

REGISTERED NUMBER 04361684 (England and Wales)

STFC INNOVATIONS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2015

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Statement of Cash Flows	9
Notes to the Financial Statements	10
Income Statement Summaries	23

COMPANY INFORMATION
For The Year Ended 31 March 2015

DIRECTORS	T Bestwick A Taylor 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)
SENIOR STATUTORY AUDITOR. Sue Staunton MA FCA CF	
AUDITORS:	James Cowper Kreston Chartered Accountants and 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 2015**

The directors present their report with the financial statements of the company for the year ended 31 March 2015

PRINCIPAL ACTIVITY

STFC Innovations Ltd carries out activities in the field of commercialisation for the Science and Technology Facilities Council (STFC) as follows

- investing in a portfolio of start-up companies based on STFC intellectual property,
- commercially exploiting STFC's intellectual property through licence agreements and sales of products and services,
- operating business incubators

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2014 to the date of this report

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

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

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 2015 on pages five 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 two, 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 FRC'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 2015 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 from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of James Cowper Kreston

Chartered Accountants and

Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date

26 May 2015

STFC INNOVATIONS LIMITED (REGISTERED NUMBER 04361684)

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2015**

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



T Bestwick - Director

Date 14th May 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 31 March 2015

	Notes	2015 £	2014 £
CONTINUING OPERATIONS			
Revenue		620,313	657,113
Other operating income		83,864	92,988
Administrative expenses		(1,022,401)	(1,259,086)
OPERATING LOSS		(318,224)	(508,985)
Finance income	3	28,705	3,143
LOSS BEFORE INCOME TAX	4	(289,519)	(505,842)
Income tax	5	-	-
LOSS FOR THE YEAR		(289,519)	(505,842)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(289,519)	(505,842)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 March 2015

	Notes	2015 £	2014 £
ASSETS			
NON-CURRENT ASSETS			
Investments	6	503,988	404,808
Loans and other financial assets	7	308,000	238,000
		<u>811,988</u>	<u>642,808</u>
CURRENT ASSETS			
Trade and other receivables	8	701,911	476,205
Cash and cash equivalents	9	187,337	459,041
		<u>889,248</u>	<u>935,246</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	396,561	266,943
		<u>492,687</u>	<u>668,303</u>
NET CURRENT ASSETS			
		<u>492,687</u>	<u>668,303</u>
NON-CURRENT LIABILITIES			
Trade and other payables	10	9,625,834	9,342,751
		<u>(8,321,159)</u>	<u>(8,031,640)</u>
NET LIABILITIES			
		<u>(8,321,159)</u>	<u>(8,031,640)</u>
SHAREHOLDERS' EQUITY			
Called up share capital	11	1	1
Revaluation reserve	12	1	1
Retained earnings	12	(8,321,161)	(8,031,642)
		<u>(8,321,159)</u>	<u>(8,031,640)</u>
TOTAL EQUITY			
		<u>(8,321,159)</u>	<u>(8,031,640)</u>

The financial statements were approved by the Board of Directors on
signed on its behalf by

and were


T Bestwick - Director

18th Mar, 2015

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 March 2015

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2013	1	(7,525,800)	1	(7,525,798)
Changes in equity				
Total comprehensive income	-	(505,842)	-	(505,842)
Balance at 31 March 2014	1	(8,031,642)	1	(8,031,640)
Changes in equity				
Total comprehensive income	-	(289,519)	-	(289,519)
Balance at 31 March 2015	1	(8,321,161)	1	(8,321,159)

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2015

		2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(165,427)</u>	<u>309,654</u>
Net cash from operating activities		<u>(165,427)</u>	<u>309,654</u>
 Cash flows from investing activities			
Purchase of fixed asset investments		<u>(106,277)</u>	-
Interest received		-	<u>3,143</u>
Net cash from investing activities		<u>(106,277)</u>	<u>3,143</u>
 (Decrease)/increase in cash and cash equivalents		<u>(271,704)</u>	<u>312,797</u>
Cash and cash equivalents at beginning of year	2	<u>459,041</u>	<u>146,244</u>
 Cash and cash equivalents at end of year	2	<u><u>187,337</u></u>	<u><u>459,041</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2015

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

	2015 £	2014 £
Loss before income tax	(289,519)	(505,842)
Finance income	(28,705)	(3,143)
	<u>(318,224)</u>	<u>(508,985)</u>
Increase in trade and other receivables	(76,941)	(135,605)
Increase in trade and other payables	229,738	954,244
Cash generated from operations	<u>(165,427)</u>	<u>309,654</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts

Year ended 31 March 2015

	31.3 15 £	1 4 14 £
Cash and cash equivalents	<u>187,337</u>	<u>459,041</u>

Year ended 31 March 2014

	31 3 14 £	1 4 13 £
Cash and cash equivalents	<u>459,041</u>	<u>146,244</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2015

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.

Preparation of 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.

Royalty revenue is recognised only when it is probable that the royalty will be received.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

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 2015

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 2015

1 ACCOUNTING POLICIES - continued

Going concern

The company has net liabilities of £8,321,159 (2014 - £8,031,640) and made a loss of £289,519 (2014 - £505,842) 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 2016 and beyond subject to adequate funding being available in future Spending Reviews.

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

At the date of authorisation of these financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date:

The following new standards, amendments to existing standards or interpretations are mandatory for the first time for the financial period ending 31 March 2015, but either have no significant impact or are not currently relevant:

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 (Revised) Employee Benefits

IAS 27 (Revised) Separate Financial Statements

IAS 28 (Revised) Investments in Associates and Joint Ventures

IAS 32 Offsetting Financial Assets and Financial Liabilities

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27

Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

Annual Improvements to IFRSs 2009-2011 Cycle

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 9 Financial Instruments (effective 1 January 2018)

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)

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:

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

1 ACCOUNTING POLICIES - continued**(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.

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 does 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

	2015 £	2014 £
Wages and salaries	162,038	262,360
Social security costs	20,070	27,323
Other pension costs	11,347	64,116
	<u>193,455</u>	<u>353,799</u>

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

	2015	2014
Administrative staff	<u>2</u>	<u>4</u>

	2015 £	2014 £
Directors' remuneration	86,521	86,680
Directors' pension contributions to money purchase schemes	<u>(16,310)</u>	<u>28,887</u>

3 NET FINANCE INCOME

	2015 £	2014 £
Finance income		
Interest received	<u>28,705</u>	<u>3,143</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

4 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2015	2014
	£	£
Auditors' remuneration	6,000	5,650
Auditors' remuneration for non audit work	5,400	7,610
Foreign exchange differences	<u>12,806</u>	<u>5,447</u>

5 INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2015 nor for the year ended 31 March 2014

6 INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2014	404,808
Additions	<u>99,180</u>
At 31 March 2015	<u>503,988</u>
NET BOOK VALUE	
At 31 March 2015	<u>503,988</u>
	Shares in group undertakings £
COST	
At 1 April 2013 and 31 March 2014	<u>404,808</u>
NET BOOK VALUE	
At 31 March 2014	<u>404,808</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

6 INVESTMENTS - continued

At 31 March 2015 the company held interests in the following undertakings

	Class of share held	Proportion 31 March 2015 %	Date of financial information	Aggregate of capital and reserves £	Profit/(Loss) for the year £
Oxsensis Limited	Ordinary	3.1	31/12/14	(2,805,325)	(1,320,333)
L3 Technology Limited	Ordinary	0.3	31/12/13	(116,954)	(314,202)
Microvisk Limited	Ordinary	0.8	31/03/14	4,529,098	(3,179,420)
Dsoft Limited	Ordinary	24.0	31/03/14	8,658	33,244
Cobalt Light Systems Limited	Ordinary	20.2	30/06/14	4,400,595	2,656,560
Quantum Detectors Limited	Ordinary	90	31/03/14	110,912	(1,289)
The Electrospinning Company Limited	Ordinary	28.1	30/06/14	313,414	(65,200)
Scitech Precision Limited	Ordinary	100	31/03/14	209,835	54,411
Teratech Components Limited	Ordinary	49.9	30/11/14	308,727	137,994
KEIT Limited	Ordinary	15.2	31/12/14	383,294	(386,806)

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 2015

6 INVESTMENTS - continued

At 31 March 2014 the company held interests in the following undertakings

	Class of share held	Proportion 31 March 2014 %	Date of financial information	Aggregate of capital and reserves £	Profit/(Loss) for the year £
Oxsensis Limited	Ordinary	3.1	31/12/13	(646,013)	104,182
L3 Technology Limited	Ordinary	0.3	31/12/12	197,248	(361,222)
Microvisk Limited	Ordinary	0.8	31/03/13	2,169,156	(2,814,743)
Dsoft Limited	Ordinary	24.0	31/03/13	8,434	36,644
Cobalt Light Systems Limited	Ordinary	20.2	30/06/13	1,744,039	5,942
Quantum Detectors Limited	Ordinary	90	31/03/13	112,201	52,543
The Electrospinning Company Limited	Ordinary	24.6	30/06/13	198,250	(76,755)
Scitech Precision Limited	Ordinary	100	31/03/13	155,424	9,060
Teratech Components Limited	Ordinary	49.9	30/11/12	166,222	6,930
Cella Energy Limited	Ordinary	9.0	31/12/13	527,627	(1,519,177)
KEIT Limited	Ordinary	49.9	31/12/13	498,086	(102,552)

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

7 LOANS AND OTHER FINANCIAL ASSETS

	2015 £	2014 £
Secured convertible loan stock	308,000	238,000

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

	2015 £	2014 £
Current		
Trade receivables	207,911	216,402
Amounts owed by group undertakings	100,637	136,222
Other receivables	393,363	123,581
	701,911	476,205

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

9 CASH AND CASH EQUIVALENTS

	2015	2014
	£	£
Bank accounts	<u>187,337</u>	<u>459,041</u>

10 TRADE AND OTHER PAYABLES

	2015	2014
	£	£
Current		
Trade payables	117,361	63,683
Other payables	279,200	203,260
	<u>396,561</u>	<u>266,943</u>
Non-current		
Amounts owed to group undertakings	<u>9,625,834</u>	<u>9,342,751</u>
Aggregate amounts	<u>10,022,395</u>	<u>9,609,694</u>

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	2015	2014
			£	£
1	Ordinary share	£1	<u>1</u>	<u>1</u>

12 RESERVES

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 April 2014	(8,031,642)	1	(8,031,641)
Deficit for the year	(289,519)	-	(289,519)
At 31 March 2015	<u>(8,321,161)</u>	<u>1</u>	<u>(8,321,160)</u>
	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 April 2013	(7,525,800)	1	(7,525,799)
Deficit for the year	(505,842)	-	(505,842)
At 31 March 2014	<u>(8,031,642)</u>	<u>1</u>	<u>(8,031,641)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

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.

14 RELATED PARTY DISCLOSURES

During the year the company made net invoiced purchases of £2,831 (2014 £33,393) from the STFC, the parent company. The company made sales of £Nil to the STFC (2014 £nil). The Company also recharged £83,864 (2014 £92,988) of costs to STFC.

At the end of the year a balance of £9,625,834 (2014 £9,342,751) 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 the 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 2015, 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 2015	Creditor at 31 March 2015
	£	£	£	£
Oxsensis Limited	4,803	70,000	3,340	70,000
Cobalt Light Systems Limited	44,671	-	10,135	-
The Electrospinning Company Limited	-	56,277	-	56,277
Teratech Components Limited	7,306	-	-	-
KEIT Limited	17,531	180,435	4,442	120,060
Cella Energy Limited	-	-	4,804	-

Included within purchases are amounts for Oxsensis Limited £70,000, The Electrospinning Company Limited £56,277 and Keit Ltd £170,060 which relate to investments made during the year.

During the year ended 31 March 2015, the company also received £28,705 (2014 £3,143) interest from Oxsensis Limited in relation to loan interest. At the year end £54,800 (2014 £26,095) was outstanding.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

During the year the ended 31 March 2014 the company made net invoiced purchases of £33,393 (2012 £103,594) from the STFC, the parent company. The company made sales of £Nil to the STFC (2013 £22,176). The company also recharged £92,988 (2013 £123,182) of costs to STFC.

During the year ended 31 March 2014, 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 2014	Creditor at 31 March 2014
	£	£	£	£
Oxsensis Limited	15,492	-	-	-
Cobalt Light Systems Limited	59,621	-	-	-
The Electrospinning Company Limited	-	10,923	-	-
Scitech Precision Limited	-	31,725	-	-
Teratech Components Limited	3,949	-	-	-
KEIT Limited	5,872	31,197	-	-
Cella Energy Limited	5,471	-	5,059	-
DSoft Limited	-	1,035	-	-
Quantum Detectors Limited	-	50,000	-	-

During the year ended 31 March 2014, the company also received £3,143 (2013 £22,952) interest from Oxsensis Limited in relation to loan interest. At the year end £26,095 (2012 £Nil) was outstanding.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

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

	2015	2014
	£	£
Secured convertible loan stock	308,000	238,000
Cash and cash equivalents	187,337	459,041
Trade receivables	207,911	216,402
Other receivables (excluding prepayments)	393,363	123,581
Amounts owed by group companies	100,637	136,222
Total	<u>1,197,248</u>	<u>1,173,246</u>

The average credit period for sales of goods and services is 30 days. No interest is charged on overdue trade receivables. At 31 March 2015 there were £18,283 of trade receivables (2014 £Nil) past due and all trade receivables are considered by the directors to be recoverable in full.

All trade receivable are denominated in Sterling in during 2015 and 2014.

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 a provision of £10,804 is to be included (2014 £Nil).

Financial liabilities

	2015	2014
	£	£
Trade payables	117,361	63,683
Amounts owed to group companies	9,625,834	9,342,751
Other payables (excluding social security and other taxes)	275,336	203,261
Total	<u>10,018,531</u>	<u>9,609,695</u>

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.

Interest rate risk

The company is exposed to interest rate risk in respect of surplus funds held on deposit. The directors do not consider this risk to be significant.

The company does not charge interest on trade receivables as interest rates and amounts earned on cash deposits are immaterial, the company does not have any material interest rate exposure.

All cash and cash equivalent balances are denominated in Sterling in 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2015

Currency risk

The company publishes its financial statements in pounds sterling and conducts some of its business in Euros. As a result, it is subject to foreign currency exchange risk due to exchange movements, which will affect the company's transaction costs and translation of the results. No financial instruments are utilised to manage risk, and currency gains / losses are credited / charged to the Statement of Comprehensive Income as incurred. The Board considered that this exposure was not sufficiently material to warrant hedging. At the year end, the company held the following net foreign currency balances:

Foreign exchange

	2015	2014
Euros	162,714	207,296

The majority of the company's revenue is in foreign currencies and the majority of the cost base is in Pounds Sterling. There is no natural foreign exchange hedge. A movement in the value of Pounds sterling during the course of the year would impact on the company's overall loss by approximately £20,000 (2014: £20,000).

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.

Capital risk management

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 2015 and 31 March 2014.



Companies House

COMPANY NAME: STFC INNOVATIONS LIMITED

COMPANY NUMBER: 04361684

**The page containing unnecessary material in the accounts was removed
from the public register on 03/07/2015**