

COMPANY REGISTRATION NUMBER 4151164

PORTSMOUTH TECHNOPOLE LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2007

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PORTSMOUTH TECHNOPOLE LTD

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2007

The directors present their report and the financial statements of the company for the year ended 31st March 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the construction and management of technology innovation centres

DIRECTORS

The directors who served the company during the year were as follows

MJ Wilkinson	
IM Laing	(Appointed 14th June 2006)
PA Bradstock	(Appointed 14th June 2006)
Dr DR Kingham	(Resigned 17th August 2006)
Dr PD Leo	(Resigned 17th August 2006)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

The company is a wholly owned subsidiary and the interests of group directors will be disclosed in the accounts of the holding company

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

The auditor, Mercer Lewin, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on

PORTSMOUTH TECHNOPOLE LTD

THE DIRECTORS' REPORT *(continued)*

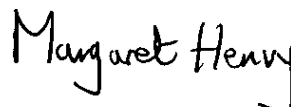
YEAR ENDED 31ST MARCH 2007

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
Oxford Centre for Innovation
Mill St
Oxford
OX2 0JX

Signed by order of the directors



M Henry
Company Secretary

Approved by the directors on 5th September 2007

PORTSMOUTH TECHNOPOLE LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF PORTSMOUTH TECHNOPOLE LTD

YEAR ENDED 31ST MARCH 2007

We have audited the financial statements of Portsmouth Technopole Ltd for the year ended 31st March 2007 on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 8

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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.

PORTSMOUTH TECHNOPOLE LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF PORTSMOUTH TECHNOPOLE LTD *(continued)*

YEAR ENDED 31ST MARCH 2007

OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31st March 2007 and of its profit for the year then ended and 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



MERCER LEWIN
Chartered Accountants
& Registered Auditors

41 Cornmarket Street
Oxford
OX1 3HA

24th September 2007

PORTSMOUTH TECHNOPOLE LTD**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 2007**

	Note	2007 £	2006 £
TURNOVER		675,701	711,261
Cost of sales		<u>460,861</u>	<u>409,591</u>
GROSS PROFIT		214,840	301,670
Administrative expenses		<u>42,049</u>	<u>30,795</u>
OPERATING PROFIT	2	172,791	270,875
Interest receivable		4,379	346
Interest payable and similar charges		(113,202)	(133,144)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>63,968</u>	<u>138,077</u>
Tax on profit on ordinary activities	3	23,602	40,035
PROFIT FOR THE FINANCIAL YEAR		<u>40,366</u>	<u>98,042</u>

PORTSMOUTH TECHNOPOLE LTD**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31ST MARCH 2007**

	2007	2006
	£	£
Profit for the financial year attributable to the shareholder	40,366	98,042
Unrealised profit/(loss) on revaluation of certain fixed assets	<u>28,891</u>	<u>(158,012)</u>
Total gains and losses recognised since the last annual report	<u>69,257</u>	<u>(59,970)</u>

PORTSMOUTH TECHNOPOLE LTD**BALANCE SHEET****31ST MARCH 2007**

		2007		2006	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	4		4,049,618		4,083,799
CURRENT ASSETS					
Debtors	5	25,279		39,459	
Cash at bank and in hand		140,014		110	
		165,293		39,569	
CREDITORS: Amounts falling due within one year	6	155,000		688,471	
NET CURRENT ASSETS/(LIABILITIES)			10,293		(648,902)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,059,911		3,434,897
CREDITORS: Amounts falling due after more than one year	7		1,766,870		1,836,739
			2,293,041		1,598,158
PROVISIONS FOR LIABILITIES					
Deferred taxation	8		62,805		40,035
Deferred government grants	9		934,682		981,825
			1,295,554		576,298
CAPITAL AND RESERVES					
Called-up equity share capital	11	650,000		1	
Revaluation reserve	12	688,439		665,044	
Profit and loss account	13	(42,885)		(88,747)	
SHAREHOLDER'S FUNDS			1,295,554		576,298

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors and authorised for issue on 5th September 2007, and are signed on their behalf by


MJ Wilkinson

The notes on pages 8 to 12 form part of these financial statements.

PORTSMOUTH TECHNOPOLE LTD**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2007****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

Turnover is made up of amounts due to the company in respect of innovation centre space occupied and services provided during the year

Fixed assets

All fixed assets are initially recorded at cost Buildings which the company owns either freehold or on long leasehold are subject to periodic revaluations, not less than once every five years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold property	- 25 years
Fixtures & Fittings	- 15%
Equipment	- 15-33%

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax except that deferred tax is not provided on gains arising from the revaluations of fixed assets where there is no binding agreement to dispose of the assets

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on rates and laws enacted or substantially enacted at the balance sheet date

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate

PORTSMOUTH TECHNOPOLE LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2007

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Directors' emoluments	3,817	-
Amortisation of deferred government grants	(47,143)	(47,568)
Depreciation of owned fixed assets	<u>105,839</u>	<u>105,281</u>

3. TAXATION ON ORDINARY ACTIVITIES

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year	832	-
Total current tax	<u>832</u>	-
Deferred tax		
Origination and reversal of timing differences (note 8)		
Capital allowances	<u>22,770</u>	<u>40,035</u>
Tax on profit on ordinary activities	<u>23,602</u>	<u>40,035</u>

4. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures & Fittings £	Equipment £	Total £
COST OR VALUATION				
At 1st April 2006	4,400,714	34,067	49,184	4,483,965
Additions	12,594	1,390	28,782	42,766
Revaluation	28,891	-	-	28,891
At 31st March 2007	<u>4,442,199</u>	<u>35,457</u>	<u>77,966</u>	<u>4,555,622</u>
DEPRECIATION				
At 1st April 2006	350,714	15,807	33,645	400,166
Charge for the year	91,485	5,780	8,573	105,838
At 31st March 2007	<u>442,199</u>	<u>21,587</u>	<u>42,218</u>	<u>506,004</u>
NET BOOK VALUE				
At 31st March 2007	<u>4,000,000</u>	<u>13,870</u>	<u>35,748</u>	<u>4,049,618</u>
At 31st March 2006	<u>4,050,000</u>	<u>18,260</u>	<u>15,539</u>	<u>4,083,799</u>

The company owns a leasehold property, Portsmouth Technopole, which it has constructed on land over which it holds a 125 year lease. The company's interest in the building was valued on 31 March 2007 by FPD Savills at £4,000,000. The historical cost of the building is £3,732,274 and historical cost depreciation of £420,712 has been applied.

PORTSMOUTH TECHNOPOLE LTD**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2007****5. DEBTORS**

	2007	2006
	£	£
Trade debtors	11,352	22,584
Prepayments and accrued income	13,927	16,875
	<u>25,279</u>	<u>39,459</u>

6 CREDITORS: Amounts falling due within one year

	2007		2006
	£		£
Bank loans and overdrafts	92,688		110,919
Trade creditors	13,359		10,663
Amounts owed to group undertakings	-		520,611
Other creditors including taxation and social security			
Corporation tax	832	-	
PAYE and social security	227	-	
VAT	11,655	18,363	
Other creditors and accruals	36,239	27,915	
	<u>48,953</u>		<u>46,278</u>
	<u>155,000</u>		<u>688,471</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2007	2006
	£	£
Bank loans and overdrafts	<u>92,688</u>	<u>110,919</u>

7 CREDITORS: Amounts falling due after more than one year

	2007	2006
	£	£
Bank loans and overdrafts	<u>1,766,870</u>	<u>1,836,739</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2007	2006
	£	£
Bank loans and overdrafts	<u>1,766,870</u>	<u>1,836,739</u>

The above loans and the amounts shown as bank loans and overdrafts falling due within one year are secured by a fixed charge over the company's long leasehold property, a fixed and floating charge over the company's other assets

Included within creditors falling due after more than one year is an amount of £1,401,019 (2006 - £1,498,893) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

PORTSMOUTH TECHNOPOLE LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2007

8. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	40,035	-
Profit and loss account movement arising during the year	22,770	40,035
Provision carried forward	<u>62,805</u>	<u>40,035</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	62,805	40,035
	<u>62,805</u>	<u>40,035</u>

9 DEFERRED GOVERNMENT GRANTS

	2007 £	2006 £
Received and receivable:		
At 1st April 2006	1,169,880	1,169,880
At 31st March 2007	<u>1,169,880</u>	<u>1,169,880</u>
Amortisation:		
At 1st April 2006	188,055	140,487
Credit to profit and loss account	47,143	47,568
At 31st March 2007	<u>235,198</u>	<u>188,055</u>
Net balance at 31st March 2007	<u>934,682</u>	<u>981,825</u>

10. RELATED PARTY TRANSACTIONS

During the year the company paid management charges of £6,000 (2006 £Nil) to Oxford Innovation Limited a company which was the holding company until 20 August 2006 and had directors in common with the company. The company also paid fees during the year of £3,817 (2006 £Nil) to P Bradstock, a director of the company.

11. SHARE CAPITAL

Authorised share capital:

	2007 £	2006 £
750,000 Ordinary shares of £1 each	<u>750,000</u>	<u>100</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>	<u>1</u>	<u>1</u>

PORTSMOUTH TECHNOPOLE LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2007

11. SHARE CAPITAL *(continued)*

During the year the company issued a further 649,999 shares of £1 by capitalisation of intercompany debt as part of its de-merger from the Oxford Innovation Group

12. REVALUATION RESERVE

	2007	2006
	£	£
Balance brought forward	665,044	830,253
Revaluation of fixed assets	28,891	(158,013)
Transfer to the Profit and Loss Account on realisation	(5,496)	(7,196)
Balance carried forward	<u>688,439</u>	<u>665,044</u>

13. PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
Balance brought forward	(88,747)	(193,986)
Profit for the financial year	40,366	98,042
Transfer from revaluation reserve	5,496	7,197
Balance carried forward	<u>(42,885)</u>	<u>(88,747)</u>

14. ULTIMATE PARENT COMPANY

Oxford Innovation Limited, a company registered in England was the Ultimate Holding Company until 20 August 2006. On 20 December 2006 the shares were transferred to Portsmouth Technopole (Holdings) Limited, a company registered in England, which is regarded by the directors as being the Ultimate Holding Company and Ultimate Controlling Party