148)
L3 Technology Limited	Ordinary	0.3	31/12/11	233,177	(569,517)
Microvisk Limited	Ordinary	1.8	31/03/12	4,196,689	(3,920,608)
Dsoft Limited	Ordinary	24.0	31/05/12	7,790	33,917
Petrra Limited	Ordinary	15.1	31/05/12	15,820	(978,902)
Cobalt Systems Limited	Ordinary	20.2	30/06/12	1,738,097	(672,371)
Quantum Detectors Limited	Ordinary	90	31/03/12	59,748	22,102
Constellation Technologies Limited	Ordinary	26.4	31/03/12	23,966	2,066
Cryox Limited	Ordinary	90	30/06/12	(56)	-
The Electrospinning Company Limited	Ordinary	24.6	30/06/12	226,586	(100,129)
Scitech Precision Limited	Ordinary	100	31/03/12	146,364	100,852
Teratech Components	Ordinary	49.9	30/11/11	159,255	159,218
Cella Energy Limited	Ordinary	11.0	31/13/12	1,165,265	(747,224)

The aggregate of capital and reserves and profit / (loss) for the year are taken from the last available annual financial statements for that company. Although some of the last available financial statements do not coincide with or end before STFC Innovations Limited's financial year end, in the opinion of the directors this does not have a material impact on the financial statements as these investments are held at nil cost.

All companies are incorporated in England

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

6 INVESTMENTS - continued

At 31 March 2012 the company held interests in the following undertakings

	Class of share held	Proportion 31 March 2012 %	Aggregate of capital and reserves £	Profit/(Loss) for the year £
Oxsensis Limited	Ordinary	3.3	52,434	(451,479)
L3 Technology Limited	Ordinary	6	70,608	(681,341)
Microvisk Limited	Ordinary	1.8	4,216,120	(4,000,446)
Dsoft Limited	Ordinary	24	6,873	18,967
Petra Limited	Ordinary	15.1	(53,261)	(21,368)
Cobalt Systems Limited	Ordinary	20.2	2,039,106	(367,242)
Quantum Detectors Limited	Ordinary	90	43,521	5,124
Constellation Technologies Limited	Ordinary	26.4	70,005	12,611
Cryox Limited	Ordinary	100	(56)	(56)
The Electrospinning Company Limited	Ordinary	34.9	38,735	(129,629)
Scitech Precision Limited	Ordinary	100	35,509	2,938
Teratech Components Limited	Ordinary	62.9	184,670	(26,765)
Cella Energy Limited	Ordinary	11.03	(1,232,701)	(819,158)

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

STFC Innovations Limited owned 8.6% of LaserThor Limited, a company that went into administration during the year ended 31 March 2012. No returns were expected on this investment and therefore it has been excluded from the list above.

The aggregate capital and reserves and loss for the year for Cella Energy Limited are stated as at 28 February 2012. The results for the month of March 2012 were not considered material to the financial statements of STFC Innovations Limited in the opinion of the directors.

All companies are incorporated in England

7 LOANS AND OTHER FINANCIAL ASSETS

	2013 £	2012 £
Secured convertible loan stock	<u>238,000</u>	<u>238,000</u>

Secured convertible loan stock relates to loan stock held in Oxsensis Limited. Interest is payable on the loan at 10% per annum until the redemption date of April 2017. The loan stock is convertible under the option of the holder or if other qualifying conditions are met.

8 TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
Current		
Trade receivables	151,622	129,714
Other receivables	<u>52,756</u>	<u>19,538</u>
	<u>204,378</u>	<u>149,252</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

9 CASH AND CASH EQUIVALENTS

	2013 £	2012 £
Bank accounts	<u>146,244</u>	<u>17,437</u>

10 TRADE AND OTHER PAYABLES

	2013 £	2012 £
Current		
Trade payables	12,451	48,170
Other payables	<u>237,255</u>	<u>286,388</u>
	<u>249,706</u>	<u>334,558</u>
Non-current		
Amounts owed to group undertakings	<u>8,269,522</u>	<u>7,143,589</u>
Aggregate amounts	<u>8,519,228</u>	<u>7,478,147</u>

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2013 £	2012 £
1	Ordinary share	£1	<u>1</u>	<u>1</u>

12 RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2012	(6,668,652)	1	(6,668,651)
Deficit for the year	(857,148)		(857,148)
At 31 March 2013	<u>(7,525,800)</u>	<u>1</u>	<u>(7,525,799)</u>
	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2011	(4,561,179)	1	(4,561,178)
Deficit for the year	(2,107,473)		(2,107,473)
At 31 March 2012	<u>(6,668,652)</u>	<u>1</u>	<u>(6,668,651)</u>

13 ULTIMATE PARENT COMPANY

The directors regard the STFC, 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 STFC, Polaris House, North Star Avenue, Swindon, SN2 1SZ.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

14 RELATED PARTY DISCLOSURES

During the year the company made net invoiced purchases of £103,594 (2012 £509,958) from the STFC, the parent company. The company made sales of £22,176 to STFC (2012 £22,176). The company also recharged £123,182 (2012 £Nil) of costs to STFC.

At the end of the year a balance of £8,269,522 (2012 £7,143,589) remains outstanding to the STFC and is included within creditors. There is no fixed date for repayment and the outstanding balance does not incur interest. Due to there being no fixed date for repayment and in the opinion of the directors and STFC it is unlikely the amounts owed will be repaid within 12 months, the amounts owed to the STFC have been shown as a long term liability.

During the year ended 31 March 2013, the company made sales to and purchases from the following companies in which it has a financial interest, as disclosed in note 6, or are deemed to be a related party through common directorship:

	Sales	Purchases	Debtor at 31 March 2013	Creditor at 31 March 2013
	£	£	£	£
Oxsensis Limited	14,141	-	8,277	-
Cobalt Systems Limited	67,028	-	41,647	-
The Electrospinning Company Limited	-	19,677	-	-
Scitech Precision Limited	-	31,725	-	-
Teratech Components Limited	-	20,750	-	-
Thruvision Limited	19,472	-	-	-
Microvisk Limited	18,577	-	18,577	-
MDA Space and Robotics Limited	71,265	-	71,265	-
Cella Energy Limited	10,226	-	9,171	-

During the year ended 31 March 2013, the company also received £22,952 (2012 £Nil) interest from Oxsensis Limited in relation to loan interest. At the year end £22,952 (2012 £Nil) was outstanding.

During the year ended 31 March 2012, the company made sales to and purchases from the following companies in which it has a financial interest, as disclosed in note 6, or are deemed to be a related party through common directorship:

	Sales	Purchases	Debtor at 31 March 2012	Creditor at 31 March 2012
	£	£	£	£
Oxsensis Limited	5,241	-	6,953	-
Cobalt Systems Limited	83,744	-	76,901	-
The Electrospinning Company Limited	35	11,500	-	-
Scitech Precision Limited	408	-	-	-
Teratech Components Limited	34	10,735	-	-
Cella Energy Limited	5,238	-	-	-

The company also provided funding to the following companies in the form of non repayable grants:

	2013	2012
	£	£
Scitech Precision Limited	-	100,000
Teratech Components Limited	-	60,000

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

15 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**Financial assets**

	2013 £	2012 £
Secured convertible loan stock	238,000	238,000
Cash and cash equivalents	146,244	17,437
Trade receivables	151,622	129,714
Other receivables	52,756	19,538
Total	588,622	404,689

The average credit period for sales of goods and services is 30 days. No interest is charged on overdue trade receivables. At 31 March 2013 there were no trade receivables (2012 £46,448) past due and all trade receivables are considered by the directors to be recoverable in full.

The company's policy is to provide for doubtful debts based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. At the balance sheet date the directors consider that no provision is required (2012 £22,286) as there is no credit risk.

Financial liabilities

	2013 £	2012 £
Trade payables	12,451	48,170
Amounts owed to group companies	8,269,522	7,143,589
Other payables	237,255	286,467
Total	8,519,228	7,478,226

The carrying amount of trade payables approximates to fair value.

The average credit period on purchases of goods is 30 days. No interest is charged on trade payables. The company has policies in place to ensure that trade payables are paid within the credit timeframe or as otherwise agreed.

Credit risk

The company's credit risk is primarily attributable to its trade receivables, other receivables, bank overdraft, amounts owed to group, other payables and cash and cash equivalents. The amounts presented in the Statement of Financial Position are net of any allowances for doubtful receivables. Cash at bank is all held with highly rated banks or deposit takers the suitability of which is constantly reviewed.

Currency risk

The company does not have any significant exposure to currency fluctuations.

Liquidity risk

The company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs. Short term flexibility is achieved by the use of the bank overdraft and funding from STFC. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2013

Capital risk management

The primary objective of the company's capital management is to ensure that it maintains healthy financial performance in order to support its business and maximise shareholder value

The company seeks to enhance shareholder value by capturing business opportunities as they develop. To achieve this goal, the company maintains sufficient capital to support its business

The company manages its capital structure and makes adjustments to it in light of changes in economic conditions

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2013 and 31 March 2012