

Registered number: 04947276

SQW GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

SQW GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

Sir Michael Lyons
D J L Crichton-Miller (appointed 8 June 2015)
M E Hay
M V Hess (appointed 25 September 2014)
I M Laing
R E Quince
C C Green (resigned 8 June 2015)
Sir William Wells (resigned 24 September 2014)

REGISTERED NUMBER

04947276

REGISTERED OFFICE

43 Chalton Street
London
NW1 1JD

INDEPENDENT AUDITOR

James Cowper Kreston
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 2015**

The directors present their report and the financial statements for the year ended 31 March 2015.

RESULTS

The profit for the year, after taxation, amounted to £981,646 (2014 - £840,539).

DIRECTORS

The directors who served during the year were:

Sir Michael Lyons
M E Hay
M V Hess (appointed 25 September 2014)
I M Laing
R E Quince
C C Green (resigned 8 June 2015)
Sir William Wells (resigned 24 September 2014)

SQW GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

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

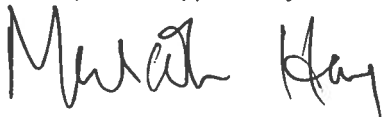
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

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 *June 16 2015* and signed on its behalf.



M E Hay
Director

SQW GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

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 2014/15 reflects another year of strong profits despite a small drop in turnover. The Business and Innovation Centres Division profits grew in a buoyant market with a prospect of adding additional centres to manage. SQW profits fell during the year but it has a good order book for the future; while Innovation Services had strong profit growth and is seeking to win additional contracts to support future growth.

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 2015 was £25,702,650 (2014: £26,379,757).

Group gross profit for the year was £5,180,271 (2014: £4,371,816).

Group operating profit for the year was £1,218,694 (2014: £1,072,884).

Group profit on ordinary activities before taxation for the year was £1,280,027 (2014: £1,126,879).

Earnings per share based on retained profit for the year to 31 March 2015 (the standard method of calculation) was 4.9p (2014: 3.8p), and, based on profits before tax, 6.4p (2014: 5.1p).

Group cash at bank at 31 March 2015 was £16,658,777 (2014: £12,573,560). Net of loan note debt, and as set out in the notes to the financial statements, net funds at 31 March 2015 were £16,658,777 (2014: £12,549,498), an increase of £4,109,279 (2014: £7,838,184) over the year. However current liabilities also increased to £19,710,764 (2014: £14,854,668) and Net Current Assets decreased by £84,146 from £2,116,879 in 2014 to £2,032,733.

Dividends of £320,727 were paid during the year (2014: £222,780).

SQW GROUP LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015**

OTHER KEY PERFORMANCE INDICATORS

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

This report was approved by the board on *June 16 2015* and signed on its behalf.
M E Hay
M E Hay
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 2015, 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 2015 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 Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date: *22 June 2015*

SQW GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
TURNOVER	2	25,702,680	26,379,757
Cost of sales		<u>(20,522,409)</u>	<u>(22,007,941)</u>
GROSS PROFIT		5,180,271	4,371,816
Administrative expenses		<u>(4,077,452)</u>	<u>(3,414,807)</u>
Other operating income	3	<u>115,875</u>	115,875
OPERATING PROFIT	4	1,218,694	1,072,884
Share of operating profit in associates		<u>-</u>	<u>19,767</u>
TOTAL OPERATING PROFIT		1,218,694	1,092,651
Interest receivable and similar income		61,348	34,875
Interest payable and similar charges	8	<u>(15)</u>	<u>(647)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,280,027	1,126,879
Tax on profit on ordinary activities	9	<u>(298,381)</u>	<u>(286,340)</u>
PROFIT FOR THE FINANCIAL YEAR	22	<u>981,646</u>	<u>840,539</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 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

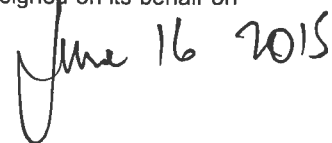
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Intangible assets	12		1,080,109		1,201,055
Tangible assets	13		318,889		315,738
Investments	14		13		13
			<u>1,399,011</u>		<u>1,516,806</u>
CURRENT ASSETS					
Debtors	16	5,084,720		4,397,987	
Cash at bank and in hand		<u>16,658,777</u>		<u>12,573,560</u>	
		21,743,497		16,971,547	
CREDITORS: amounts falling due within one year	17		<u>(19,710,764)</u>		<u>(14,854,668)</u>
NET CURRENT ASSETS			<u>2,032,733</u>		2,116,879
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,431,744</u>		<u>3,633,685</u>
PROVISIONS FOR LIABILITIES					
Other provisions	20		<u>(205,911)</u>		<u>(205,911)</u>
NET ASSETS			<u>3,225,833</u>		<u>3,427,774</u>
CAPITAL AND RESERVES					
Called up share capital	21		15,799		21,512
Share premium account	22		881,213		855,882
Capital redemption reserve	22		23,570		17,688
Share based payment reserve	22		43,500		49,500
Other reserves	22		1,405,694		1,405,694
Profit and loss account	22		<u>856,057</u>		<u>1,077,498</u>
SHAREHOLDERS' FUNDS	23		<u>3,225,833</u>		<u>3,427,774</u>

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



M E Hay
 Director



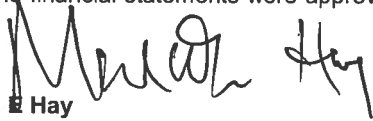
The notes on pages 11 to 29 form part of these financial statements.

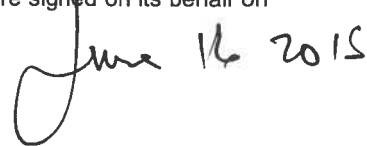
SQW GROUP LIMITED
REGISTERED NUMBER: 04947276

COMPANY BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	13		10,086		14,383
Investments	14		4,192,727		4,177,712
			<u>4,202,813</u>		<u>4,192,095</u>
CURRENT ASSETS					
Debtors	16	741,652		150,872	
Cash at bank		1,702,817		681,106	
			<u>2,444,469</u>	<u>831,978</u>	
CREDITORS: amounts falling due within one year	17		<u>(318,424)</u>	<u>(259,503)</u>	
NET CURRENT ASSETS			<u>2,126,045</u>		<u>572,475</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,328,858</u>		<u>4,764,570</u>
CREDITORS: amounts falling due after more than one year	18		<u>(4,269,558)</u>		<u>(2,671,423)</u>
NET ASSETS			<u><u>2,059,300</u></u>		<u><u>2,093,147</u></u>
CAPITAL AND RESERVES					
Called up share capital	21		15,799		21,512
Share premium account	22		881,212		855,882
Capital redemption reserve	22		23,570		17,688
Share based payment reserve	22		4,000		6,500
Profit and loss account	22		1,134,719		1,191,565
SHAREHOLDERS' FUNDS	23		<u><u>2,059,300</u></u>		<u><u>2,093,147</u></u>

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


M E Hay
 Director


 June 16 2015

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 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	25	5,586,755	8,519,105
Returns on investments and servicing of finance	26	61,333	34,228
Taxation		(230,010)	(207,693)
Capital expenditure and financial investment	26	(131,212)	(178,298)
Equity dividends paid		(320,727)	(222,870)
CASH INFLOW BEFORE FINANCING		4,966,139	7,944,472
Financing	26	(880,922)	(129,388)
INCREASE IN CASH IN THE YEAR		4,085,217	7,815,084

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £	2014 £
Increase in cash in the year	4,085,217	7,815,084
Cash outflow from decrease in debt and lease financing	24,062	23,100
MOVEMENT IN NET DEBT IN THE YEAR	4,109,279	7,838,184
Net funds at 1 April 2014	12,549,498	4,711,314
NET FUNDS AT 31 MARCH 2015	16,658,777	12,549,498

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 2015

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 2015**

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

Investments in subsidiaries are valued 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.

SQW GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 not 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.

SQW GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 2015**

2. TURNOVER

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

	2015 £	2014 £
Economic and social development consultancy	3,612,571	4,228,828
Innovation services	16,309,785	16,830,422
Business and innovation centres	5,715,634	5,235,869
Investment networks administration	64,690	84,638
	<u>25,702,680</u>	<u>26,379,757</u>

A geographical analysis of turnover is as follows:

	2015 £	2014 £
United Kingdom	25,196,375	25,651,503
Rest of world	506,305	728,254
	<u>25,702,680</u>	<u>26,379,757</u>

3. OTHER OPERATING INCOME

	2015 £	2014 £
Net rents receivable	<u>115,875</u>	<u>115,875</u>

4. OPERATING PROFIT

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

	2015 £	2014 £
Amortisation - intangible fixed assets	120,946	120,946
Depreciation of tangible fixed assets:		
- owned by the group	128,061	101,377
Difference on foreign exchange	490	20,976
Profit on sale of tangible assets	-	16,241
Share-based payment expenses	(6,000)	(36,500)
Operating lease costs: Rent	<u>601,165</u>	<u>550,647</u>

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	26,250	25,250
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	7,250	7,250
All other non-audit services not included above	10,500	10,500
	10,500	10,500

6. STAFF COSTS

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

	2015 £	2014 £
Wages and salaries	9,573,360	8,957,264
Social security costs	917,769	856,208
Other pension costs	360,621	281,014
	10,851,750	10,094,486

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

	2015 No.	2014 No.
Direct staff	185	179
Administrative staff	36	30
	221	209

7. DIRECTORS' REMUNERATION

	2015 £	2014 £
Remuneration	360,093	242,633
Company pension contributions to defined contribution pension schemes	12,050	36,906
	12,050	36,906

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £185,400 (2014 - £160,133).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,050 (2014 - £36,906).

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. INTEREST PAYABLE

	2015 £	2014 £
Other interest payable	15	647
	15	647

9. TAXATION

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/(loss) for the year	283,828	255,158
Adjustments in respect of prior periods	(13,376)	(2,500)
Total current tax	270,452	252,658
Deferred tax		
Origination and reversal of timing differences	13,901	24,468
Effect of increased tax rate on opening liability	-	9,214
Adjustments in respect of prior periods	14,028	-
Total deferred tax (see note 19)	27,929	33,682
Tax on profit/(loss) on ordinary activities	298,381	286,340

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	1,280,027	1,126,879
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	268,806	259,182
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	27,232	30,813
Capital allowances for year in excess of depreciation	(12,293)	(29,524)
Utilisation of tax losses	-	(13,318)
Adjustments to tax charge in respect of prior periods	(13,376)	(2,033)
Non-taxable income	(1,050)	(11,730)
Marginal relief	(466)	(2,020)
Other timing differences	1,599	21,288
Current tax charge for the year (see note above)	270,452	252,658

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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)

	2015	2014
	£	£
Earnings		
Earnings for the purposes of basic earnings per share	981,646	840,539
	<u><u> </u></u>	<u><u> </u></u>
 Number of shares		
	2015	2014
	No of shares	No of shares
Basic weighted average number of shares	19,830,219	22,183,543
	<u><u> </u></u>	<u><u> </u></u>

	2015	2014
	pence	pence
Earnings per share - standard, basic and diluted		
Earnings for the purposes of basic earnings per share	5.0p	3.8p

Of the share options outstanding at the year end, nil (2014: 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
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(b) Earnings per share - modified (profit before tax)

	2015	2014
	£	£
Earnings		
Earnings for the purposes of basic earnings per share	<u>1,280,027</u>	<u>1,126,879</u>

Number of shares

	2015	2014
	No of shares	No of shares
Basic weighted average number of shares	<u>19,830,219</u>	<u>22,183,543</u>

Earnings per share - modified (profit after tax)

	2015	2014
	pence	pence
Earnings		
Earnings for the purposes of basic earnings per share	6.5p	5.1p

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 2015**

11. SHARE-BASED PAYMENTS

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

	2015 No	2015 Weighted average exercise price P	2014 No	2014 Weighted average exercise price P
Outstanding at the beginning of the year	2,899,997	15	2,266,663	30
Cancelled during the year	-	-	(2,266,663)	30
Granted during the year	-	-	2,966,663	15
Expired during the year	(616,666)	15	-	-
Exercised during the year	(153,332)	15	(66,666)	15
	<u>2,129,999</u>	<u>15</u>	<u>2,899,997</u>	<u>30</u>

As at the year end, there were 1,513,332 exercisable options (2014: 1,783,330).

The options over SQW Group Limited shares outstanding at 31 March 2015 for the group had a weighted average remaining contractual life of 6 months (2014: 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 2015 of £6,000 (2014: £36,500). 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 2015 was £43,500 (2014 : £49,500).

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 prior 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 2015**

12. INTANGIBLE FIXED ASSETS

Group	Purchased goodwill £	Goodwill on consolidation £	Total £
Cost			
At 1 April 2014 and 31 March 2015	50,000	2,294,000	2,344,000
Amortisation			
At 1 April 2014	43,750	1,099,195	1,142,945
Charge for the year	6,250	114,696	120,946
At 31 March 2015	50,000	1,213,891	1,263,891
Net book value			
At 31 March 2015	-	1,080,109	1,080,109
At 31 March 2014	6,250	1,194,805	1,201,055

13. TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Fixtures & fittings £	Computer and office equipment £	Total £
Cost				
At 1 April 2014	1,513,136	262,711	1,188,044	2,963,891
Additions	10,267	8,962	111,983	131,212
At 31 March 2015	1,523,403	271,673	1,300,027	3,095,103
Depreciation				
At 1 April 2014	1,402,113	226,524	1,019,516	2,648,153
Charge for the year	22,554	12,229	93,278	128,061
At 31 March 2015	1,424,667	238,753	1,112,794	2,776,214
Net book value				
At 31 March 2015	98,736	32,920	187,233	318,889
At 31 March 2014	111,023	36,187	168,528	315,738

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

	Computer and office equipment £
Company	
Cost	
At 1 April 2014	73,528
Additions	2,591
At 31 March 2015	76,119
Depreciation	
At 1 April 2014	59,145
Charge for the year	6,888
At 31 March 2015	66,033
Net book value	
At 31 March 2015	10,086
At 31 March 2014	14,383

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
Group	
Cost or valuation	
At 1 April 2014 and 31 March 2015	13
Net book value	
At 31 March 2015	13
At 31 March 2014	13

	Investments in subsidiary companies £	Unlisted investments £	Total £
Company			
Cost or valuation			
At 1 April 2014	4,177,712	-	4,177,712
Transfers intra group	15,002	13	15,015
At 31 March 2015	4,192,714	13	4,192,727
Net book value			
At 31 March 2015	4,192,714	13	4,192,727
At 31 March 2014	4,177,712	-	4,177,712

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 2015**

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 Innovations Limited

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	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	2,325,999	1,509,691	-	-
Amounts owed by group undertakings	-	-	585,658	-
Amounts due from related parties	129,861	129,861	129,861	129,861
Other debtors	340,688	116,303	-	-
Prepayments and accrued income	2,239,488	2,589,420	25,238	20,011
Tax recoverable	39,652	15,751	-	-
Deferred tax asset (see note 19)	9,032	36,961	895	1,000
	5,084,720	4,397,987	741,652	150,872

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Debenture loans	-	24,062	-	24,062
Trade creditors	1,151,132	371,492	96	1,072
Corporation tax	242,245	177,906	66,978	28,720
Other taxation and social security	715,725	644,166	28,876	28,187
Other creditors	346,611	259,691	-	-
Accruals and deferred income	11,694,122	6,787,293	222,474	177,462
Cash-in-advance	5,560,929	6,590,058	-	-
	<u>19,710,764</u>	<u>14,854,668</u>	<u>318,424</u>	<u>259,503</u>

Included in cash-in-advance are funds received by the company in relation to certain contracts. There is currently uncertainty relating to the obligations under the contracts and thus the company's entitlement to recognise amounts as revenue and the timing thereof.

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

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Amounts owed to group undertakings	-	-	4,269,558	2,671,423
	<u>-</u>	<u>-</u>	<u>4,269,558</u>	<u>2,671,423</u>

19. DEFERRED TAX ASSET

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
At beginning of year	36,961	70,643	1,000	5,196
Charge for the year (P&L)	(27,929)	(33,682)	(105)	(4,196)
At end of year	<u>9,032</u>	<u>36,961</u>	<u>895</u>	<u>1,000</u>

The deferred tax asset is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2015 £	2014 £	2015 £	2014 £
Accelerated capital allowances	(5,734)	(4,895)	(95)	(300)
Short term timing differences	14,766	41,856	(800)	1,300
	<u>9,032</u>	<u>36,961</u>	<u>(895)</u>	<u>1,000</u>

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

20. PROVISIONS FOR LIABILITIES

Group	Contract obligations provision £	Investment in associate £	Total £
At 1 April 2014 and 31 March 2015	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 (2014: £20,911).

The company has no provisions

21. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
15,799,379 (2014 - 21,511,780) Ordinary 'A' shares of £0.001 each	15,799	21,512

On 7 April 2014 the company re-purchased and subsequently cancelled 300,000 £0.001 Ordinary 'A' Shares at a price of £0.15 per share.

On 17 October 2014 shares options were converted to 169,999 £0.001 Ordinary 'A' Shares at a price of £0.15 per share. In addition, on the same day 50,000 £0.001 Ordinary 'A' Shares were issued at a price of £0.15 per share.

On 7 November 2014 the company re-purchased and subsequently cancelled 425,766 £0.001 Ordinary 'A' Shares at a price of £0.15 per share.

On 8 January 2015 the company re-purchased and subsequently cancelled 5,156,634 £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 2015**

22. RESERVES

Group	Share premium account £	Capital redempt'n reserve £	Share- based payment reserve £	Other reserves £	Profit and loss account £
At 1 April 2014	855,883	17,688	49,500	1,405,694	1,077,498
Profit for the year	-	-	-	-	981,646
Dividends: Equity capital	-	-	-	-	(320,727)
Purchase of own shares	-	-	-	-	(882,360)
Premium on shares issued during the year	25,330	-	-	-	-
Transfer on purchase of own shares	-	5,882	-	-	-
Share-based payments	-	-	(6,000)	-	-
At 31 March 2015	881,213	23,570	43,500	1,405,694	856,057

Company	Share premium account £	Capital redempt'n reserve £	Share- based payment reserve £	Profit and loss account £
At 1 April 2014	855,882	17,688	6,500	1,191,565
Profit for the year	-	-	-	1,146,241
Dividends: Equity capital	-	-	-	(320,727)
Purchase of own shares	-	-	-	(882,360)
Premium on shares issued during the year	25,330	-	-	-
Transfer on purchase of own shares	-	5,882	-	-
Share based payment charge in the year	-	-	(2,500)	-
At 31 March 2015	881,212	23,570	4,000	1,134,719

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2015	2014
	£	£
Opening shareholders' funds	3,427,774	2,952,892
Profit for the financial year	981,646	840,539
Dividends (Note 24)	(320,727)	(222,870)
Shares issued during the year	169	67
Shares redeemed/cancelled during the year	(882,360)	(116,288)
Share premium on shares issued (net of expenses)	25,331	9,934
Share based payment charge	(6,000)	(36,500)
	<hr/>	<hr/>
Closing shareholders' funds	3,225,833	3,427,774
	<hr/> <hr/>	<hr/> <hr/>
	2015	2014
	£	£
Opening shareholders' funds	2,093,147	2,311,703
Profit for the financial year	1,146,241	114,100
Dividends (Note 24)	(320,727)	(222,870)
Shares issued during the year	169	67
Shares redeemed/cancelled during the year	(882,360)	(116,288)
Share premium on shares issued (net of expenses)	25,330	9,935
Share based payment charge	(2,500)	(3,500)
	<hr/>	<hr/>
Closing shareholders' funds	2,059,300	2,093,147
	<hr/> <hr/>	<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 £1,146,241 (2014 - £114,095).

24. DIVIDENDS

	2015	2014
	£	£
Dividends paid on equity capital	320,727	222,870
	<hr/>	<hr/>

25. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating profit	1,218,694	1,072,884
Amortisation of intangible fixed assets	120,946	120,946
Depreciation of tangible fixed assets	128,061	101,377
Share based payment charge	(6,000)	(36,500)
Loss on disposal of tangible fixed assets	-	16,241
(Increase)/decrease in debtors	(690,762)	1,181,603
Increase in creditors	4,815,816	5,980,321
Increase in provisions	-	82,233
	<hr/>	<hr/>
Net cash inflow from operating activities	5,586,755	8,519,105
	<hr/> <hr/>	<hr/> <hr/>

SQW GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	61,348	34,875
Interest paid	(15)	(647)
	61,333	34,228
	61,333	34,228
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(131,212)	(178,298)
	(131,212)	(178,298)
	(131,212)	(178,298)
	2015 £	2014 £
Financing		
Issue of ordinary shares	25,500	10,000
Purchase of ordinary shares	(882,360)	(116,288)
Repayment of debenture loans	(24,062)	(23,100)
	(880,922)	(129,388)
Net cash outflow from financing	(880,922)	(129,388)

27. ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	12,573,560	4,085,217	-	16,658,777
Debt:				
Debts due within one year	(24,062)	24,062	-	-
	12,549,498	4,109,279	-	16,658,777
Net funds	12,549,498	4,109,279	-	16,658,777

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 2015

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 £360,621 (2014 - £281,014). Contributions totalling £55,202 (2014 - £59,775) were payable to the fund at the balance sheet date and are included in creditors.

30. OPERATING LEASE COMMITMENTS

At 31 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings	
	2015	2014
Expiry date:	£	£
Within 1 year	214,491	96,382
Between 2 and 5 years	403,094	510,556
	<u> </u>	<u> </u>

31. RELATED PARTY TRANSACTIONS

The group invoiced £153,363 (2014: £131,352), 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 2015 was £22,600 (2014: £nil).

The group invoiced £3,825 (2014: £3,825), 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 2015 was £nil (2014: £nil).

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

During the prior year 33,333 share options held by Sir William Wells, director, were cancelled and 33,333 were granted at a price of 15p per option. These options lapsed when the director resigned

32. POST BALANCE SHEET EVENTS

Post year end the company re-purchased and subsequently cancelled 631,379 £0.001 Ordinary 'A' Shares at a price of £0.15 per share. This has the effect of reducing share capital by £631 and increasing the capital redemption reserve by £94,076.