

COMPANY REGISTRATION NUMBER 4151164

PORTSMOUTH TECHNOPOLE LTD

FINANCIAL STATEMENTS

FOR

31ST MARCH 2003



PORTSMOUTH TECHNOPOLE LTD

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2003

The directors present their report and the financial statements of the company for the year ended 31st March 2003.

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:

Dr DR Kingham

Dr PD Leo

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

AUDITORS

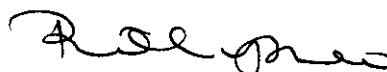
A resolution to re-appoint Mercer Lewin as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

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



Dr PD Leo
Company Secretary

Approved by the directors on 29th July 2003

PORTSMOUTH TECHNOPOLE LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST MARCH 2003

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

PORTSMOUTH TECHNOPOLE LTD**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER****YEAR ENDED 31ST MARCH 2003**

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 company 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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 31st March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

41 Cornmarket Street
Oxford
OX1 3HA

31 July 2003



MERCER LEWIN
Chartered Accountants
& Registered Auditors

PORTSMOUTH TECHNOPOLE LTD**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST MARCH 2003**

	Note	Year to 31 Mar 03 £	Period from 31 Jan 01 to 31 Mar 02 £
TURNOVER		134,362	—
Cost of sales		203,847	—
GROSS LOSS		(69,485)	—
Administrative expenses		11,131	—
OPERATING LOSS	2	(80,616)	—
Interest payable		142,750	—
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(223,366)	—
Tax on loss on ordinary activities		—	—
LOSS FOR THE FINANCIAL YEAR		(223,366)	—

The notes on pages 7 to 10 form part of these financial statements.

PORTSMOUTH TECHNOPOLE LTD**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31ST MARCH 2003**

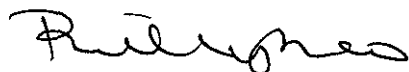
	Year to 31 Mar 03 £	Period from 31 Jan 01 to 31 Mar 02 £
Loss for the financial year attributable to the shareholder	(223,366)	—
Unrealised profit on revaluation of certain fixed assets	459,565	—
Total gains and losses recognised since the last annual report	<u>236,199</u>	<u>—</u>

PORTSMOUTH TECHNOPOLE LTD**BALANCE SHEET****31ST MARCH 2003**

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	3	4,050,827	3,483,741
CURRENT ASSETS			
Debtors	4	18,047	52,091
Cash in hand		50	—
		<u>18,097</u>	<u>52,091</u>
CREDITORS: Amounts falling due within one year	5	<u>713,974</u>	<u>2,410,831</u>
NET CURRENT LIABILITIES		<u>(695,877)</u>	<u>(2,358,740)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,354,950</u>	<u>1,125,001</u>
CREDITORS: Amounts falling due after more than one year	6	<u>2,038,750</u>	<u>—</u>
		<u>1,316,200</u>	<u>1,125,001</u>
Deferred government grants	7	1,080,000	1,125,000
CAPITAL AND RESERVES			
Called-up equity share capital	9	1	1
Revaluation reserve	10	459,565	—
Profit and loss account		<u>(223,366)</u>	<u>—</u>
SHAREHOLDER'S FUNDS		<u>236,200</u>	<u>1</u>
		<u>1,316,200</u>	<u>1,125,001</u>

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 June 2002).

These financial statements were approved by the directors on the 29th July 2003 and are signed on their behalf by:



Dr PD Leo

PORTSMOUTH TECHNOPOLE LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

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 June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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%

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.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	Year to 31 Mar 03 £	Period from 31 Jan 01 to 31 Mar 02 £
Directors' emoluments	-	-
Amortisation of deferred government grants	(45,000)	-
Depreciation of owned fixed assets	91,011	-
	<u> </u>	<u> </u>

PORTSMOUTH TECHNOPOLE LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

3. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures & Fittings £	Equipment £	Total £
COST OR VALUATION				
At 1st April 2002	3,483,741	—	—	3,483,741
Additions	166,445	16,741	15,346	198,532
Revaluation	459,565	—	—	459,565
Transfers	(28,826)	1,026	27,800	—
At 31st March 2003	4,080,925	17,767	43,146	4,141,838
DEPRECIATION				
Charge for the year	80,925	2,430	7,656	91,011
At 31st March 2003	80,925	2,430	7,656	91,011
NET BOOK VALUE				
At 31st March 2003	4,000,000	15,337	35,490	4,050,827
At 31st March 2002	3,483,741	—	—	3,483,741

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 during the year by GVA Grimley Ltd at £4,000,000. The historical cost of the building is £3,621,360 and historical cost depreciation of £80,925 has been applied.

Capital commitments

	2003 £	2002 £
Contracted but not provided for in the financial statements	—	100,000

4. DEBTORS

	2003 £	2002 £
Trade debtors	15,212	—
VAT recoverable	2,381	52,091
Prepayments and accrued income	454	—
	18,047	52,091

5. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	64,520	1,788,692
Trade creditors	11,992	122,140
Amounts owed to group undertakings	533,303	499,999
Other creditors including taxation:		
Other creditors and accruals	104,159	—
	713,974	2,410,831

PORTSMOUTH TECHNOPOLE LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

5. CREDITORS: Amounts falling due within one year *(continued)*

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

	2003	2002
	£	£
Bank loans and overdrafts	<u>64,520</u>	<u>1,788,692</u>

6. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	<u>2,038,750</u>	<u>-</u>

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

	2003	2002
	£	£
Bank loans and overdrafts	<u>2,038,750</u>	<u>-</u>

Included within creditors falling due after more than one year is an amount of £1,618,750 (2002 - £Nil) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

7. DEFERRED GOVERNMENT GRANTS

	2003	2002
	£	£
Received and receivable:		
At 1st April 2002	1,125,000	-
Receivable during year	-	1,125,000
At 31st March 2003	<u>1,125,000</u>	<u>1,125,000</u>
Amortisation:		
Credit to profit and loss account	45,000	-
At 31st March 2003	<u>45,000</u>	<u>-</u>
Net balance at 31st March 2003	<u>1,080,000</u>	<u>1,125,000</u>

8. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

PORTSMOUTH TECHNOPOLE LTD**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2003****9. SHARE CAPITAL****Authorised share capital:**

	2003 £	2002 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10. REVALUATION RESERVE

	Year to 31 Mar 03 £	Period from 31 Jan 01 to 31 Mar 02 £
Revaluation of fixed assets	<u>459,565</u>	—
Balance carried forward	<u>459,565</u>	—

11. PROFIT AND LOSS ACCOUNT

	Year to 31 Mar 03 £	Period from 31 Jan 01 to 31 Mar 02 £
Accumulated loss for the financial year	<u>(223,366)</u>	—
Balance carried forward	<u>(223,366)</u>	—

12. ULTIMATE PARENT COMPANY

Oxford Innovation Limited, a company registered in England, is regarded by the directors as being the Ultimate Holding Company and Ultimate Controlling Party.