

SQW GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

SQW GROUP LIMITED

COMPANY INFORMATION

Directors	Sir Michael Lyons D J L Crichton-Miller K H Wright M H Hess (resigned 29 November 2018) I M Laing (resigned 29 November 2018) R E Quince (resigned 29 November 2018)
Company secretary	K H Wright
Registered number	04947276
Registered office	Oxford Centre for Innovation New Road Oxford OX1 1BY
Independent auditor	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG
Bankers	HSBC UK Bank plc Hanborough House Wallbrook Court North Hinksey Lane Oxford OX2 0QS
Solicitors	Penningtons Manches LLP 9400 Garsington Road Oxford Business Road Oxford OX4 2HN

SQW GROUP LIMITED

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SQW GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The annual report and financial statements presented here are for SQW Group Limited ('the Company') and its subsidiaries (together 'the Group') and, with the exception of intercompany balances held, do not reflect the Group's acquisition, on 29 November 2018, by SQW Group Newco 2018 Limited who became SQW Group's ultimate controlling party on this date.

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 innovation centres and the facilitation of investment into early stage businesses.

Business review

The Board were pleased with the Group's performance in 2018/19 which was, overall, in line with expectations. In a busy year - which included the acquisition of the Group by the management team and the integration of a new consulting business into SQW - the Board were pleased with the generation of a post-tax profit for the financial year of £445,279 which represented an increase of 297% over the prior year.

SQW had a good year with 13% turnover growth over last year. The team, which expanded to incorporate BBP Regeneration in early 2019, delivered on the strong order book with which they entered the year and begin 2019/20 with a pipeline of work at historically high levels. The confidence of the now 48-strong team is echoed by the Board as they look to maintain their momentum in the year ahead.

Oxford Innovation Services is still operating in a difficult era of unattractively constructed publicly funded programmes. Whilst the team continue to provide outstanding coaching support for high-growth SMEs across the UK and generate significant economic benefit through successful delivery of our programmes, it remains hard to plan for significant future growth whilst the new funding era post-Brexit is still uncertain. Even in this current environment, Oxford Innovation Services still delivered a positive return to the Group during 2018/19 in line with that seen last year.

Oxford Investment Opportunity Network continues to provide a market leading service uniting exciting young businesses to keen investors across the UK; a service which complements work with SMEs in other parts of the group. OION's income consists of commissions paid when investments are made – and it is hard to predict which opportunities will attract the offers of investment – and carried interest in the performance of various investments on those occasions where it holds such an interest. The former income tends to ensure that OION covers its costs and the latter represents episodic 'upside' of limited predictability. This year OION enjoyed a notable inflow of funds arising from its share of carried interest in a fund.

The Innovation Centres division, Oxford Innovation, did not meet its ambitious budget target for the year but still delivered the highest underlying contribution to the Group. This was achieved in spite of two innovation centres reaching the end of their contracted period of management by Oxford Innovation during this last financial year. In addition, there has been material investment of time and money implementing a new more resilient and adaptable customer IT platform – via essensys - across many centres in the portfolio, whilst also mobilising two new centres (both new builds) which join the portfolio in 2019/20. With the existing portfolio of leased and managed centres on a firmer footing, the management team are well positioned to take advantage of its strong pipeline of new centre opportunities over the next few years.

SQW GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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.

Interest rate risk

As a result of cross-guarantees in place with its new ultimate parent company, SQW Group Newco 2018 Limited ('Newco'), the Group is exposed to a level of interest rate risk following a £0.5m debt facility that was put in place between Newco and HSBC during the year. Interest on the loan is payable monthly and is at a variable rate of interest. Whilst the group has adequate headroom in terms of interest cover to comfortably meet modest rises in interest rates, the monthly interest payment commitment does represent an element of exposure for the group whilst the 4-year facility is in place.

Financial key performance indicators

Group turnover for the year to 31 March 2019 was £17,453,395 (2018: £16,975,007).

Group gross profit for the year was £4,271,989 (2018: £3,705,738).

Group operating profit for the year was £527,913 (2018: £171,692).

Group profit on ordinary activities before taxation for the year was £527,913 (2018: £167,031).

Earnings per share based on retained profit for the year to 31 March 2019 (the standard method of calculation) was 2.8p (2018: 0.7p) and based on profits before tax, 3.3p (2018: 1.1p).

Group cash at bank at 31 March 2019 was £2,228,474 (2018: £1,310,496). Net Current Assets increased from £4,069,822 in 2018 to £4,515,965.

Dividends of £nil (2018: £299,915) were paid during the year.

Other key performance indicators

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

This report was approved by the board on 19 September 2019 and signed on its behalf.

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K H Wright
Director

SQW GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £445,279 (2018 - £112,092).

No final dividend is proposed by the directors for the year ended 31 March 2019 and, as previously notified to shareholders, no interim dividend is expected to be recommended.

Directors

The directors who served during the year were:

Sir Michael Lyons
D J L Crichton-Miller
K H Wright
M H Hess (resigned 29 November 2018)
I M Laing (resigned 29 November 2018)
R E Quince (resigned 29 November 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 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 to 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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 (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Post balance sheet events

On the 28 May 2019 the Group incorporated Intelligent Connections Limited, a Company 100% owned by SQW Group.

Auditor

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

This report was approved by the board on 19 September 2019 and signed on its behalf.

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K H Wright
Director

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

Opinion

We have audited the financial statements of SQW Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

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

required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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.

Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

19 September 2019

SQW GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	3	17,453,395	16,975,007
Cost of sales		(13,181,406)	(13,269,269)
Gross profit		4,271,989	3,705,738
Administrative expenses		(3,744,076)	(3,534,046)
Operating profit	4	527,913	171,692
Interest payable and expenses	8	-	(4,661)
Profit before taxation		527,913	167,031
Tax on profit	9	(82,634)	(54,939)
Profit for the financial year		445,279	112,092
Profit for the year attributable to:			
Owners of the parent Company		445,279	112,092
		445,279	112,092

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 14 to 34 form part of these financial statements.

SQW GROUP LIMITED
REGISTERED NUMBER: 04947276

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	621,325	736,021
Tangible assets	12	612,205	354,857
		<u>1,233,530</u>	<u>1,090,878</u>
Current assets			
Debtors: amounts falling due within one year	14	6,578,999	6,234,876
Cash at bank and in hand	15	2,228,474	1,310,496
		<u>8,807,473</u>	<u>7,545,372</u>
Creditors: amounts falling due within one year	16	(4,291,508)	(3,475,550)
Net current assets		<u>4,515,965</u>	<u>4,069,822</u>
Total assets less current liabilities		<u>5,749,495</u>	<u>5,160,700</u>
Provisions for liabilities			
Deferred taxation	17	(5,541)	-
Other provisions	18	(1,006,470)	(1,009,906)
		<u>(1,012,011)</u>	<u>(1,009,906)</u>
Net assets		<u><u>4,737,484</u></u>	<u><u>4,150,794</u></u>
Capital and reserves			
Called up share capital	19	15,885	14,996
Share premium account	20	1,103,187	970,743
Capital redemption reserve	20	25,634	25,634
Other reserves	20	-	21,000
Merger reserve	20	1,405,674	1,405,674
Profit and loss account	20	2,187,104	1,712,747
Equity attributable to owners of the parent Company		<u><u>4,737,484</u></u>	<u><u>4,150,794</u></u>
		<u><u>4,737,484</u></u>	<u><u>4,150,794</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2019.

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K H Wright
Director

SQW GROUP LIMITED
REGISTERED NUMBER: 04947276

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	39,175	21,224
Investments	13	4,192,714	4,192,714
		<u>4,231,889</u>	<u>4,213,938</u>
Current assets			
Debtors: amounts falling due within one year	14	1,447,440	71,615
Cash at bank and in hand	15	47,751	122,799
		<u>1,495,191</u>	<u>194,414</u>
Creditors: amounts falling due within one year	16	(3,516,830)	(3,315,739)
Net current liabilities		<u>(2,021,639)</u>	<u>(3,121,325)</u>
Total assets less current liabilities		<u>2,210,250</u>	<u>1,092,613</u>
Net assets		<u><u>2,210,250</u></u>	<u><u>1,092,613</u></u>
Capital and reserves			
Called up share capital	19	15,885	14,996
Share premium account	20	1,103,187	970,743
Capital redemption reserve	20	25,634	25,634
Other reserves	20	-	2,000
Profit and loss account	20	1,065,544	79,240
		<u><u>2,210,250</u></u>	<u><u>1,092,613</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2019.

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K H Wright
Director

SQW GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Share based payment reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 April 2017	14,756	970,743	25,541	109,527	1,405,674	1,814,273	4,340,514
Profit for the year	-	-	-	-	-	112,092	112,092
Total comprehensive income for the year	-	-	-	-	-	112,092	112,092
Dividends: Equity capital	-	-	-	-	-	(299,915)	(299,915)
Purchase of own shares	-	-	93	-	-	(20,375)	(20,282)
Shares issued during the year	333	-	-	-	-	-	333
Shares redeemed during the year	(93)	-	-	-	-	-	(93)
Transfer to/from profit and loss account	-	-	-	(106,672)	-	106,672	-
Movement in share based payment reserve	-	-	-	18,145	-	-	18,145
Total transactions with owners	240	-	93	(88,527)	-	(213,618)	(301,812)
			25,634				
At 1 April 2018	14,996	970,743		21,000	1,405,674	1,712,747	4,150,794
Profit for the year	-	-	-	-	-	445,279	445,279
Total comprehensive income for the year	-	-	-	-	-	445,279	445,279
Shares issued during the year	889	132,444	-	-	-	-	133,333
Transfer to/from profit and loss account	-	-	-	(29,078)	-	29,078	-
Movement in share based payment reserve	-	-	-	8,078	-	-	8,078
Total transactions with owners	889	132,444	-	(21,000)	-	29,078	141,411
			25,634				
At 31 March 2019	15,885	1,103,187	25,634	-	1,405,674	2,187,104	4,737,484

The notes on pages 14 to 34 form part of these financial statements.

SQW GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Share based payment reserve £	Profit and loss account £	Total equity £
At 1 April 2017	14,756	970,743	25,541	86,595	271,233	1,368,868
Profit for the year	-	-	-	-	21,625	21,625
Total comprehensive income for the year	-	-	-	-	21,625	21,625
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(299,915)	(299,915)
Purchase of own shares	-	-	93	-	(20,375)	(20,282)
Shares issued during the year	333	-	-	-	-	333
Shares redeemed during the year	(93)	-	-	-	-	(93)
Transfer to/from profit and loss account	-	-	-	(106,672)	106,672	-
Movement in share based payment reserve	-	-	-	22,077	-	22,077
Total transactions with owners	240	-	93	(84,595)	(213,618)	(297,880)
At 1 April 2018	14,996	970,743	25,634	2,000	79,240	1,092,613
Loss for the year	-	-	-	-	(22,774)	(22,774)
Total comprehensive income for the year	-	-	-	-	(22,774)	(22,774)
Dividends: Equity capital	-	-	-	-	1,000,000	1,000,000
Shares issued during the year	889	132,444	-	-	-	133,333
Transfer to/from profit and loss account	-	-	-	(9,078)	9,078	-
Movement in share based payment reserve	-	-	-	7,078	-	7,078
Transfer on exercise of share options	-	-	-	-	-	-
Total transactions with owners	889	132,444	-	(2,000)	1,009,078	1,140,411

	<u>15,885</u>	<u>1,103,187</u>	<u>25,634</u>	<u>-</u>	<u>1,065,544</u>	<u>2,210,250</u>
At 31 March 2019						

The notes on pages 14 to 34 form part of these financial statements.

SQW GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	445,279	112,092
Adjustments for:		
Amortisation of intangible assets	114,699	114,696
Depreciation of tangible assets	176,823	163,245
Loss on disposal of tangible assets	-	999
Interest paid	-	4,661
Taxation charge	82,634	54,939
Decrease in debtors	1,065,160	96,559
(Increase)/decrease in amounts owed by group	(1,415,000)	-
Increase in creditors	791,183	65,884
Decrease in provisions	(3,436)	(19,615)
Corporation tax (paid)	(46,604)	(269,627)
Net fair value losses recognised in P&L	8,078	18,145
Net cash generated from operating activities	1,218,816	341,978
Cash flows from investing activities		
Purchase of tangible fixed assets	(434,171)	(134,495)
Net cash from investing activities	(434,171)	(134,495)
Cash flows from financing activities		
Issue of ordinary shares	133,333	333
Purchase of ordinary shares	-	(20,375)
Dividends paid	-	(299,915)
Interest paid	-	(4,661)
Net cash used in financing activities	133,333	(324,618)
Net increase/(decrease) in cash and cash equivalents	917,978	(117,135)
Cash and cash equivalents at beginning of year	1,310,496	1,427,631
Cash and cash equivalents at the end of year	2,228,474	1,310,496
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,228,474	1,310,496
	2,228,474	1,310,496

The notes on pages 14 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies

1.1 Basis of preparation of financial statements

SQW Group Limited is a limited liability company incorporated in the United Kingdom and registered in England & Wales. The Company's registered office is Oxford Centre for Innovation, New Road Oxford OX1 1BY.

The principal activity of the Company is that of a holding company.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

1.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

1.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Associated undertakings

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

1.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.17 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effects on amounts recognised in the financial statements.

Revenue recognition (note 3)

Revenue and costs have been recognised based on management's assessment of the stage of completion for each project, taking in to account the amounts repayable to customers.

Share based payments (note 21)

Estimating fair value for share-payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and volatility. For the measurement of the fair value of equity settled transactions with employees at the grant date, the Company uses the Black-Scholes model.

Taxation (note 9)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and the level of future taxable profits, together with future planning strategies.

Contract obligations (note 18)

The directors have considered the obligations arising from contracts and have provided for liabilities where costs can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Turnover

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

	2019 £	2018 £
Economic and social development consultancy	4,415,744	3,895,627
Business coaching and support	6,326,283	6,521,655
Innovation centre management	6,076,940	6,407,793
Management of investment networks	634,428	149,932
	<u>17,453,395</u>	<u>16,975,007</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	17,073,091	16,802,007
Rest of Europe	380,304	-
Rest of the World	-	173,000
	<u>17,453,395</u>	<u>16,975,007</u>

4. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	176,823	163,245
Exchange differences	10,289	(3,264)
Other operating lease rentals	140,436	299,654
Amortisation of intangible assets, including goodwill	<u>114,696</u>	<u>114,696</u>

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	34,200	33,200
	34,200	33,200
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	7,750	7,750
All other services	4,500	4,500
	12,250	12,250

6. Employees

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

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	8,803,699	8,394,898	624,013	525,274
Social security costs	816,622	826,317	70,708	69,309
Cost of defined contribution scheme	311,873	299,654	15,116	8,927
	9,932,194	9,520,869	709,837	603,510

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

	2019	2018
	No.	No.
Direct staff	182	180
Administrative staff	33	29
	215	209

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	364,251	383,281
Company contributions to defined contribution pension schemes	5,000	3,688
	<u>369,251</u>	<u>386,969</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,600 (2018 - £221,600).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

The number of directors who exercised share options in the year was 0 (2018: 1).

8. Interest payable and similar expenses

	2019	2018
	£	£
Other interest payable	-	4,661
	<u>-</u>	<u>4,661</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	139,671	29,607
Adjustments in respect of previous periods	(69,204)	19,936
Total current tax	70,467	49,543
Deferred tax		
Origination and reversal of timing differences	12,961	15,585
Changes to tax rates	-	(10,189)
Adjustment in respect of prior periods	(794)	-
Total deferred tax	12,167	5,396
Taxation on profit on ordinary activities	82,634	54,939

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	527,913	167,031
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	100,303	31,736
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	21,792	22,939
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	27,441	7,514
Capital allowances for year in excess of depreciation	4,621	-
Income not allowable for tax purposes	-	(747)
Adjustments to tax charge in respect of prior periods	(69,998)	(5,368)
Changes in tax rates leading to an increase (decrease) in the tax charge	(1,525)	(1,135)
Total tax charge for the year	82,634	54,939

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. Taxation (continued)

Factors that may affect future tax charges

Legislation has been passed to reduce the rate of UK corporation tax to 17% from 1 April 2020. The future impact of the changes on the deferred tax asset have been considered.

10. Dividends

	2019 £	2018 £
Dividends	-	299,915
	<u>-</u>	<u>299,915</u>
	<u>-</u>	<u>299,915</u>

11. Intangible assets

Group and Company

	Goodwill on consolidation £
Cost	
At 1 April 2018	2,294,000
At 31 March 2019	<u>2,294,000</u>
Amortisation	
At 1 April 2018	1,557,979
Charge for the year	114,696
At 31 March 2019	<u>1,672,675</u>
Net book value	
At 31 March 2019	<u>621,325</u>
At 31 March 2018	<u>736,021</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures & fittings £	Computer and office equipment £	Total £
Cost or valuation				
At 1 April 2018	539,678	166,699	1,155,948	1,862,325
Additions	305,265	55,651	73,255	434,171
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	844,943	222,350	1,229,203	2,296,496
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2018	477,916	139,450	890,102	1,507,468
Charge for the year on owned assets	19,735	14,627	142,461	176,823
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	497,651	154,077	1,032,563	1,684,291
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2019	<u>347,292</u>	<u>68,273</u>	<u>196,640</u>	<u>612,205</u>
At 31 March 2018	<u>61,762</u>	<u>27,249</u>	<u>265,846</u>	<u>354,857</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Computer and office equipment £	Total £
Cost or valuation			
At 1 April 2018	-	109,309	109,309
Additions	31,162	-	31,162
At 31 March 2019	31,162	109,309	140,471
Depreciation			
At 1 April 2018	-	88,085	88,085
Charge for the year on owned assets	2,455	10,756	13,211
At 31 March 2019	2,455	98,841	101,296
Net book value			
At 31 March 2019	28,707	10,468	39,175
At 31 March 2018	-	21,224	21,224

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Fixed asset investments

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 April 2018	4,192,714	13	4,192,727
At 31 March 2019	4,192,714	13	4,192,727
Impairment			
At 1 April 2018	-	13	13
At 31 March 2019	-	13	13
Net book value			
At 31 March 2019	4,192,714	-	4,192,714
At 31 March 2018	4,192,714	-	4,192,714

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
SQW Limited	Management consultancy	Ordinary Shares	100%
Oxford Innovation Limited	Innovation centres	Ordinary Shares	100%
Oxford Innovation Services Limited	Coaching services	Ordinary Shares	100%
Oxford Investment Opportunity Network Limited	Investment network	Ordinary Shares	100%

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	2,669,237	3,220,397	-	-
Amounts owed by ultimate parent undertaking	1,415,000	-	1,375,000	-
Other debtors	205,616	508,004	23,569	20,240
Prepayments and accrued income	2,289,146	2,501,097	25,308	31,242
Deferred taxation	-	5,378	23,563	20,133
	<u>6,578,999</u>	<u>6,234,876</u>	<u>1,447,440</u>	<u>71,615</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	<u>2,228,474</u>	<u>1,310,496</u>	<u>47,751</u>	<u>122,799</u>

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	550,843	440,950	22,437	34,532
Amounts owed to group undertakings	-	-	3,299,550	2,992,738
Corporation tax	69,707	44,935	24,954	-
Other taxation and social security	556,234	608,516	24,750	27,338
Other creditors	1,069,609	392,876	141	695
Accruals and deferred income	2,045,115	1,988,273	144,998	260,436
	<u>4,291,508</u>	<u>3,475,550</u>	<u>3,516,830</u>	<u>3,315,739</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Deferred taxation

Group

	2019
	£
At beginning of year	5,378
Charged to profit or loss	(10,919)
	<hr/>
At end of year	(5,541)
	<hr/>

Company

	2019
	£
At beginning of year	20,133
Charged to profit or loss	3,430
	<hr/>
At end of year	23,563
	<hr/>

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	(51,332)	(40,234)	(550)	(2,732)
Short term timing differences	45,791	45,612	24,113	22,865
	<hr/>	<hr/>	<hr/>	<hr/>
	(5,541)	5,378	23,563	20,133
	<hr/>	<hr/>	<hr/>	<hr/>

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

18. Provisions

Group

	Contract obligations provision £
At 1 April 2018	1,009,906
Charged to profit or loss	8,867
Utilised in year	(12,303)
At 31 March 2019	<u>1,006,470</u>

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 FRS102.

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
15,885,000 (2018 - 14,996,000) Ordinary 'A' shares of £0.001 each	<u>15,885</u>	<u>14,996</u>

The Company purchased 41,803 of its own shares on 10 May 2017 for a total consideration of £7,943.

The Company purchased 51,363 of its own shares on 13 December 2017 for a total consideration of £12,327.

The Company issued 333,333 shares on 14 December 2017 for a total consideration of £333.

The Company issued 688,890 shares on 29 September 2018 for a total consideration of £103,333.

The Company issued 199,999 shares on 5 December 2018 for a total consideration of £30,000.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Reserves

Share premium account

Share premium is the amount which the Company received for a share issue in excess of its nominal value.

Capital redemption reserve

The capital redemption reserve is the nominal value of the Group's own shares redeemed or purchased.

Share based payment reserve

The share based payment reserve is the amount of vested costs relating to share options granted to employees of the Group.

Merger reserve

The merger reserve is the pre-acquisition accumulated profits of the subsidiary companies.

Profit & loss account

The profit & loss account is the Group's accumulated profits or losses since merger at the year end date.

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

21. Share based payments

During the year the Company operated a group share based payment scheme. the scheme was closed following the exercise of all outstanding options when the Company was acquired by SQW Group Newco 2018 Limited. Options were granted at the discretion of the Group directors. The options are equity settled, typically requiring 3 years of employment after grant to vest and had a maximum term of 10 years.

The charge recognised by the Company in the year ended 31 March 2019 was £7,078 (2018: £22,077). The charge recognised by the Group in the year ended 31 March 2019 was £8,078 (2018: £18,145).

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

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	15	994,444	12	1,449,999
Exercised during the year	15	(994,444)	0.1	(333,333)
Expired during the year		-	15	(122,222)
Outstanding at the end of the year	0	-	15	994,444

	2019	2018
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price (pence)	20	20
Weighted average exercise price (pence)	15	15
Weighted average contractual life (days)	0	0
Expected volatility	30%	30%
Risk-free interest rate	1%	1%

All options were exercised during the year. The scheme has been closed following 100% of issued and to be issued shares being purchased by SQW Group Newco 2018 Limited on 29 November 2018.

SQW GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. 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 £311,873 (2018: £297,500). Contributions totalling £66,424 (2018: £57,060) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 March 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	590,675	406,097
Later than 1 year and not later than 5 years	1,707,691	997,786
Later than 5 years	1,040,679	133,384
	<u>3,339,045</u>	<u>1,537,267</u>

24. Other financial commitments

There is a Group guarantee in favour of the Bank from SQW Group Limited, SQW Group Newco 2018 Limited, Oxford Innovation Limited, SQW Limited and Oxford Innovation Services Limited guaranteeing the obligations of each other to the Bank.

There is also a debenture comprising fixed and floating charges over all the assets and undertakings of SQW Group Newco 2018 Limited including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future.

25. Related party transactions

The Group has taken advantage of the exemption under section 33 of FRS 102 not to disclose transactions with wholly owned Group companies.

26. Controlling party

On 29 November 2018 SQW Group Newco 2018 Limited, which is registered in England and Wales, acquired a 100% shareholding in SQW Group Limited and its subsidiaries. From this date SQW Group Newco 2018 Limited became the ultimate controlling party.

The consolidated statements of SQW Group Newco 2018 Limited and SQW Group Limited are both publicly available from Oxford Centre for Innovation, New Road, Oxford, OX1 1BY.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.