

SQW GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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SQW GROUP LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| DIRECTORS | C C Green I M Laing M T Lyons R E Quince W W Wells M E Hay (appointed 1 April 2013) |
| REGISTERED NUMBER | 04947276 |
| REGISTERED OFFICE | 43 Chalton Street London NW1 1JD |
| INDEPENDENT AUDITOR | James Cowper LLP Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG |
| BANKERS | HSBC plc Midland House West Way Botley Oxford OX2 0PL |
| SOLICITORS | Penningtons Manches LLP 9400 Garsington Road Oxford Business Road Oxford OX4 2HN |

SQW GROUP LIMITED

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SQW GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

RESULTS

The profit for the year, after taxation, amounted to £840,539 (2013 - £549,863).

DIRECTORS

The directors who served during the year were:

C C Green
I M Laing
M T Lyons
R E Quince
W W Wells
M E Hay (appointed 1 April 2013)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, 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 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 the group and of the profit or loss of the group 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

SQW GROUP LIMITED

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

AUDITOR

The auditor, James Cowper LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *June 27 2014* and signed on its behalf.



C C Green
Director

SQW GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

The principal activity of the company during the year was that of a holding company. The activities of the group during the year were the provision of economic and social development consultancy services, business coaching and support, the management of business and innovation centres and the management of business angel networks.

BUSINESS REVIEW

The group's performance in 2013/14 reflects a successful year for all of the market facing divisions, building on the result achieved in 2012/13. Innovation Services performed strongly, delivering long term contracts in various parts of the UK and in Saudi Arabia. The Business and Innovation Centres Division continued to expand its portfolio of centres and geographical reach. SQW performed strongly continuing the diversification of its market reach.

Further details of the development of the Group's business interests, including more recent updates, may be found on the Group's website www.sqwgroup.com and related sites.

PRINCIPAL RISKS AND UNCERTAINTIES

The group is exposed to a variety of financial risks resulting from its operating activities. The board is responsible for determining the group's financial risk management policy and focuses on securing the group's cash flows. The group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the group is exposed to are described below:

Credit Risk

The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of any allowance for doubtful debts, as estimated by the directors. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Cash Flow Risk

The group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by management actively monitoring future cash flow requirements on a regular basis.

FINANCIAL KEY PERFORMANCE INDICATORS

Group turnover for the year to 31 March 2014 was £26,379,757 (2013: £22,335,456)

Group gross profit for the year was £4,371,816 (2013: £3,874,630)

Group operating profit for the year was £1,072,884 (2013: £804,953)

Group profit on ordinary activities before taxation for the year was £1,126,879 (2013: £801,238)

Earnings per share based on retained profit for the year to 31 March 2014 (the standard method of calculation) was 3.8p (2013: 2.5p), and, based on profits before tax, 5.1p (2013: 3.6p)

Group cash at bank at 31 March 2014 was £12,573,560 (2013: £4,758,476). Net of loan note debt, and as set out in the notes to the financial statements, net funds at 31 March 2014 were £12,549,498 (2013: £4,711,314), an increase of £7,838,184 (2013: £3,091,028) over the year. However current liabilities also increased to £14,854,668 (2013: £8,884,999) and Net Current Assets increased by only £593,320 from £1,523,559 in 2013 to £2,116,879.

Dividends of £222,870 were paid during the year (2013: Nil)

SQW GROUP LIMITED

GROUP STRATEGIC REPORT (continued)

OTHER KEY PERFORMANCE INDICATORS

The group does not currently monitor any non-financial performance indicators.

This report was approved by the board on June 27 2014 and signed on its behalf.

C C Green
Director



SQW GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SQW GROUP LIMITED

We have audited the financial statements of SQW Group Limited for the year ended 31 March 2014, set out on pages 7 to 29. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's profit 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

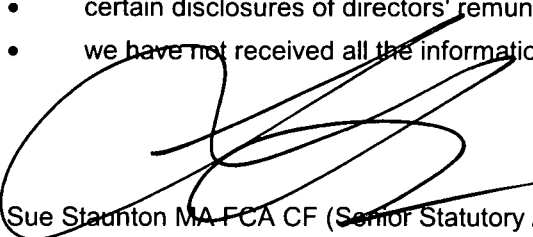
SQW GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SQW GROUP LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date:

7 July 2014

SQW GROUP LIMITED

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

| | Note | 2014 £ | 2013 £ |
|--|------|-----------------------|-----------------------|
| TURNOVER | 2 | 26,379,757 | 22,335,456 |
| Cost of sales | | <u>(22,007,941)</u> | <u>(18,460,826)</u> |
| GROSS PROFIT | | 4,371,816 | 3,874,630 |
| Administrative expenses | | (3,414,807) | (3,091,185) |
| Other operating income | 3 | <u>115,875</u> | <u>21,508</u> |
| OPERATING PROFIT | 4 | 1,072,884 | 804,953 |
| Share of operating profit/(loss) in associates | | <u>19,767</u> | <u>(2,887)</u> |
| TOTAL OPERATING PROFIT | | 1,092,651 | 802,066 |
| Interest receivable and similar income | | 34,875 | 396 |
| Interest payable and similar charges | 8 | <u>(647)</u> | <u>(1,224)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,126,879 | 801,238 |
| Tax on profit on ordinary activities | 9 | <u>(286,340)</u> | <u>(251,375)</u> |
| PROFIT FOR THE FINANCIAL YEAR | 22 | <u>840,539</u> | <u>549,863</u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 11 to 29 form part of these financial statements.

SQW GROUP LIMITED
REGISTERED NUMBER: 04947276

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|--|------|-------------------|-------------------------|-------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 12 | | 1,201,055 | | 1,322,001 |
| Tangible assets | 13 | | 315,738 | | 255,058 |
| Investments | 14 | | 13 | | 13 |
| | | | <u>1,516,806</u> | | <u>1,577,072</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 16 | 4,397,987 | | 5,650,082 | |
| Cash at bank and in hand | | 12,573,560 | | 4,758,476 | |
| | | <u>16,971,547</u> | | <u>10,408,558</u> | |
| CREDITORS: amounts falling due within one year | 17 | (14,854,668) | | (8,884,999) | |
| NET CURRENT ASSETS | | | <u>2,116,879</u> | | <u>1,523,559</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>3,633,685</u> | | <u>3,100,631</u> |
| CREDITORS: amounts falling due after more than one year | 18 | | - | | (24,062) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Other provisions | 20 | | (205,911) | | (123,678) |
| NET ASSETS | | | <u><u>3,427,774</u></u> | | <u><u>2,952,891</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 21 | | 21,512 | | 22,220 |
| Share premium account | 22 | | 855,882 | | 845,947 |
| Capital redemption reserve | 22 | | 17,688 | | 16,913 |
| Share based payment reserve | 22 | | 49,500 | | 86,000 |
| Other reserves | 22 | | 1,405,694 | | 1,405,694 |
| Profit and loss account | 22 | | 1,077,498 | | 576,117 |
| SHAREHOLDERS' FUNDS | 23 | | <u><u>3,427,774</u></u> | | <u><u>2,952,891</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



C C Green
Director

June 27 2014

The notes on pages 11 to 29 form part of these financial statements.

SQW GROUP LIMITED
REGISTERED NUMBER: 04947276

COMPANY BALANCE SHEET
AS AT 31 MARCH 2014

| | Note | £ | 2014 £ | 2013 £ |
|--|------|----------------|-------------------------|-------------------------|
| FIXED ASSETS | | | | |
| Tangible assets | 13 | | 14,383 | 3,120 |
| Investments | 14 | | 4,177,712 | 4,177,712 |
| | | | <u>4,192,095</u> | <u>4,180,832</u> |
| CURRENT ASSETS | | | | |
| Debtors | 16 | 150,872 | 853,084 | |
| Cash at bank | | 681,106 | 211,721 | |
| | | <u>831,978</u> | <u>1,064,805</u> | |
| CREDITORS: amounts falling due within one year | 17 | (259,503) | (234,820) | |
| NET CURRENT ASSETS | | | <u>572,475</u> | <u>829,985</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>4,764,570</u> | <u>5,010,817</u> |
| CREDITORS: amounts falling due after more than one year | 18 | | (2,671,423) | (2,699,109) |
| NET ASSETS | | | <u><u>2,093,147</u></u> | <u><u>2,311,708</u></u> |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | 21 | | 21,512 | 22,220 |
| Share premium account | 22 | | 855,882 | 845,947 |
| Capital redemption reserve | 22 | | 17,688 | 16,913 |
| Share based payment reserve | 22 | | 6,500 | 10,000 |
| Profit and loss account | 22 | | 1,191,565 | 1,416,628 |
| SHAREHOLDERS' FUNDS | 23 | | <u><u>2,093,147</u></u> | <u><u>2,311,708</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


C C Green
 Director

June 27 2014

The notes on pages 11 to 29 form part of these financial statements.

SQW GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

| | Note | 2014 £ | 2013 £ |
|---|-------------|-------------------|-------------------|
| Net cash flow from operating activities | 25 | 8,519,105 | 3,172,131 |
| Returns on investments and servicing of finance | 26 | 34,228 | (828) |
| Taxation | | (207,693) | 16,289 |
| Capital expenditure and financial investment | 26 | (178,298) | (96,564) |
| Equity dividends paid | | (222,870) | - |
| CASH INFLOW BEFORE FINANCING | | 7,944,472 | 3,091,028 |
| Financing | 26 | (129,388) | (22,400) |
| INCREASE IN CASH IN THE YEAR | | 7,815,084 | 3,068,628 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2014**

| | 2014 £ | 2013 £ |
|--|-------------------|-------------------|
| Increase in cash in the year | 7,815,084 | 3,068,628 |
| Cash outflow from decrease in debt and lease financing | 23,100 | 22,400 |
| MOVEMENT IN NET DEBT IN THE YEAR | 7,838,184 | 3,091,028 |
| Net funds at 1 April 2013 | 4,711,314 | 1,620,286 |
| NET FUNDS AT 31 MARCH 2014 | 12,549,498 | 4,711,314 |

The notes on pages 11 to 29 form part of these financial statements.

SQW GROUP LIMITED

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings. The financial statements of all group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the group profit and loss account from or up to the date that control passes respectively.

The transfer to the group of the ownership of Oxford Innovation Limited and its subsidiary companies on 14 June 2006 was accounted for using the merger method of accounting in accordance with FRS 6, which treats the merged groups as if they had been combined throughout the current and comparative accounting periods. Under merger accounting, the results for the group were reported as if the group had been in existence in its current form through the current and previous financial years. No purchased goodwill was created in the transaction and the assets and liabilities of Oxford Innovation Limited were not adjusted to reflect their fair value.

A separate profit and loss account for the parent company is not presented with the group financial statements as permitted by section 408 of the Companies Act 2006.

1.3 Associated undertakings

Undertakings other than subsidiary undertakings, in which the Group has an investment representing at least 20% of the voting rights and over which it exerts significant influence, are treated as associates.

The Group's share of profits and other recognised gains and losses of the associated undertakings are included in the Group profit and loss account and statement of total recognised gains and losses. The Group balance sheet includes investments in associated undertakings at the Group's share of net assets, less any discount on the acquisition of the investment.

1.4 Turnover

Turnover includes amounts receivable, net of Value Added Tax, for services provided to customers.

Turnover is made up of amounts due to the group in respect of services performed and Business and Innovation Centre space occupied during the year.

Where the success of a project can be reasonably assessed, turnover is recognised on a percentage of completion basis, reflecting the partial performance to date. Revenue recognised in excess of invoiced amounts is included within debtors as accrued income. Conversely, where revenue recognised is less than invoiced amounts, the balance is disclosed as deferred income.

When losses are anticipated on projects, the loss is recognised in full during the year in which it is first foreseen.

SQW GROUP LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.5 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a reasonable basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.6 Goodwill and amortisation

Purchased positive goodwill arising on acquisition and goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the group's share of the identifiable assets acquired is capitalised and amortised on a straight line basis over the estimated useful economic life up to a maximum of 20 years as follows:

| | | |
|---------------------------|---|-----------|
| Goodwill on consolidation | - | 20 years |
| Purchased goodwill | - | 1-5 years |

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------------------|---|----------------------------|
| Leasehold improvements | - | Over the life of the lease |
| Fixtures & fittings | - | 2 to 7 years |
| Computer and office equipment | - | 2 to 7 years |

1.8 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.9 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

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

1. ACCOUNTING POLICIES (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.12 Employee benefit trust (EBT)

The group records assets and liabilities of the Trust as its own and, in accordance with UITF38, shares held are deducted in arriving at shareholders' funds and included in reserves.

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.14 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.

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

1. ACCOUNTING POLICIES (continued)

1.15 Share based payments

All equity-settled share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2005 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, updated at each balance sheet date. Fair value of the equity-settled share-based payments is measured by use of a Black Scholes model.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to share based payment reserve.

Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

1.16 Foreign exchange

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the exchange rate ruling on the balance sheet date or, if appropriate, at a forward contract rate. Exchange differences arising in the accounts of individual undertakings are included in the profit and loss account.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred directly to the Group's foreign currency revaluation reserve.

SQW GROUP LIMITED

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

2. TURNOVER

An analysis of turnover by class of business is as follows:

| | 2014 | 2013 |
|---|-------------------------------|-------------------------------|
| | £ | £ |
| Economic and social development consultancy | 4,228,828 | 4,150,284 |
| Innovation services | 16,830,422 | 13,065,205 |
| Business and innovation centres | 5,235,869 | 4,977,168 |
| Investment networks administration | 84,638 | 142,799 |
| | <hr/> 26,379,757 <hr/> | <hr/> 22,335,456 <hr/> |

A geographical analysis of turnover is as follows:

| | 2014 | 2013 |
|----------------|-------------------------------|-------------------------------|
| | £ | £ |
| United Kingdom | 25,651,503 | 21,639,199 |
| Rest of world | 728,254 | 696,257 |
| | <hr/> 26,379,757 <hr/> | <hr/> 22,335,456 <hr/> |

3. OTHER OPERATING INCOME

| | 2014 | 2013 |
|----------------------|----------------------------|---------------------------|
| | £ | £ |
| Net rents receivable | 115,875 | 21,508 |
| | <hr/> 115,875 <hr/> | <hr/> 21,508 <hr/> |

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2014 | 2013 |
|--|------------------------------|----------------------------|
| | £ | £ |
| Amortisation - intangible fixed assets | 120,946 | 120,946 |
| Depreciation of tangible fixed assets: | | |
| - owned by the group | 101,377 | 82,626 |
| Difference on foreign exchange | 20,976 | (8,272) |
| Profit on sale of tangible assets | 16,241 | 5,409 |
| Share-based payment expenses | (36,500) | (10,000) |
| Operating lease costs: Rent | 550,647 | 559,803 |
| | <hr/> 1,003,687 <hr/> | <hr/> 851,792 <hr/> |

SQW GROUP LIMITED

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

5. AUDITORS' REMUNERATION

| | 2014 | 2013 |
|---|----------------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | 27,000 | 25,850 |
| Fees payable to the company's auditor and its associates in respect of: | | |
| All other non-audit services not included above | 15,900 | 14,150 |
| | <u>27,000</u> | <u>25,850</u> |

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

| | 2014 | 2013 |
|-----------------------|--------------------------|------------------|
| | £ | £ |
| Wages and salaries | 8,589,539 | 7,698,403 |
| Social security costs | 856,208 | 765,568 |
| Other pension costs | 615,699 | 588,310 |
| | <u>10,061,446</u> | <u>9,052,281</u> |

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

| | 2014 | 2013 |
|----------------------|-------------------|-------------|
| | No. | No. |
| Direct staff | 179 | 155 |
| Administrative staff | 30 | 30 |
| | <u>209</u> | <u>185</u> |

7. DIRECTORS' REMUNERATION

| | 2014 | 2013 |
|---|----------------|-------------|
| | £ | £ |
| Remuneration | 209,593 | 145,286 |
| Company pension contributions to defined contribution pension schemes | 60,556 | 34,950 |

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £127,093 (2013 - £116,500).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £60,556 (2013 - £34,950).

SQW GROUP LIMITED

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

8. INTEREST PAYABLE

| | 2014 £ | 2013 £ |
|------------------------|-----------|-----------|
| Other interest payable | 647 | 1,224 |

9. TAXATION

| | 2014 £ | 2013 £ |
|---|----------------|----------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit/(loss) for the year | 255,158 | 189,794 |
| Adjustments in respect of prior periods | (2,500) | - |
| Total current tax | 252,658 | 189,794 |
| Deferred tax | | |
| Origination and reversal of timing differences | 24,468 | 50,576 |
| Effect of increased tax rate on opening liability | 9,214 | 10,540 |
| Adjustments in respect of prior periods | - | 465 |
| Total deferred tax (see note 19) | 33,682 | 61,581 |
| Tax on profit/(loss) on ordinary activities | 286,340 | 251,375 |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

| | 2014 £ | 2013 £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | 1,126,879 | 801,238 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%) | 259,182 | 192,297 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 30,813 | 36,243 |
| Capital allowances for year in excess of depreciation | (29,524) | (7,222) |
| Utilisation of tax losses | (13,318) | (44,473) |
| Adjustments to tax charge in respect of prior periods | (2,033) | - |
| Non-taxable income | (11,730) | - |
| Unrelieved tax losses carried forward | - | 18,197 |
| Group relief | - | (1,736) |
| Marginal relief | (2,020) | (4,832) |
| Other timing differences | 21,288 | 1,320 |
| Current tax charge for the year (see note above) | 252,658 | 189,794 |

SQW GROUP LIMITED

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

10. EARNINGS PER SHARE

The calculation of earnings per share, both standard and modified, is based on the following data:

(a) Earnings per share - standard (profit after tax)

| | 2014 £ | 2013 £ |
|---|-------------------------|-------------------------|
| Earnings | | |
| Earnings for the purposes of basic earnings per share | <u>840,539</u> | <u>549,863</u> |

Number of shares

| | 2014 No of shares | 2013 No of shares |
|---|------------------------------------|------------------------------------|
| Basic weighted average number of shares | <u>22,183,543</u> | <u>22,220,370</u> |

| | 2014 pence | 2013 pence |
|---|-----------------------------|-----------------------------|
| Earnings per share - standard, basic and diluted | | |
| Earnings for the purposes of basic earnings per share | 3.8p | 2.5p |

Of the share options granted during the year, nil (2013: nil) had an exercise price lower than the market price. The dilutive effect of these options on the basic earnings per share (both standard and modified) is immaterial.

SQW GROUP LIMITED

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

(b) Earnings per share - modified (profit before tax)

| | 2014 £ | 2013 £ |
|---|-------------------------|-----------------------|
| Earnings | | |
| Earnings for the purposes of basic earnings per share | <u>1,126,879</u> | <u>801,238</u> |

Number of shares

| | 2014 No of shares | 2013 No of shares |
|---|------------------------------------|--------------------------|
| Basic weighted average number of shares | <u>22,183,543</u> | <u>22,220,370</u> |

Earnings per share - modified (profit after tax)

| | 2014 pence | 2013 pence |
|---|-----------------------------|---------------|
| Earnings | | |
| Earnings for the purposes of basic earnings per share | 5.1p | 3.6p |

Modified earnings per share is based on profits on ordinary activities before tax rather than retained profit for the financial period.

SQW GROUP LIMITED

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

11. SHARE-BASED PAYMENTS

Details of all share-based options over shares in the parent company, SQW Group Limited, are detailed below:

| | 2014 | 2014 Weighted average exercise price | 2013 | 2013 Weighted average exercise price |
|--|------------------|---|------------------|---|
| | No | P | No | P |
| Outstanding at the beginning of the year | 2,266,663 | 30 | 2,554,274 | 30 |
| Cancelled during the year | (2,266,663) | 30 | - | - |
| Granted during the year | 2,966,663 | 15 | - | - |
| Expired during the year | - | - | (287,611) | - |
| Exercised during the year | (66,666) | 15 | - | - |
| Outstanding at the end of the year | <u>2,899,997</u> | <u>15</u> | <u>2,266,663</u> | <u>30</u> |

As at the year end, there were 1,783,330 exercisable options (2013: 1,254,273).

The options over SQW Group Limited shares outstanding at 31 March 2014 for the group had a weighted average remaining contractual life of 5 months (2013: 5 months).

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Application of the fair value measurement results in a credit to operating expenses for the year ended 31 March 2014 of £36,500 (2013: £10,000). The charge has been made to the profit and loss account as the employees' services are provided to the company. The total intrinsic carrying amount of liabilities in respect of vested benefits for the company at 31 March 2014 was £49,500 (2013 : £86,000).

Fair value is measured using the Black Scholes pricing model and includes the information set out in the tables below. The expected life used in the model assumes that vesting conditions will be met and all options will be exercised at the earliest opportunity.

The following assumptions were used in the Black Scholes model for options granted during the year:

| Date of issue | Number granted | Weighted average exercise price P | Expected volatility % | Risk free rate % p.a. |
|---------------|-------------------|---|-----------------------------|--------------------------|
| 1 June 2013 | <u>2,966,663</u> | <u>15</u> | <u>30</u> | <u>1</u> |

The weighted average fair value of the options at the date of grant was 15 pence. The expected life of the options is between 0-3 years.

SQW GROUP LIMITED

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

12. INTANGIBLE FIXED ASSETS

| Group | Purchased goodwill £ | Goodwill on consolidation £ | Total £ |
|-----------------------------------|-------------------------------------|--|--------------------|
| Cost | | | |
| At 1 April 2013 and 31 March 2014 | 50,000 | 2,294,000 | 2,344,000 |
| Amortisation | | | |
| At 1 April 2013 | 37,500 | 984,499 | 1,021,999 |
| Charge for the year | 6,250 | 114,696 | 120,946 |
| At 31 March 2014 | 43,750 | 1,099,195 | 1,142,945 |
| Net book value | | | |
| At 31 March 2014 | 6,250 | 1,194,805 | 1,201,055 |
| At 31 March 2013 | 12,500 | 1,309,501 | 1,322,001 |

13. TANGIBLE FIXED ASSETS

| Group | Leasehold improve- ments £ | Fixtures & fittings £ | Computer and office equipment £ | Total £ |
|-----------------------|---|--|--|--------------------|
| Cost | | | | |
| At 1 April 2013 | 1,501,000 | 257,357 | 1,077,239 | 2,835,596 |
| Additions | 19,092 | 15,344 | 143,862 | 178,298 |
| Disposals | (6,956) | (9,990) | (33,058) | (50,004) |
| At 31 March 2014 | 1,513,136 | 262,711 | 1,188,043 | 2,963,890 |
| Depreciation | | | | |
| At 1 April 2013 | 1,382,749 | 215,832 | 981,957 | 2,580,538 |
| Charge for the year | 22,632 | 13,861 | 64,884 | 101,377 |
| On disposals | (3,268) | (3,169) | (27,326) | (33,763) |
| At 31 March 2014 | 1,402,113 | 226,524 | 1,019,515 | 2,648,152 |
| Net book value | | | | |
| At 31 March 2014 | 111,023 | 36,187 | 168,528 | 315,738 |
| At 31 March 2013 | 118,251 | 41,525 | 95,282 | 255,058 |

SQW GROUP LIMITED

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

| | | Computer and office equipment £ |
|------------------------------------|--|--|
| Company | | |
| Cost | | |
| At 1 April 2013 | | 58,037 |
| Additions | | 15,491 |
| At 31 March 2014 | | <u>73,528</u> |
| Depreciation | | |
| At 1 April 2013 | | 54,917 |
| Charge for the year | | 4,228 |
| At 31 March 2014 | | <u>59,145</u> |
| Net book value | | |
| At 31 March 2014 | | <u>14,383</u> |
| At 31 March 2013 | | <u>3,120</u> |
| 14. FIXED ASSET INVESTMENTS | | |
| | | Unlisted investments £ |
| Group | | |
| Cost or valuation | | |
| At 1 April 2013 and 31 March 2014 | | <u>13</u> |
| Net book value | | |
| At 31 March 2014 | | <u>13</u> |
| At 31 March 2013 | | <u>13</u> |
| | | Investments in subsidiary companies £ |
| Company | | |
| Cost or valuation | | |
| At 1 April 2013 and 31 March 2014 | | <u>4,177,712</u> |
| Net book value | | |
| At 31 March 2014 | | <u>4,177,712</u> |
| At 31 March 2013 | | <u>4,177,712</u> |

Details of the principal subsidiaries and associates can be found under note number 15.

SQW GROUP LIMITED

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

15. PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Details of the principal investments in which the group holds 20% or more of the nominal value of any class of share capital are shown below. All companies in which the group holds an interest are incorporated in the United Kingdom other than SQW China Limited, which is incorporated in Hong Kong.

a. Principal subsidiaries

| Company name | Holding | Percentage Shareholding | Description |
|--|-----------------|-------------------------|---------------------------------|
| SQW Limited | Ordinary shares | 100 % | Management consultancy |
| Oxford Innovation Limited | Ordinary shares | 100 % | Business and innovation centres |
| Oxford Innovation Services Ltd | Ordinary shares | 100 % | Innovation services |
| Oxford Investment Opportunity Network Ltd* | Ordinary shares | 100 % | Investment networks |

b. Principal associates

| Company name | Holding | Percentage Shareholding | Description |
|---------------------|-----------------|-------------------------|------------------------|
| SQW China Limited** | Ordinary shares | 25 % | Management consultancy |
| Innovox Limited* | Ordinary shares | 29 % | Business accelerator |

* Held by Oxford Innovation Limited and SQW Group Limited.

** Held by SQW Limited and SQW Group Limited.

On 1 August 2009 SQW Group sold 75% of the share capital in SQW Asia Ltd. Following this transaction SQW Asia Ltd was renamed SQW China Ltd.

The proportion of shares held by the group in each of its subsidiaries reflects the company's voting rights. In the case of Innovox Limited, the directors do not consider it to be an associate as they do not exert significant influence over the company.

16. DEBTORS

| | Group | | Company | |
|------------------------------------|------------------|------------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Trade debtors | 1,509,691 | 2,287,209 | - | - |
| Amounts owed by group undertakings | - | - | - | 674,329 |
| Amounts due from related parties | 129,861 | 130,102 | 129,861 | 130,102 |
| Other debtors | 116,303 | 278,670 | - | - |
| Prepayments and accrued income | 2,589,420 | 2,883,458 | 20,011 | 43,457 |
| Tax recoverable | 15,751 | - | - | - |
| Deferred tax asset (see note 19) | 36,961 | 70,643 | 1,000 | 5,196 |
| | 4,397,987 | 5,650,082 | 150,872 | 853,084 |

SQW GROUP LIMITED

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

**17. CREDITORS:
Amounts falling due within one year**

| | Group | | Company | |
|------------------------------------|-------------------|------------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Debenture loans | 24,062 | 23,100 | 24,062 | 23,100 |
| Trade creditors | 371,492 | 729,273 | 1,072 | 711 |
| Corporation tax | 177,906 | 189,517 | 28,720 | 13,641 |
| Other taxation and social security | 644,166 | 1,002,491 | 28,187 | 21,102 |
| Other creditors | 259,691 | 254,543 | - | 434 |
| Accruals and deferred income | 13,377,351 | 6,686,075 | 177,462 | 175,832 |
| | 14,854,668 | 8,884,999 | 259,503 | 234,820 |

**18. CREDITORS:
Amounts falling due after more than one year**

| | Group | | Company | |
|------------------------------------|--------------|---------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Debenture loans | - | 24,062 | - | 24,062 |
| Amounts owed to group undertakings | - | - | 2,671,423 | 2,675,047 |
| | - | 24,062 | 2,671,423 | 2,699,109 |

Included within the above are amounts falling due as follows:

| | Group | | Company | |
|-----------------------------------|--------------|-------------|----------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Between two and five years | | | | |
| Debenture loans | - | 24,062 | - | 24,062 |

19. DEFERRED TAX ASSET

| | Group | | Company | |
|---------------------------|---------------|---------------|----------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| At beginning of year | 70,643 | 132,224 | 5,196 | 8,651 |
| Charge for the year (P&L) | (33,682) | (61,581) | (4,196) | (3,455) |
| At end of year | 36,961 | 70,643 | 1,000 | 5,196 |

SQW GROUP LIMITED

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

19. DEFERRED TAX ASSET (continued)

The deferred tax asset is made up as follows:

| | Group | | Company | |
|--------------------------------|---------------|---------------|----------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | (4,895) | 22,972 | (300) | 2,896 |
| Tax losses brought forward | - | 7,850 | - | - |
| Short term timing differences | 41,856 | 39,821 | 1,300 | 2,300 |
| | 36,961 | 70,643 | 1,000 | 5,196 |

20. PROVISIONS FOR LIABILITIES

| Group | Contract obligations provision £ | Investment in associate £ | Total £ |
|------------------|---|--------------------------------------|--------------------|
| At 1 April 2013 | 83,000 | 40,678 | 123,678 |
| Additions | 102,000 | (19,767) | 82,233 |
| At 31 March 2014 | 185,000 | 20,911 | 205,911 |

Contract obligations provision

There is uncertainty regarding the exact costs of the contract obligations and, therefore, the directors have included their best estimate in the financial statements in accordance with FRS12. The costs are expected to be settled before 2017.

Investment in associate

The group's aggregate share of the assets and liabilities of its associated undertaking was a net liability of £20,911 (2013: £40,678).

The company has no provisions

21. SHARE CAPITAL

| | 2014 £ | 2013 £ |
|---|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 21,511,780 (2013 - 22,220,370) Ordinary 'A' shares of £0.001 each | 21,512 | 22,220 |

On 16 October 2013 share options were converted to 66,666 £0.001 Ordinary 'A' Shares at a price of £0.15 per share.

On 6 March 2014 the company re-purchased and subsequently cancelled 775,254 £0.001 Ordinary 'A' Shares at a price of £0.15 per share.

SQW GROUP LIMITED

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

22. RESERVES

| Group | Share premium account £ | Capital redempt'n reserve £ | Share- based payment reserve £ | Other reserves £ | Profit and loss account £ |
|---|--|--|---|---------------------------------|--|
| At 1 April 2013 | 845,947 | 16,913 | 86,000 | 1,405,694 | 576,117 |
| Profit for the year | - | - | - | - | 840,539 |
| Dividends: Equity capital | - | - | - | - | (222,870) |
| Purchase of own shares | - | - | - | - | (116,288) |
| Premium on shares issued during the year | 9,935 | - | - | - | - |
| Transfer on purchase of own shares | - | 775 | - | - | - |
| Share-based payments | - | - | (36,500) | - | - |
| At 31 March 2014 | <u>855,882</u> | <u>17,688</u> | <u>49,500</u> | <u>1,405,694</u> | <u>1,077,498</u> |

| Company | Share premium account £ | Capital redempt'n reserve £ | Share- based payment reserve £ | Profit and loss account £ |
|--|--|--|---|--|
| At 1 April 2013 | 845,947 | 16,913 | 10,000 | 1,416,628 |
| Profit for the year | - | - | - | 114,095 |
| Dividends: Equity capital | - | - | - | (222,870) |
| Purchase of own shares | - | - | - | (116,288) |
| Premium on shares issued during the year | 9,935 | - | - | - |
| Transfer on purchase of own shares | - | 775 | - | - |
| Share based payment charge in the year | - | - | (3,500) | - |
| At 31 March 2014 | <u>855,882</u> | <u>17,688</u> | <u>6,500</u> | <u>1,191,565</u> |

SQW GROUP LIMITED

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

23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Group | | |
| Opening shareholders' funds | 2,952,891 | 2,413,028 |
| Profit for the financial year | 840,539 | 549,863 |
| Dividends (Note 24) | (222,870) | - |
| Shares issued during the year | 67 | - |
| Shares redeemed/cancelled during the year | (116,288) | - |
| Share premium on shares issued (net of expenses) | 9,935 | - |
| Share based payment charge | (36,500) | (10,000) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 3,427,774 | 2,952,891 |
| | <hr/> | <hr/> |
| | | |
| | 2014 | 2013 |
| | £ | £ |
| Company | | |
| Opening shareholders' funds | 2,311,708 | 2,260,218 |
| Profit for the financial year | 114,095 | 61,490 |
| Dividends (Note 24) | (222,870) | - |
| Shares issued during the year | 67 | - |
| Shares redeemed/cancelled during the year | (116,288) | - |
| Share premium on shares issued (net of expenses) | 9,935 | - |
| Share based payment charge | (3,500) | (10,000) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 2,093,147 | 2,311,708 |
| | <hr/> | <hr/> |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £114,095 (2013 - £61,490).

24. DIVIDENDS

| | 2014 | 2013 |
|----------------------------------|----------------|-------------|
| | £ | £ |
| Dividends paid on equity capital | 222,870 | - |
| | <hr/> | <hr/> |

25. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Operating profit | 1,072,884 | 804,953 |
| Amortisation of intangible fixed assets | 120,946 | 120,946 |
| Depreciation of tangible fixed assets | 101,377 | 94,856 |
| Share based payment charge | (36,500) | - |
| Loss/(profit) on disposal of tangible fixed assets | 16,241 | (4,086) |
| Decrease/(increase) in debtors | 1,181,603 | (2,317,322) |
| Increase in creditors | 5,980,321 | 4,514,665 |
| Increase/(decrease) in provisions | 82,233 | (41,881) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 8,519,105 | 3,172,131 |
| | <hr/> | <hr/> |

SQW GROUP LIMITED

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

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2014 £ | 2013 £ |
|---|------------------|-----------------|
| Returns on investments and servicing of finance | | |
| Interest received | 34,875 | 396 |
| Interest paid | (647) | (1,224) |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | 34,228 | (828) |
| | <hr/> | <hr/> |
| | 2014 £ | 2013 £ |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (178,298) | (96,564) |
| | <hr/> | <hr/> |
| | 2014 £ | 2013 £ |
| Financing | | |
| Issue of ordinary shares | 10,000 | - |
| Purchase of ordinary shares | (116,288) | - |
| Repayment of debenture loans | (23,100) | (22,400) |
| | <hr/> | <hr/> |
| Net cash outflow from financing | (129,388) | (22,400) |
| | <hr/> | <hr/> |

27. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 April 2013 £ | Cash flow £ | Other non-cash changes £ | 31 March 2014 £ |
|--|----------------------|------------------|-----------------------------------|-----------------------|
| Cash at bank and in hand | 4,758,476 | 7,815,084 | - | 12,573,560 |
| Debt: | | | | |
| Debts due within one year | (23,100) | 23,100 | (24,062) | (24,062) |
| Debts falling due after more than one year | (24,062) | - | 24,062 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net funds | 4,711,314 | 7,838,184 | - | 12,549,498 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

28. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date other than a cross-guarantee arrangement with HSBC between SQW Limited, Oxford Innovation Services Limited and Oxford Innovation Limited on account of the obligations of each company to HSBC.

SQW GROUP LIMITED

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

29. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £615,699 (2013 - £588,310). Contributions totalling £59,775 (2013 - £54,134) were payable to the fund at the balance sheet date and are included in creditors.

30. OPERATING LEASE COMMITMENTS

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|-----------------------|--------------------|---------|
| | 2014 | 2013 |
| Group | £ | £ |
| Expiry date: | | |
| Within 1 year | 96,382 | 75,966 |
| Between 2 and 5 years | 510,556 | 517,258 |

31. RELATED PARTY TRANSACTIONS

The group invoiced £131,352 (2013: £132,124), to Portsmouth Technopole Limited in the year, a company under the common directorship of I M Laing, a director of the company. The balance owing at 31 March 2014 was £nil (2013: £nil).

The group invoiced £9,025 (2013: £nil), to Immunocore Limited in the year, a company under the common directorship of I M Laing, a director of the company. The balance owing at 31 March 2014 was £nil (2013: £nil).

The group invoiced £3,825 (2013: £6,000), to Adaptimmune Limited in the year, a company under the common directorship of I M Laing, a director of the company. The balance owing at 31 March 2014 was £nil (2013: £nil).

During the year 33,333 share options held by M Lyons, director, were cancelled and 33,333 were granted at a price of 15p per option. These were exercised in the year.

During the year 33,333 share options held by W Wells, director, were cancelled and 33,333 were granted at a price of 15p per option. These remain outstanding at the year end.

32. POST BALANCE SHEET EVENTS

Post year end the company re-purchased and subsequently cancelled 300,000 £0.001 Ordinary 'A' Shares at a price of £0.15 per share. This has the effect of reducing share capital by £300 and increasing the capital redemption reserve by £300.