

Isis Innovation Limited

Directors' report and financial statements

31 March 2001

Registered number 2199542



Directors' report and financial statements
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Directors' report

The directors submit their report and the audited financial statements of the company for the year ended 31 March 2001.

Principal activities

The principal activity of the company is the development, patenting and exploiting of ideas emanating from the University of Oxford.

The Oxford Innovation Society is a subscription based society.

Results and dividends

The results of the company are set out on page 5.

The directors do not recommend the payment of a dividend.

Future development

The directors are confident about the future development of the company.

Directors

The following directors held office during the year:

Professor J.I. Bell	
Professor B Cantor	(Appointed 21/9/00)
J.R. Clements	
Dr T. Cook	
Dr P. Fellner	(Appointed 15/3/01)
T. Hockaday	(Appointed 14/12/00)
Professor C.J. Leaver	
Dr W.G. Richards	
Professor Sir G. Roberts	(Appointed 15/3/01)
Dr P.M. Williams	(Chairman to 20/9/01)
B.J. Taylor	(Chairman from 20/9/01)

All directors are non-executive apart from Dr T Cook and Mr T Hockaday.

The company is wholly owned by the University of Oxford.

No directors hold any interest in the shares of the company.

Directors' report *(continued)*

Auditors

In accordance with the Companies' Act section 385, a resolution to re-appoint KPMG as the company's auditors will be proposed at the Annual General Meeting.

By order of the board



PJ Smith
Secretary

University Office
Wellington Square
Oxford
OX1 2JD

6 December 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham B3 2DL
United Kingdom

Report of the auditors to the members of Isis Innovation Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

22/1/02

Profit and loss account
for the year ended 31 March 2001

	<i>Note</i>	2001 £	2000 £
Turnover	<i>1</i>	1,163,611	850,600
Cost of sales		(1,236,429)	(907,269)
Gross loss		(72,818)	(56,669)
Administration expenses		(770,511)	(628,691)
Other operating income	<i>5</i>	1,015,352	856,500
Operating profit		172,023	171,140
Deed of covenant paid to the University of Oxford		(25,000)	-
Other interest receivable and similar income		18,353	6,980
Profit/(Loss) on ordinary activities	<i>2-4</i>	165,376	178,120
Accumulated losses brought forward		(430,839)	(608,959)
Profit/(loss) for the financial year		165,376	178,120
Accumulated losses carried forward		(265,463)	(430,839)


The company has no other gains and losses other than those shown in the profit and loss account.

The results above relate to continuing activities.

Balance sheet
at 31 March 2001

	<i>Note</i>	2001 £	2000 £
Current assets			
Debtors	6	364,459	196,007
Cash at bank and in hand		400,023	183,838
		<hr/> 764,482	<hr/> 379,845
Creditors: amounts falling due within one year	7	(629,945)	(410,684)
		<hr/>	<hr/>
Net assets/(liabilities)		134,537	(30,839)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	400,000	400,000
Profit and loss account		(265,463)	(430,839)
		<hr/>	<hr/>
Equity shareholders' funds	9	134,537	(30,839)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 6 December 2001 and were signed on its behalf by:



B. J. Taylor
Chairman

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company the University of Oxford includes the company in its own consolidated financial statements.

As the company is a wholly owned subsidiary of the University of Oxford, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the University of Oxford, within which this company is included, can be obtained from the address given in note 11.

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group (see note 11).

Turnover

Turnover represents income (excluding value added tax) from the exploitation of ideas emanating from the University of Oxford.

Project expenditure

All expenditure for projects, including research and development expenditure, is written off in the year in which it is incurred.

Intangible assets

The company currently owns the patents and patent rights to a number of inventions which may give rise to future income streams. The costs associated with these patents are written off in the year in which they are incurred due to the uncertainty of any future income which may be derived as a result of these patents.

Tangible assets

The company has adopted the policy of its parent, the University of Oxford, with regard to the capitalisation of tangible fixed assets. It therefore applies a 'de minimus' limit of £10,000 for the capitalisation of expenditure on equipment.

Pensions

The administrative employees of the company are members of the University of Oxford Staff Pension Scheme, a defined benefit scheme, administered by the University of Oxford. Details of the scheme are included in the financial statement of the University of Oxford. Other employees of the company are members of the group personal pension plan administered by Equitable life Assurance PLC and Friends Provident. The company's contributions to these schemes, and the personal pension plans of certain employees, are charged to the profit and loss account as they fall due. At 31 March 2001 there were no contributions outstanding from the company.

2 Profit/(Loss) on ordinary activities

Profit/(Loss) on ordinary activities is stated after charging:

	2001 £	2000 £
Auditors remuneration:		
- Audit	5,800	5,100
- Other services	1,250	1,700
Lease Payments – land and buildings	2,500	2,500
Operating Lease Payment – other	165	4,140

3 Employees

The average weekly number of persons, including executive directors, employed by the company during the year was:

	2001 No.	2000 No.
Administration	17	12
	£	£
The total cost of their remuneration was:		
Wages and salaries	485,188	343,688
Social security costs	48,098	34,230
Other pension costs	37,840	32,710
Total employers' remuneration	571,126	410,628

4 Directors' remuneration

	2001 £	2000 £
Directors' emoluments	104,701	94,857
Directors' pension contribution	11,014	10,682
	115,715	105,539

Two directors had benefits accruing under a money purchase pension scheme.

Notes (continued)

5 Other operating income

	2001 £	2000 £
Grant from Oxford University	992,352	845,000
Donation	23,000	11,500
	<hr/> 1,015,352	<hr/> 856,500

6 Debtors

	2001 £	2000 £
Trade debtors	362,942	190,826
Other debtors	1,517	1,848
Prepayments and accrued income	-	3,333
	<hr/> 364,459	<hr/> 196,007

7 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings		
Cash at University Chest - overdraft	107,960	55,227
Distributions due	216,950	118,336
Other creditors including taxation and social security	59,773	8,150
Accruals and deferred income	245,262	228,971
	<hr/> 629,945	<hr/> 410,684

8 Called-up share capital

	2001 £	2000 £
Authorised, allotted, called-up and fully paid: 400,000 shares of £1 each	400,000	400,000

Notes (continued)

9 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Shareholders' funds brought forward	(30,839)	(208,959)
Profit for the year	165,376	178,120
	<hr/>	<hr/>
Shareholders' funds carried forward	134,537	(30,839)

All funds are attributable to equity shareholders.

10 Financial Commitments

At 31 March, the company had annual commitments under non-cancellable operating leases as follows

	2001 Land and buildings £	Other £	2000 Land and buildings £	Other £
Expiring within one year	-	-	-	-
Expiring between two and five years inclusive	-	165	-	1,010
	<hr/>	<hr/>	<hr/>	<hr/>
	-	165	-	1,010

11 Investments

The company has a 50% interest in Isis Angels Network, a company limited by guarantee. The company is incorporated in the UK and its principal activity is to inform potential investors of potential spinouts emanating from the University of Oxford.

12 Ultimate holding company

The company is a wholly owned subsidiary of the University of Oxford. Copies of the financial statements of the University of Oxford may be obtained from University's offices, Wellington Square, Oxford, OX1 2JD.