

**REGISTERED NUMBER: 04401901 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014  
FOR  
PLOUGHSHARE INNOVATIONS LIMITED**

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**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

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FOR THE YEAR ENDED 31 MARCH 2014**

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**PLOUGHSHARE INNOVATIONS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2014**

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**DIRECTORS:**

M C H O Alexander  
S J Callister  
R M Drummond  
W Hall  
J M Henderson  
P M Hotten  
P A White

**SECRETARY:**

Mitre Secretaries Limited

**REGISTERED OFFICE:**

Unit 2, Nine Mile Water Business Park  
Nether Wallop  
Stockbridge  
Hampshire  
SO20 8DR

**REGISTERED NUMBER:**

04401901 (England and Wales)

**AUDITORS:**

Richardsons  
Chartered Accountants  
Statutory Auditors  
30 Upper High Street  
Thame  
Oxfordshire  
OX9 3EZ

**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2014**

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The directors present their report with the financial statements of the company for the year ended 31 March 2014.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2013 to the date of this report.

M C H O Alexander  
S J Callister  
R M Drummond  
W Hall  
J M Henderson  
P M Hotten

Other changes in directors holding office are as follows:

P A White - appointed 1 April 2013

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Richardsons, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2014**

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This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
P M Hotten - Director

Date: 24 Jun '14 .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PLOUGHSHARE INNOVATIONS LIMITED**

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We have audited the financial statements of Ploughshare Innovations Limited for the year ended 31 March 2014 on pages six to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PLOUGHSHARE INNOVATIONS LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Simon Husband (Senior Statutory Auditor)  
for and on behalf of Richardsons  
Chartered Accountants  
Statutory Auditors  
30 Upper High Street  
Thame  
Oxfordshire  
OX9 3EZ

Date: 24 June 2014

**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>TURNOVER</b>	2	668,135	660,532
Cost of sales		<u>121,604</u>	<u>52,649</u>
<b>GROSS PROFIT</b>		546,531	607,883
Administrative expenses		<u>1,612,084</u>	<u>1,601,605</u>
<b>OPERATING LOSS</b>	4	(1,065,553)	(993,722)
Interest receivable and similar income	5	<u>22,942</u>	<u>7,285</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,042,611)	(986,437)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(1,042,611)	(986,437)
Deficit brought forward		<u>(3,595,405)</u>	<u>(2,608,968)</u>
<b>DEFICIT CARRIED FORWARD</b>		<u>(4,638,016)</u>	<u>(3,595,405)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements



**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2014**

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	2014 £	2013 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	(1,042,611)	(986,437)
Unrealised gain/(loss) on investments		
Gains realised in the year		
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>(1,042,611)</u>	<u>(986,437)</u>

The notes form part of these financial statements

**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

**BALANCE SHEET  
31 MARCH 2014**

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	7	32,957	54,785
Investments	8	2,501,019	2,533,701
		<u>2,533,976</u>	<u>2,588,486</u>
<b>CURRENT ASSETS</b>			
Debtors	9	256,650	214,507
Investments	10	2	2
Cash at bank		774,738	1,070,826
		<u>1,031,390</u>	<u>1,285,335</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	468,443	218,760
<b>NET CURRENT ASSETS</b>		<u>562,947</u>	<u>1,066,575</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,096,923</u>	<u>3,655,061</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	5,259,270	4,721,619
<b>NET LIABILITIES</b>		<u>(2,162,347)</u>	<u>(1,066,558)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	40,001	40,001
Revaluation reserve	14	2,435,668	2,488,846
Profit and loss account		(4,638,016)	(3,595,405)
<b>SHAREHOLDERS' FUNDS</b>	17	<u>(2,162,347)</u>	<u>(1,066,558)</u>

The financial statements were approved by the Board of Directors on 24 Jun '14 and were signed on its behalf by:

  
P M Hotten - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The Company has claimed the exemption from the requirement to produce consolidated financial statements under FRS 2, on the grounds that the Company qualifies as a small company and has been included in the published consolidated financial statements of Dstl.

The Company has not included the effects of fair value accounting under FRS 26 in the statement of total recognised gains and losses as permitted by FRS 3.26.

The Company has also claimed the exemption from the requirement to disclose its financial instrument risks and exposures under FRS 29, on the grounds that this information will be published in the consolidated financial statements of Dstl.

**Going Concern**

The financial statements have been 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 early stages of its lifecycle. The appropriateness of the going concern basis of preparation is dependent on the Company receiving continued support and funding from Dstl. The directors have prepared projected cash flow information for the period to 31 March 2015 which includes committed financing from Dstl. Dstl confirms that it has no intention of demanding settlement of the current account balance due to itself, or any part thereof, prior to this date. In addition, Dstl has given an undertaking to continue to provide support via continuing the current account arrangement, thus ensuring Ploughshare Innovations Limited remains a viable entity.

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Financial reporting standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the Company qualifies as a small company and is included in the published consolidated financial statements of Dstl.

**Turnover**

Licence fees (up-front fees charged on the grant of a new licence) are governed by App. Note G to FRS 5 and have been taken into turnover in the year the licence is signed.

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 the transfer (as both the risks and rewards of the patent are passed to the licensee). Turnover also includes the proceeds of sale of, or the benefit of other transactions in, the Company's investment 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.

Costs relating to these sales are included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

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1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

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

Plant and machinery	- Straight line over 1 - 5 years
Fixtures and fittings	- 12.5% on reducing balance
Computer equipment	- Straight line over 3 years

The capitalisation threshold is £1,000.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**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.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**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 using an estimation technique based on the prices of the investee's most recent equity issues (note 10). No differences therefore arise between the fair value and carrying value of these investments.

Revaluations are treated as gains and losses through the revaluation reserve except where the value falls below the original cost of the asset, in which case an impairment is recognised in the profit and loss account. These assets are derecognised in the year they are disposed of, at which point the difference between their original cost and any consideration received is taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

2. **TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

By Geographical Market	2014	2013
UK	83%	62%
Europe	-	14%
USA	16%	23%
Canada	1%	1%
	<u>100%</u>	<u>100%</u>

3. **STAFF COSTS**

	2014 £	2013 £
Wages and salaries	696,874	628,861
Social security costs	75,960	69,274
Other pension costs	72,693	74,719
	<u>845,527</u>	<u>772,854</u>

The average monthly number of employees during the year was as follows:

	2014	2013
Executive directors	2	2
Non-executive directors	5	4
Sales and marketing	6	6
Administrative	3	3
	<u>16</u>	<u>15</u>

4. **OPERATING LOSS**

The operating loss is stated after charging:

	2014 £	2013 £
Other operating leases	26,842	26,607
Depreciation - owned assets	21,828	12,153
Auditors remuneration: audit	9,800	9,800
Auditors remuneration: other services	900	900
	<u>69,370</u>	<u>49,460</u>
Directors' remuneration	291,748	259,070
Directors' pension contributions to money purchase schemes	27,239	26,715

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**4. OPERATING LOSS - continued**

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2014	2013
	£	£
Emoluments etc	147,672	142,809
Pension contributions to money purchase schemes	<u>15,251</u>	<u>14,952</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014	2013
	£	£
Bank interest received	21,761	786
Other interest	<u>1,181</u>	<u>6,499</u>
	<u>22,942</u>	<u>7,285</u>

**6. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2014 nor for the year ended 31 March 2013.

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014	2013
	£	£
Loss on ordinary activities before tax	<u>(1,042,611)</u>	<u>(986,437)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2013 - 26%)	(218,948)	(256,474)
Effects of:		
Expenses not deductible for tax purposes	25,248	13,602
Capital allowances in excess of depreciation	-	(893)
Depreciation in excess of capital allowances disposals	11,130	-
Unutilised trading losses carried forward	<u>182,570</u>	<u>243,765</u>
Current tax charge	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**7. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2013	68,595	1,368	11,673	81,636
Disposals	-	-	(2,879)	(2,879)
At 31 March 2014	68,595	1,368	8,794	78,757
<b>DEPRECIATION</b>				
At 1 April 2013	14,153	1,025	11,673	26,851
Charge for year	21,777	51	-	21,828
Eliminated on disposal	-	-	(2,879)	(2,879)
At 31 March 2014	35,930	1,076	8,794	45,800
<b>NET BOOK VALUE</b>				
At 31 March 2014	32,665	292	-	32,957
At 31 March 2013	54,442	343	-	54,785

**8. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST OR VALUATION</b>	
At 1 April 2013	2,533,701
Additions	20,546
Revaluations	(53,228)
At 31 March 2014	2,501,019
<b>NET BOOK VALUE</b>	
At 31 March 2014	2,501,019
At 31 March 2013	2,533,701

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 £95,532 at 31 March 2014 (2013: £95,532).

In addition to the above, account has been taken of market intelligence available to the company to inform the valuations. These market-based adjustments, which have been subject to audit, have a significant effect on the change in investment valuations recognised through the Statement of Total Recognised Gains and Losses. In 2012-13 these adjustments ranged from a discount of 10% (2013: 10%) to a discount of 100% (2013: 100%) for companies where the degree of risk attached to future financing and operations is too great for a prudent valuation to be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

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	% holding in 2014 (2013)
<b>ProKyma Technologies Limited (5663740)</b>			
Nature of business: Suppliers of sonic separation technology for analysis in microbiology.			
Shareholding:	8,277	Ordinary	4.4% (4.53%)
<b>Remo Technologies Limited (4917524)</b>			
Nature of business: Suppliers of remote monitoring solutions in healthcare and research.			
Shareholding:	1,000	Ordinary	6.55% (6.55%)
<b>P2i Limited (4814350)</b>			
Nature of business: Provision of plasma coating equipment and services.			
Shareholding:	7,409,944	Ordinary	2.46% (2.63%)
<b>Enigma Diagnostics Limited (5114005)</b>			
Nature of business: Polymerase chain re-action bio-detection.			
Shareholding:	6,533,563	Preferred	
	40,000,000	Ord	4.67% (7.41%)
	400,000	Ordinary	
		A Preferred	
<b>Subsea Asset Location Technologies Limited (6436264)</b>			
Nature of business: Provision of passive acoustic sonar reflector technology.			
Shareholding:	3,643	Ordinary	15.36% (15.36%)
<b>Claresys Limited (6501929)</b>			
Nature of business: Development and provision of optical lenses.			
Shareholding:	744,000	Ordinary	24.34% (16.84%)
<b>Esroe Limited (6852991)</b>			
Nature of business: Electronic surveillance and support software solutions			
Shareholding:	227	Ordinary	53.87% (53.87%)
	573	Preference	

All investments were incorporated in England and Wales.

Ploughshare Innovations Limited 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 any operating and financial policies of its spin-outs in the long term. Since the company'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.



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014**

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Trade debtors	227,424	184,933
Other debtors	18,505	19,000
Prepayments and accrued income	10,721	10,574
	<u>256,650</u>	<u>214,507</u>

Included in other debtors is a balance of £18,505 (2013: £19,000) relating to loans to spin-out companies.

**10. CURRENT ASSET INVESTMENTS**

	2014	2013
	£	£
Unlisted investments	<u>2</u>	<u>2</u>

Included in current asset investments is an amount of £2 (2013: £2) relating to 2,738,098 (2013: 2,738,098) preferred shares in Enigma Diagnostics Limited. These shares were attached to an option allowing an unrelated third party to purchase the shares for £2 aggregate. The transaction is expected to occur within one year and the voting rights of these shares have already been assigned to the purchaser in substance.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Trade creditors	158,288	30,502
Social security and other taxes	21,807	22,939
VAT	8,402	-
Other creditors	14,578	13,856
Accruals and deferred income	265,368	151,463
	<u>468,443</u>	<u>218,760</u>

Included in accruals and deferred income is an amount of £17,573 (2013: £17,562) which is held on behalf of the Ministry of Defence, being a cash pool relating to various ongoing technology transfer projects.

Also included in accruals and deferred income is an amount of £44,947 (2013: £34,027) relating to accrued invoices from the parent, Dstl.

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014	2013
	£	£
Intercompany trading account (Dstl)	<u>5,259,270</u>	<u>4,721,619</u>

Dstl Intercompany Trading Account is the balance outstanding for services provided at arms length rates for which credit terms of more than one year have been agreed.

**PLOUGHSHARE INNOVATIONS LIMITED (REGISTERED NUMBER: 04401901)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014**

**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2014	2013
Number:	Class:		£	£
40,001	Ordinary	£1	<u>40,001</u>	<u>40,001</u>

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

**14. RESERVES**

	Revaluation reserve £
At 1 April 2013	2,488,846
Revaluation of unlisted investments	(53,178)
At 31 March 2014	<u>2,435,668</u>

**15. RELATED PARTY DISCLOSURES**

Directors of the Company who also hold posts on the board of directors for spin-out companies and/or equity stakes in them are provided below;

**Dstl**

Parent of Ploughshare Innovations Limited

During the year the Company made sales of £111,600 (2013: £91,750) to its parent Dstl. The Company also operated a loan with Dstl which is disclosed in note 12 of the financial statements. Included in accruals and deferred income is also an amount of £44,947 (2013: £34,027 due to Dstl (note 11)).

**Subsea Asset Location Technologies Limited**

Investment held in year and P Hotten is a director in common

During the year the Company made sales of £20,681 (2013: £26,455) and purchases of £Nil (2013: £Nil) to Subsea Asset Location Technologies Limited.

**Claresys Limited**

Investment held in year and S Callister is a director in common

During the year the Company made sales of £37,043 (2013: £37,033) and continued to provide a loan of £18,505 (2013: £19,000) to Claresys Limited.

	2014 £	2013 £
Amount due from related party at the balance sheet date	<u>89,038</u>	<u>93,611</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**15. RELATED PARTY DISCLOSURES - continued**

**Esroe Limited**

Investment held in year and S Callister is a director in common

During the year the Company made sales of £96,000 (2013: £42,544) to Esroe Limited.

	2014 £	2013 £
Amount due from related party at the balance sheet date	<u>96,000</u>	<u>12,000</u>

**RMD 100 Limited**

R Drummond is a director in common

During the year the Company made purchases to the value of £27,000 (2013: £37,942) from RMD 100 Limited.

	2014 £	2013 £
Amount due to related party at the balance sheet date	<u>-</u>	<u>3,000</u>

**16. ULTIMATE CONTROLLING PARTY**

The company's ultimate controlling party, and 100% shareholder, is the Secretary of State for Defence represented by Dstl, a trading fund for the UK MOD.

The consolidated financial statements for Dstl are available to the public and may be obtained from;

Porton Down  
 Salisbury  
 Wiltshire  
 SP4 0JQ

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Loss for the financial year	(1,042,611)	(986,437)
New share capital subscribed	-	10,000
Movement from revaluation reserve	<u>(53,178)</u>	<u>168,007</u>
<b>Net reduction of shareholders' funds</b>	<b>(1,095,789)</b>	<b>(808,430)</b>
Opening shareholders' funds	<u>(1,066,558)</u>	<u>(258,128)</u>
<b>Closing shareholders' funds</b>	<b><u>(2,162,347)</u></b>	<b><u>(1,066,558)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014**

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**18. DEFERRED TAX**

The Company has unutilised gross trading losses carried forward of £5.7m (2013: £4.7m). 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 usable.

On the same grounds, no deferred tax asset or liability has been recognised either in respect of depreciation in advance of capital allowances or revaluation of investments.

Were these effects to be recognised in the financial statements, the company would carry a deferred tax asset of £1,211,305 (2013: £1,228,632) in respect of its carried forward tax loss; a deferred tax asset of £3,313 (2013: £1,207) relating to depreciation in advance of capital allowances; and a deferred tax liability of £326,077 (2013: £431,178) relating to the revaluation of investments. This would result in a net deferred tax asset of £888,540 (2013: £798,661).

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