

**Isis Innovation Limited**

**Registration No. 2199542**

**Directors' Report and Financial Statements**

**31 March 2007**

TUESDAY



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COMPANIES HOUSE

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2007. The directors have taken advantage of the exemption under s246(4)(a) of the Companies Act 1985 and have not presented an enhanced business review within the Directors' report.

### Principal activities

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

The company also operates the Oxford Innovation Society, which is a subscription based society.

### Financial results, dividends and transfer to reserves

The results for the year are set out in the profit and loss account on page 7. The company has continued to trade satisfactorily since the year end.

The profit for the year, before accounting for the deed of covenant paid to the University of Oxford, was £5,000 (2006: loss for the year before accounting for the deed of covenant paid to the University of Oxford £88,000). After payment of the covenant for the year of £43,000 (2006: nil), the loss for the year is £38,000 (2006: £88,000).

The directors do not recommend the payment of a dividend (2006: nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

B J Taylor	(Chairman)
Professor J I Bell	
Professor M Brady	
Dr T Cook	
Professor R A Dwek	
Dr P Fellner	
T Hockaday	
N Keen	(appointed 1 October 2006)
G Kerr	
Dr W G Richards	
Professor Sir G Roberts	(deceased 6 February 2007)
P J Smith	

All directors are non-executive apart from Dr T Cook, who retired as an executive director on 31 March 2007 and Mr T Hockaday.

The company is wholly owned by the University of Oxford. None of the directors hold any interest in the shares of the company or other group companies.

### Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

**Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



**P. J. Smuth**  
*Director*

**Registered Office**  
University Offices  
Wellington Square  
Oxford  
OX1 2JD  
12 October 2007

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such 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 or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

## Report of the independent auditors to the members of Isis Innovation Limited

We have audited the financial statements of Isis Innovation Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

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

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

### Basis of audit opinion

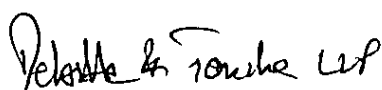
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom

11 October 2007

**Profit and loss account**

		2007	2006
<i>for the year ended 31 March 2007</i>	Note	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	1	<b>3,558</b>	2,892
Cost of sales		<b>(3,152)</b>	(2,625)
<b>Gross profit</b>		<b>406</b>	267
Administrative expenses		<b>(1,939)</b>	(1,809)
Other operating income		<b>1,495</b>	1,412
<b>Operating loss</b>		<b>(38)</b>	(130)
Other interest receivable and similar charges		<b>43</b>	42
Deed of covenant paid to the University of Oxford		<b>(43)</b>	-
<b>Loss on ordinary activities before taxation</b>	2	<b>(38)</b>	(88)
Taxation	5	<b>-</b>	-
<b>Loss on ordinary activities after taxation</b>	10/11	<b>(38)</b>	(88)

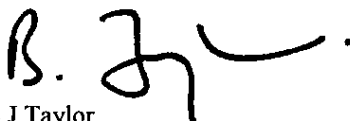
The company has no other gains and losses in both the current and preceding year other than those shown in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The results above derive from continuing activities.

**Balance Sheet**  
*as at 31 March 2007*

	Note	2007 £'000	2006 £'000
<b>Current Assets</b>			
Debtors	6	560	526
Cash at bank and in hand		1,326	795
		<u>1,886</u>	<u>1,321</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,316)</u>	<u>(781)</u>
<b>Net current assets</b>		570	540
<b>Creditors: amounts falling due in more than one year</b>	8	<u>(128)</u>	<u>(60)</u>
<b>Net assets</b>		<u>442</u>	<u>480</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,400	1,400
Profit and loss account	10	<u>(958)</u>	<u>(920)</u>
<b>Shareholder's funds</b>	11	<u>442</u>	<u>480</u>

These financial statements were approved by the Board of Directors on 5 July 2007 and were signed on its behalf by

  
B J Taylor  
Chairman



## **Notes (forming part of the financial statements)**

### **1 Accounting Policies**

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules. The accounting policies have been applied consistently throughout the current and preceding year.

#### ***Cash flow exemption***

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of the University of Oxford and its cash flows are included within the consolidated cashflow statement of that entity.

#### ***Related parties***

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 Related Party Transactions 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 13.

#### ***Consolidated Accounts***

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 notes 12 and 13).

#### ***Capitalisation and depreciation of tangible fixed assets***

The Company has a policy of capitalising assets costing over £5,000.

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives.

#### ***Turnover***

Turnover represents income (excluding value added tax) from the exploitation of ideas emanating from the University of Oxford. Income from licence fees is recognised when the company becomes entitled to it and no significant obligations remain. Income from royalty agreements is only recorded to the extent that related cash has been received or is known to be receivable. Income from subscriptions is deferred and recognised over the period to which it relates.

All turnover is derived within the United Kingdom.

#### ***Project expenditure***

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

#### ***Taxation***

No provision has been made for current or deferred tax on the grounds that the company transfers its taxable profits by Gift Aid to the University of Oxford and therefore no tax asset or liability will be realised in the company.

#### ***Leases***

The costs of operating leases on property and other assets are charged on a straight line basis over the lease term.

#### ***Patents and patent rights***

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.

## 1 Accounting Policies (continued)

### *Foreign currencies*

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

### *Pensions*

The company participates in three principal pension schemes for its staff - the Universities Superannuation Scheme ('USS'), the University of Oxford Staff Pension Scheme ('OSPS'), both of which are contributory defined benefit schemes (i.e. they provide benefits based on length of service and final pensionable salary), and are contracted out from the State Second Pension Scheme. Thirdly the company contributes to a group personal pension fund.

The administrative employees of the company are members of the University of Oxford Staff Pension Scheme, a multi-employer defined benefit scheme, administered by the University of Oxford. Details of the scheme are included in the financial statements of the University of Oxford. The Company is unable to determine its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are therefore charged to the profit and loss account when incurred.

Some employees of the company are members of Universities Superannuation Scheme, a multi-employer defined benefit scheme administered by the University of Oxford. Details of the scheme are included in the financial statements of the University of Oxford. The Company is unable to determine its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are therefore charged to the profit and loss account when incurred.

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 2007 £11,583 (2006 £1,038) was outstanding from the company in respect of the above schemes.

## 2 Loss on ordinary activities before taxation

Profit/loss on ordinary activities before taxation is stated after charging

	2007 £'000	2006 £'000
Auditors' remuneration		
- Audit	7	6
Operating lease payment – plant and machinery	1	1
Operating lease payment – other	-	-
	<u>          </u>	<u>          </u>

## 3 Employees

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

	2007 No.	2006 No.
Executives	2	2
Management and administration	27	29
	<u>          </u>	<u>          </u>
	29	31

**3 Employees (continued)**

	2007 £'000	2006 £'000
The total cost of their remuneration was		
Wages and salaries	1,230	1,149
Social security costs	129	122
Other pension costs	132	123
	<u>1,491</u>	<u>1,394</u>
Total employees' remuneration (including directors)	<u>1,491</u>	<u>1,394</u>

**4 Director's Remuneration**

	2007 £'000	2006 £'000
Directors' emoluments	167	160
Directors' pension contributions	21	23
	<u>188</u>	<u>183</u>

Non-executive directors receive no remuneration from the company  
One director (2006 one) had benefits accruing under a money purchase pension scheme  
One director is a member of the USS staff pension scheme, a defined benefit scheme

**5 Taxation**

There is no charge to tax due to tax losses arising. There are allowable tax losses of approximately £810,000 (2006 £837,000) available to off-set against future profits arising from the same trade. All taxable profits are covenanted to the University of Oxford under a formal covenant agreement.

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is approximately £243,000 (2006 £251,000). This asset will be recovered if sufficient taxable profits are generated in future periods.

An asset has also not been recognised in respect of qualifying expenditure on fixed assets. The amount of the asset not recognised is approximately £39,000 (2006 £18,000). This asset will be recoverable as capital allowances are claimed in future periods.

**6 Debtors**

	2007 £'000	2006 £'000
Trade debtors	542	479
Other debtors	-	20
Prepayments and accrued income	18	27
	<u>560</u>	<u>526</u>

All amounts are due within one year

**7 Creditors: amounts falling due within one year**

	2007 £'000	2006 £'000
Trade creditors	130	153
Amounts owed to group undertakings	921	450
Taxation and social security	16	-
Accruals and deferred income	249	178
	<u>1,316</u>	<u>781</u>

**8 Creditors: amounts falling due in more than one year**

	2007 £'000	2006 £'000
Accruals and deferred income	<u>128</u>	<u>60</u>

**9 Called up share capital**

	2007 £'000	2006 £'000
Authorised 2,000,000 (2006 2,000,000) ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called-up and fully paid 1,400,000 (2006 1,400,000) ordinary shares of £1 each	<u>1,400</u>	<u>1,400</u>

**10 Reserves**

	Profit & Loss account £'000	Total £'000
At 1 April 2006	(920)	(920)
Loss for the year	(38)	(38)
At 31 March 2007	<u>(958)</u>	<u>(958)</u>

**11 Reconciliation of movements in equity shareholders' funds**

	2007 £'000	2006 £'000
Equity shareholders' funds brought forward	480	568
Loss for the year	(38)	(88)
Equity shareholders' funds carried forward	<u>442</u>	<u>480</u>

**12 Financial commitments**

Annual commitments under non-cancellable operating leases are as follows

	<u>2007</u>	<u>2006</u>
	<b>Other £'000</b>	<b>Other £'000</b>
Expiring between two and five years inclusive	<u>1</u>	<u>1</u>

**13 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.

**14 Ultimate parent undertaking**

The company is a 100% subsidiary of, and is controlled by, the University of Oxford which is the only group including the company for which consolidated accounts are produced. Copies of the accounts of the University of Oxford may be obtained from

University Offices,  
 Wellington Square,  
 Oxford,  
 OX1 2JD