

**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2009
for
Ploughshare Innovations Limited
Registration No: 4401901**

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**Ploughshare Innovations Limited
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For the Year Ended 31 March 2009**

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Ploughshare Innovations Limited
Company Information
For the Year Ended 31 March 2009

4401901

DIRECTORS:

N K Davis
R Ecclestone
D A A Owen
M F Steeden
J A G H Stewart
A M Tulloch
N H Winterton

SECRETARY:

Mitre Secretaries Limited
Mitre House
160 Aldersgate Street
London
EC1A 4DD

REGISTERED OFFICE:

B3, 114 Tetrcus Science Park
Salisbury
SP4 0JQ

REGISTERED NUMBER:

4401901 (England and Wales)

AUDITORS:

The Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
London
SW1W 9SS

The directors present their report and the financial statements of the company for the year ended 31 March 2009.

PRINCIPAL ACTIVITY

Ploughshare Innovations Limited (PIL) continues to manage technology transfer activities on behalf of Dstl, the Ministry of Defence's Defence Science & Technology Laboratory.

REVIEW OF EVENTS

Ploughshare continues to deliver on its objectives on behalf of Dstl, the MOD & the taxpayer through the general technology transfer activities of licensing and spin-out company formation. The company met its commercial goals for the period despite economic circumstances that were substantially different from those present when the 2008/09 budget was set.

The impact of the downturn on market appetite for PIL technologies differed according to sector, the physical science prospects in particular did not advance as quickly as might have been expected in previous years. Biotechnology, however, appeared relatively unaffected, in large part due to the long term nature of drug, vaccine and diagnostic instrument development.

The spin-out companies, new and existing also saw a notable change in appetite for investment from venture capital organisations. Investment organisations appeared to be husbanding investment resources for those organisations already within the portfolio whilst demanding higher stakes in return for any new cash actually invested. Conversely Ploughshare saw interest from High Net Worth individuals in early stage spin-outs to an extent not previously experienced. In parallel to these external investments in Ploughshare spin-outs, Ploughshare continues to explore the possibility of setting up its own "Linked Fund" to address the issues of start-up funding.

Work in other areas advanced as planned, in line with Ploughshare's role of serving the Public Sector Research Establishment (PSRE) technology transfer agenda, for example, Ploughshare applied for and won funding to provide additional support to the technology transfer activities being undertaken at the Atomic Weapons Establishment via the PSRE4 funding round of the Department for Innovation, Universities and Skills (DIUS).

The Board changed notably during the year with the retirement of the previous Chairman, David Owen, who will fortunately be staying on in the role of non-executive Director, and Patrick Dowling. With the recruitment of Nicholas Winterton as new Chairman, Ploughshare can look to a continued positive future with strong governance and close ties to Dstl.

Finally, technology transfer is a long term commitment. It requires investment in technology proof of principle, Intellectual Property protection and exploitation activity all of which then rely on third parties to deliver any significant long term licence royalties or equity sale value. Ploughshare delivered a number of additional licence deals during the 12 months and moved the existing and new spin-out companies forward and, although it did not benefit from the hoped for company exit, it remains on track to deliver substantial future economic, technical and social benefits from its activities whilst applying downward pressure on the costs of exploitation.

DIVIDEND

There will be no dividend payment for the year (2008: £nil).

DIRECTORS

The directors during the year under review were:

N K Davis
P J Dowling (resigned 30th November 2008)
R Ecclestone
M A Hone (resigned 27th March 2009)
D A A Owen
M F Steeden
J A G H Stewart
A M Tulloch
N H Winterton (appointed 1st January 2009)

None of the directors holding office on 31 March 2009 held beneficial interests in the issued share capital of the company.

No rights to subscribe for shares in or debentures of the company nor any other group company were granted to any of the directors, or exercised by them during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

COMPANY DEVELOPMENT

Over the previous 3 years Ploughshare has realised the potential of growing the commercial exploitation opportunities available to it via investment into the:

- Ploughshare Innovation Fund (PIF) - designed as a proof-of-concept (POC) fund.
- Pre spin-out company formation support.

As a result it made application to the Dstl Board to grow these two areas in the 07/08 period in order to increase future revenue. However, as the commercial environment changed during the last 12 months it became clear that revenues were likely to fall putting pressure on cash resources. Consequently investment plans were modified in accordance with the risk mitigation strategy previously laid before Dstl.

This slimming down of Ploughshare's spending plans was undertaken as the desired equity sale and high value licence deals were delayed with an eye to preserving as much future growth potential as possible. Where practicable, rather than lose opportunities, investment in technology proof of concept development has been staged or deferred and spend on new company foundation slowed to deliver spending in line with the reduced new overall projected limits.

Expenditure on Intellectual Property protection is somewhat more difficult to control reflecting the long term contractual commitments made as part of licence deals already put in place. However, downward pressure has been exerted on this expenditure and it is expected that, since these costs are for the moment held for Ploughshare by Dstl, the impetus to continue this cost control will grow as MOD budgets come under further scrutiny.

These measures and a continued strong technology pipeline put Ploughshare in a strong position to continue trading whilst looking forward to an upturn in the market.

CONTRIBUTIONS

The company made no donations to charity during the year (2008: £100) and no political contributions (2008: £nil).

AUDITORS

During the year KPMG LLP resigned as auditors and the Comptroller and Auditor General was appointed. A resolution for the re-appointment of the Comptroller and Auditor General as auditor of the company was passed at the Board Meeting held on 18th June 2009.

ON BEHALF OF THE BOARD:



A M Tulloch (Director)
Ploughshare Innovations Limited

18 / 6 / 09
Date

Independent Auditor's Report to the Shareholders of Ploughshare Innovations Limited

I have audited the financial statements of Ploughshare Innovations Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and 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.

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

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you whether, in my opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, I report to you if, in my opinion, the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

continued.....

Independent Auditor's Report to the Shareholders of Ploughshare Innovations Limited (continued)

Opinion

In my 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 2009 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.



Amanda Measures (Senior Statutory Auditor)

Date 26 June 2009

for and on behalf of the
Comptroller and Auditor General (Statutory Auditor)

151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Ploughshare Innovations Limited
Profit and Loss Account
For the Year Ended 31 March 2009

4401901

	Notes	2009 £	2008 £
TURNOVER	2	1,064,096	1,276,391
Cost of Sales		(121,772)	(241,937)
GROSS PROFIT		942,324	1,034,454
Administrative expenses		(1,650,553)	(1,733,854)
Impairment on investments		(881)	-
		(709,110)	(699,400)
Other operating income		1,250	-
OPERATING LOSS	3	(707,860)	(699,400)
Interest receivable and similar income	4	6,762	25,745
Interest payable	5	(1,415)	(15,008)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(702,513)	(688,663)
Tax on profit on ordinary activities	6	-	-
RETAINED LOSS FOR THE YEAR	14	(702,513)	(688,663)

The notes on pages 11 to 19 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED LOSSES
for the year ended 31 March 2009

	2009	2008
Loss for the financial year	(702,513)	(688,663)
Unrealised loss on trade investments	(533,230)	(503,434)
Total recognised losses relating to the financial year	(1,235,743)	(1,192,097)

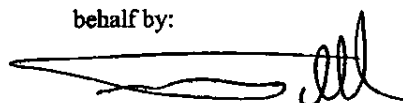
Ploughshare Innovations Limited
Balance Sheet
For the Year Ended 31 March 2009

4401901

		£	2009 £	£	2008 £
	Notes				
FIXED ASSETS					
Tangible assets	7		6,491		9,809
Investments	8		<u>1,859,799</u>		<u>2,416,776</u>
			1,866,290		2,426,585
CURRENT ASSETS					
Debtors	9	348,938		150,129	
Cash at Bank and in hand		<u>153,362</u>		<u>260,553</u>	
		502,300		410,682	
CREDITORS					
Amounts falling due within one year	10	<u>(247,717)</u>		<u>(308,890)</u>	
NET CURRENT ASSETS			254,583		101,792
TOTAL ASSETS LESS CURRENT LIABILITIES			2,120,873		2,528,377
CREDITORS					
Amounts falling due after more than one year	11		<u>(2,444,139)</u>		<u>(1,616,781)</u>
NET LIABILITIES			<u>(323,266)</u>		<u>911,596</u>
CAPITAL AND RESERVES					
Called up share capital	13		30,001		30,001
Revaluation reserve	14		1,738,543		2,270,892
Profit and loss account	14		<u>(2,091,810)</u>		<u>(1,389,297)</u>
SHAREHOLDERS' FUNDS	15		<u>(323,266)</u>		<u>911,596</u>

The notes on pages 11 to 19 form part of these financial statements.

These financial statements were approved by the Board of Directors on 18th June 2009 and were signed on its behalf by:



 A M Tulloch (Director)

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the Company's unlisted investments and in accordance with the applicable Financial Reporting Standards.

As the company is wholly owned by the Defence Science and Technology Laboratory (Dstl), the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The company also claims the following exemptions:

- The FRS 1 exemption from the requirement to prepare a cash flow statement on the grounds of both its size and that the Company is included in the published consolidated financial statements of Dstl.
- The requirement to produce consolidated accounts under the terms of FRS 2, on the grounds of the size of the group the Company heads and that the Company is included in the published consolidated financial statements of Dstl.
- The FRS 29 exemption available not to disclose its financial instrument risks and exposures, as this information is available in the published consolidated financial statements of Dstl.

The consolidated financial statements of Dstl, within which this company is included, can be obtained from Porton Down, Salisbury, Wiltshire. SP4 0JQ.

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The company is involved in the development and exploitation of novel technologies and is in the very early stages of its lifecycle. The appropriateness of the going concern basis of preparation is dependent upon the company receiving continued support and funding from its parent company and its bankers. The directors have prepared projected cash flow information for the period to 31 March 2010. The projections include committed financing from the parent entity of £500,000, which is not repayable until 5th April 2011. Dstl confirms that it has no intention of demanding settlement of the Current Account balance due to itself, or any part thereof, prior to 31st March 2010. In addition, Dstl has given an undertaking to continue to provide support via the loan agreement and continuing the Current Account arrangement, thus ensuring Ploughshare Innovations Ltd remains a viable entity.

Turnover

Turnover represents net invoiced sales of services, including consultancy fees, Intellectual Property reviews and royalties receivable for the period, excluding Value Added Tax (VAT).

Licence fees (up-front fees charged on the grant of a new licence) are governed by App. Note G to FRS5 and have been taken to turnover in the year the licence is signed. Historic differences in the treatment of these fees have been corrected in year, thus previously deferred income amounting to £41,389 has been realised alongside new revenue.

Where a licence or patent is assigned to a third party, this is treated as a one-off sale and the benefit taken at the date of transfer (as both the risks and rewards of the patent are passed to the licensee). Turnover also includes the proceeds of the sale of the Company's investments in spin-outs or joint venture undertakings and is recognised when the company has an unconditional right to the proceeds on disposal and the share transaction is complete.

Fixed Assets and Amortisation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. The capitalisation threshold is £250.

Fixtures and fittings	15% on reducing balance
Computers and Office Equipment	3 years straight-line (33.3% per annum)
Plant & Machinery	1 – 5 years straight-line

1. ACCOUNTING POLICIES (continued)

Investments

Unlisted investments are treated under FRS 29 as *available-for-sale financial assets* and are therefore initially recorded at cost and revalued annually. All valuations are performed by a 3rd party valuation specialist using an estimation technique based on the prices of the investee's most recent equity issues (see note 8). No differences therefore arise between the fair value and carrying value of these investments.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Research and Development Expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

2. TURNOVER

	2009	2008
By Activity		
Equity Sales	0%	0%
Consultancy Services	14%	12%
Licence Income	45%	54%
Royalties	14%	12%
IP Cost Recovery	8%	4%
Public Funding	18%	18%
Other Sales	1%	0%
	<u>100%</u>	<u>100%</u>
By Geographical Market		
United Kingdom	78%	73%
United States of America	13%	27%
Canada	9%	0%
	<u>100%</u>	<u>100%</u>

3. OPERATING (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating (loss) / profit on ordinary activities before taxation is stated after charging:

	2009 £	2008 £
Auditors' remuneration:	16,500	15,000
<i>Audit and these financial statements</i>	16,500	15,000
<i>Other services – related to taxation</i>	-	-
Depreciation	5,399	3,148
Research and development expenditure	183,708	282,197
	<u>202,837</u>	<u>201,727</u>
Remuneration of Directors		
Directors' emoluments	202,837	201,727
<i>Salaries and bonus payments</i>	182,611	181,236
<i>National Insurance</i>	20,226	20,491
Company contributions to money purchase schemes (pensions)	13,502	13,184
Amounts paid to third parties in respect of directors' services	6,000	6,000
	<u>222,339</u>	<u>220,911</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money Purchase Schemes	1	1
	<u>1</u>	<u>1</u>

Remuneration of Staff (including Directors)

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2009 Number of employees	2008 Number of employees
Executive Directors	1	1
Non-Executive Directors	4	3
Sales & Marketing	5	5
Administrative	2	3
	<u>12</u>	<u>12</u>

The total payroll costs of these employees were:

	2009 £	2008 £
Wages and salaries	595,305	608,871
Social security costs	67,032	62,200
Pension costs	51,708	47,836
	<u>714,045</u>	<u>718,907</u>

Operating Leases

Rent of office accommodation amounting to £28,824 was charged to the Profit and Loss Account in the year (2008: £28,230). This lease is renewable annually with a small inflationary increase anticipated in the next financial year.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Bank interest received	5,527	25,745
Loan interest income	1,235	-
	<u>6,762</u>	<u>25,745</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Interest payable on Bank overdraft	-	1
Interest payable on Dstl loan	1,415	15,007
	<u>1,415</u>	<u>15,008</u>

6. TAXATION

The current tax credit for the year is nil (2008: £nil)

The current tax credit for the year is higher (2008: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2009 £	2008 £
(Loss) / profit on ordinary activities before tax	(702,513)	(668,663)
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 28% (2008: 30%)	(196,704)	(206,599)
Depreciation for the period in excess of capital allowances	398	241
Expenses not deductible for tax purposes	21,678	5,730
Movement in short term timing differences	(3,294)	-
Unutilised trading losses carried forward	177,922	200,628
	<u>-</u>	<u>-</u>
Total current tax charge (see above)	-	-

The company has unutilised gross trading losses carried forward of £2.9m, (2008: £2.3m). In accordance with FRS 19 no deferred tax has been recognised in respect of these losses due to the uncertainty of the future taxable profits arising against which these losses will become utilised.

7. TANGIBLE FIXED ASSETS

	Computer & Office Equipment £	Fixtures & Fittings £	Plant & Machinery £	Totals £
Cost				
As at 01 April 2008	10,670	1,368	3,265	15,303
Additions	2,081	-	-	2,081
As at 31st March 2009	<u>12,751</u>	<u>1,368</u>	<u>3,265</u>	<u>17,384</u>
Depreciation				
As at 01 April 2008	5,112	382	-	5,494
Charge for year	4,163	148	1,088	5,399
As at 31 March 2009	<u>9,275</u>	<u>530</u>	<u>1,088</u>	<u>10,893</u>
Net Book Value				
As at 31 March 2009	<u>3,476</u>	<u>838</u>	<u>2,177</u>	<u>6,491</u>
As at 01 April 2008	<u>5,558</u>	<u>986</u>	<u>3,265</u>	<u>9,809</u>

8. FIXED ASSET INVESTMENTS

	Unlisted Investments £
Valuation	
As at 01 April 2008	2,416,776
Additions	1,253
Disposal (Loan Conversion)	(25,000)
Revaluation	(532,349)
Loss Impairment	(881)
As at 31 March 2009	<u>1,859,799</u>

The Company's investments are valued at fair value, derived by comparing valuations from using valuation techniques such as price of recent investment rounds, discounted cash flows of each business and discounted cash flows from the underlying investments. Without the revaluation, the historical cost of investments would be £147,139 at 31 March 2009 (2008: £145,886).

8. FIXED ASSET INVESTMENTS (continued)

The Company's investments at the balance sheet date in the share capital of unlisted companies include the following:

	Number of Shares	Class of Shares	%age holding 2009 (2008)	Country of Incorporation
Alaska Food Diagnostics Limited (04042972)				
Nature of business: Specialists in ultra-sensitive rapid detection of pathogens in food.				
Shareholding:	2,023,789	Ordinary	15.71% (18%)	England & Wales
ProKyma Technologies Limited (05663740)				
Nature of business: Development of sonic separation technology for analysis in microbiology.				
Shareholding:	8,900	Ordinary	16.15% (39%)	England & Wales
Remo Technologies Limited (04917524)				
Nature of business: Suppliers of remote monitoring solutions in healthcare and research.				
Shareholding:	1,000	Ordinary	39% (39%)	England & Wales
P2i Limited (04814350)				
Nature of business: Provision of plasma coating equipment and services.				
Shareholding:	10,887,500 222,378	Ordinary B Preferred	12.9% (17%) combined	England & Wales
Leading Light Scientific Limited (04165637) *				
Nature of business: Manufacture of recombinant enzyme reagents.				
Shareholding:	300,000	Ordinary B	50% (50%)	England & Wales
Enigma Diagnostics Limited (05114005)				
Nature of business: Polymerase chain reaction bio-detection.				
Shareholding:	5,252,756	Preferred Ord.	1.34% (2.6%)	England & Wales
Subsea Asset Location Technologies Limited (06436264)				
Nature of business: Provision of passive acoustic sonar reflector technology.				
Shareholding:	5,000	Ordinary	58.4% (100%)	England & Wales
Claresys Limited (06501929)				
Nature of business: Development and provision of optical lenses.				
Shareholding:	694	Ordinary	59.83% (100%)	England & Wales
Sherwood Therapeutics Limited (06057128)				
Nature of business: Development of wound care technologies				
Shareholding:	27,084	Ordinary	32.18% (0%)	England & Wales
* Included on the basis of a transfer of economic interest by the parent undertaking.				

Ploughshare does not consolidate the financial results or year-end position of its spin-out companies under FRS 9 since it does not seek to exercise significant influence over the operating and financial policies of its spin-outs in the long term. Since Ploughshare's strategy is to retain shares in spin-outs only with a view to sale in the wider market, they are treated as investments only, and accounted for as financial assets under FRS 26 *Financial Instruments: recognition and Measurement*.

9. DEBTORS

	2009	2008
	£	£
Trade debtors	145,882	65,161
Other Debtors (Loans to Spin-out Companies)	26,000	-
Parent Company (Dstl)	-	36,719
VAT Répayment	51,634	-
Prepayment and accrued income	125,422	48,249
	<u>348,938</u>	<u>150,129</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	63,510	39,242
VAT	-	26,957
Social security and other taxes	18,054	19,921
Other creditors	6,317	6,300
Accruals	104,060	151,827
Deferred income	46,323	28,540
Funds held on behalf of Clients (MOD)	9,453	36,103
	<u>247,717</u>	<u>308,890</u>

As at 31 March 2009 the Company held the sum of £9,453 (2008: £36,103) on behalf of the Ministry of Defence (MOD), being a cash pool relating to an ongoing technology transfer project.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Parent Company (Dstl) Loan	100,000	-
Parent Company (Dstl) Loan Interest	1,412	-
Parent Company (Dstl) Current account	2,342,727	1,575,392
Deferred Income	-	41,389
	<u>2,444,139</u>	<u>1,616,781</u>

Dstl Loan amount of £100,000 is the total drawdown to 31 March 2009 from a new on demand total unsecured loan facility of £500,000 agreed between the Company and The Secretary of State for Defence acting through the Defence Science and Technology Laboratory (Dstl); (nil as at 31 March 2008 after the previous loan agreement was fully repaid during the financial year ended 31 March 2008). Interest is payable at the rate of 2% above base rate. Any funds drawn down on this facility must be repaid by 5th April 2011.

Dstl Current Account is the total sum of services provided at arm's length rates for which indefinite credit terms have been agreed.

During the year the amount of £41,389 of deferred income has been realised bringing it in line with the treatment used for the recognition of other licence sign on fees.

12. SECURED DEBTS

The company has no secured debts at the balance sheet date.

13. SHARE CAPITAL

Authorised Number:	Class	Nominal Value	2009 £	2008 £
500,000	Ordinary	£1	500,000	500,000

Authorised, issued and fully paid Number:	Class	Nominal Value	2009 £	2008 £
30,001	Ordinary	£1	30,001	30,001

The directors held no options to subscribe for shares in the company.

14. RESERVES

	Profit and Loss account £	Revaluation Reserve £	Totals £
At 01 April 2008	(1,389,297)	2,270,892	881,595
Loss for the year	(702,513)	-	(702,513)
Revaluation of unlisted investments	-	(532,349)	(532,349)
At 31 March 2009	(2,091,810)	1,738,543	(353,267)

15. SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	911,596	2,103,693
Revaluation of unlisted investments	(532,349)	(503,434)
(Loss) / Profit for the year	(702,513)	(688,663)
Closing shareholders' funds as at 31 March	(323,266)	911,596

16. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2009 (2008 - £NIL).

17. COMMITMENTS

At the end of the financial year the company had entered into commitments with Dstl amounting to a total value of £152,831 in respect of Research and Development Contracts. Of this sum the figure of £12,334 had been charged to the Profit and Loss account as at 31 March 2008 and £55,082 has been incurred within the financial year and charged to the Profit and Loss Account. This leaves an outstanding commitment of £85,415.

18. POST BALANCE SHEET EVENTS

There have been no significant events since the closure of the financial year under review.

19. RELATED PARTY DISCLOSURE

The company is controlled by The Secretary of State for Defence acting through the Defence Science & Technology Laboratory (Dstl) a trading fund for the UK Ministry of Defence (MOD) which holds 100% of the share capital. Balances owed to Dstl are separately disclosed in notes 9 and 11. Dstl is represented on the board of the Company by way of the appointments of Mark Hone (resigned 27th March 2009) and Michael Steeden.

Michael Steeden is also a board member of the Company's landlord Tetricus Limited which in turn is partly owned by Dstl. Rent and service costs amounting to £29,316 were charged to the Profit and Loss Account in the year (2008: £28,732).

Directors of the Company who also hold posts on the board of spin-out companies and/or equity stakes in them are as follows:

Director	Spin-out Directorship	Equity Stake
Nigel Davis	Sherwood Therapeutics Limited	2.38%
Ralph Ecclestone	Subsea Asset Location Technologies Limited	NIL
David Owen	ProKyma Technologies Limited	NIL
Andrew Tulloch	Alaska Food Diagnostics Limited	NIL
	Claresys Limited	NIL
	Enigma Diagnostics Limited	NIL
	Sherwood Therapeutics Limited	NIL
	Subsea Asset Location Technologies Limited	NIL

The company has bought services from two directors Nigel Davis and Ralph Ecclestone in their capacity as independent consultants and non executive directors on the Boards of Spin-out companies (see above). Services valued at £1,770 were bought from Nigel Davis t/a Sivaden Limited (2008: £6,253). Services of £7,288 were bought from Ralph Ecclestone t/a The Commercialisation Company (2008: £6,697).

20. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The Company's ultimate controlling party is the Defence Science and Technology Laboratory (Dstl). The company is wholly owned by the Defence Science & Technology Laboratory (Dstl), a trading fund for the UK Ministry of Defence (MOD).

The consolidated accounts of this company are available to the public and may be obtained from Porton Down, Salisbury, Wiltshire. SP4 0JQ.