

SQW Group Limited
Financial statements
For the year ended 31 March 2009

Officers and professional advisers

Company registration number	04947276
Registered office	Enterprise House Vision Park Histon CAMBRIDGE CB24 9ZR
Directors	C C Green I M Laing M Lyons R E Quince A J Strivens W Wells
Secretary	M Henry
Bankers	Bank of Scotland Cambridge Corporate Centre 24 Hills Road CAMBRIDGE CB2 1JW HSBC plc Midland House West Way Botley OXFORD OX2 0PL
Solicitors	Mills & Reeve Francis House CAMBRIDGE CB2 1PH Manches LLP 9400 Garsington Road Oxford Business Park OXFORD OX4 2HN
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 1 Westminster Way OXFORD OX2 0PZ

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Report of the directors

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

Principal activities and business review

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 sustainable economic and social development consultancy services, innovation advisory services, the management of innovation centres, the management of business angel investment networks, the provision of energy and carbon management consultancy services, and the provision of consultancy services in Asia.

Priorities for the group during the year included maintaining organic growth in the established businesses, SQW Consulting and Oxford Innovation. In addition, the group continued to establish two new services: SQW Asia, the Group's consultancy operation for Asia, based out of Hong Kong; and, SQW Energy, an energy and environmental management consultancy business.

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.

The directors believe that the Group is suitably positioned to achieve its strategic objectives of sustainable, profitable growth.

Results and dividends

Group turnover for the year to 31 March 2009 was £15,591,944, a 4% increase over the prior period (2008: £14,995,510).

Group gross profit for the year was £4,371,989, a 3% increase over the prior period (2008: £4,252,596).

Group operating profit for the year was £1,092,624, a 4% increase over the prior period (2008: £1,047,484).

Group profit on ordinary activities before taxation for the year was £1,106,011, an 8% increase over the prior period (2008: £1,028,080).

The profit for the year, after net interest, taxation and minority interest, amounted to £791,226, an increase on the prior period of 14% (2008: £693,299).

Earnings per share based on retained profit for the year to 31 March 2009 (the standard method of calculation) was 3.5p (2008: 3.0p), and, based on profits before tax, 4.8p (2008: 4.5p). Further details are set out in note 8.

Group cash at bank at 31 March 2009 was £1,409,503 (2008: £621,549). Net of loan note debt, and as set out in note 25, net funds at 31 March 2009 were £1,108,425, an improvement of £986,876 over the year (2008: £121,549).

Particulars of dividends paid during the accounting period are detailed in note 28 to the financial statements. Following the year end, and as set out in note 29, the directors recommend the payment of a 1.1p dividend per Ordinary 'A' share (2008: 1.0p).

Report of the directors (continued)

Financial risk management objectives and policies

The group is exposed to a variety of financial risks resulting from its operating activities. The board is responsible for coordinating the group's financial risk management 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 financial 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 the use of an overdraft facility and management actively monitors future cashflow requirements on a frequent and regular basis.

The directors

The directors who served the company during the period were as follows:

C C Green
I M Laing
M Lyons
R E Quince
A J Strivens
W Wells

Directors' responsibilities

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

Report of the directors (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed to be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

C C Green
Director



Report of the independent auditor to the members of SQW Group Limited

We have audited the group and parent company financial statements (the "financial statements") of SQW Group Limited for the year ended 31 March 2009 which comprise the accounting policies, the group profit and loss account, the group and the company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses, and notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

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

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of SQW Group Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and,
- the information given in the Report of the directors is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
OXFORD

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and are unchanged from last year.

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 230 of the Companies Act 1985.

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 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.

Goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition. Positive goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 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.

Negative goodwill is written back to the profit and loss account to match the recovery of the identifiable non-monetary assets acquired.

Accounting policies (continued)

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

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

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the group are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

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.

Deferred taxation

Deferred tax is measured on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

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.

Accounting policies (continued)

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.

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.

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.

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.

Group profit and loss account

	Note	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Group turnover	1	15,591,944	14,995,510
Cost of sales		(11,219,955)	(10,742,914)
Gross profit		4,371,989	4,252,596
Operating charges	2	(3,279,365)	(3,205,112)
Operating profit	3	1,092,624	1,047,484
Interest receivable		27,787	24,648
Interest payable and similar charges	6	(14,400)	(44,052)
Profit on ordinary activities before taxation		1,106,011	1,028,080
Tax on profit on ordinary activities	7	(314,049)	(345,652)
Profit on ordinary activities after taxation		791,962	682,428
Minority interest		(736)	10,871
Profit for the financial period	23	791,226	693,299
Earnings per share			
Standard (profit after tax)			
Basic and diluted	8	3.5p	3.0p
Earnings per share			
Modified (profit before tax)			
Basic and diluted	8	4.8p	4.5p

The current year activities of the group are classed as continuing.

Group balance sheet

	Note	31 Mar 09 £	31 Mar 08 £
Fixed assets			
Intangible assets	10	1,768,285	1,882,981
Tangible assets	11	1,127,862	1,235,562
Investments	12	67,590	76,090
		<u>2,963,737</u>	<u>3,194,633</u>
Current assets			
Debtors	13	3,789,008	4,648,318
Cash at bank		1,409,503	621,549
		<u>5,198,511</u>	<u>5,269,867</u>
Creditors: amounts falling due within one year	15	(4,623,438)	(5,297,172)
Net current assets/(liabilities)		<u>575,073</u>	<u>(27,305)</u>
Total assets less current liabilities		3,538,810	3,167,328
Creditors: amounts falling due after more than one year	16	(112,261)	(300,000)
		<u>3,426,549</u>	<u>2,867,328</u>
Provisions for liabilities			
Government grants	17	(447,448)	(475,440)
Net assets		<u>2,979,101</u>	<u>2,391,888</u>
Capital and reserves			
Called-up equity share capital	19	22,911	22,911
Share premium account	21	796,114	796,114
Other reserves	22	1,499,514	1,483,726
Minority interest		(10,135)	(10,871)
Profit and loss account	23	670,697	100,008
Shareholders' funds	24	<u>2,979,101</u>	<u>2,391,888</u>

These financial statements were approved by the directors on 19 May 2009 and are signed on their behalf by:

.....
 C C Green

Company balance sheet

	Note	31 Mar 09 £	31 Mar 08 £
Fixed assets			
Tangible assets	11	25,795	39,254
Investments	12	4,177,712	4,177,712
		<u>4,203,507</u>	<u>4,216,966</u>
Current assets			
Debtors	13	104,475	99,229
Cash at bank		5,453	1,894
		<u>109,928</u>	<u>101,123</u>
Creditors: amounts falling due within one year	15	(1,781,483)	(2,243,183)
Net current liabilities		<u>(1,671,555)</u>	<u>(2,142,060)</u>
Total assets less current liabilities		2,531,952	2,074,906
Creditors: amounts falling due after more than one year	16	(112,261)	(300,000)
Net assets		<u>2,419,691</u>	<u>1,774,906</u>
Capital and reserves			
Called-up equity share capital	19	22,911	22,911
Share premium account	21	796,114	796,114
Other reserves	22	30,055	19,055
Profit and loss account	23	1,570,611	936,826
Shareholders' funds	24	<u>2,419,691</u>	<u>1,774,906</u>

These financial statements were approved by the directors on 19 May 2009 and are signed on their behalf by:

.....
 C C Green

Group cash flow

	Note	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Net cash inflow from operating activities	25	1,695,033	412,218
Returns on investments and servicing of finance			
Interest received		27,787	24,648
Interest paid		<u>(14,400)</u>	<u>(44,052)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance		13,387	(19,404)
Taxation		(346,810)	(291,826)
Capital expenditure			
Payments to acquire tangible fixed assets		(154,197)	(355,922)
Payments to acquire investments		<u>-</u>	<u>(10,300)</u>
Net cash outflow from capital expenditure		(154,197)	(366,222)
Acquisitions and disposals			
Proceeds from sale of fixed assets		<u>-</u>	<u>62,404</u>
Net cash inflow from acquisitions and disposals		-	62,404
Equity dividends paid		(220,537)	(114,554)
Cash inflow/(outflow) before financing		986,876	(317,384)
Financing			
Repayment of loan notes		(198,922)	(200,000)
Income from capital grants		<u>-</u>	<u>50,000</u>
Shares issued in the year		<u>-</u>	<u>160,000</u>
Net cash (outflow)/inflow from financing		(198,922)	10,000
Increase/ (decrease) in cash	25	<u>787,954</u>	<u>(307,384)</u>

The accompanying accounting policies and notes form part of these financial statements

Other primary statements

Group statement of total recognised gains and losses

	Note	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Profit for the financial year attributable to the shareholders of the parent company		791,226	693,299
Currency translation differences on foreign currency net investments	22	(9,212)	-
Total profit recognised since the last financial statements		782,014	693,299

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the group. An analysis of turnover is given below:

	Year to 31 Mar 09 £	Year to 31 Mar 08 £
United Kingdom	14,751,111	14,686,332
Rest of the world	840,833	309,178
	<u>15,591,944</u>	<u>14,995,510</u>

Turnover attributable to the following divisions of the group is given below:

	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Sustainable economic and social development consultancy	8,499,150	8,143,136
Innovation services	2,703,107	3,174,636
Innovation centres	3,371,295	3,416,544
Energy and carbon management consultancy	434,323	108,200
Consultancy services in Asia	345,975	2,081
Investment networks administration	238,094	150,913
	<u>15,591,944</u>	<u>14,995,510</u>

2 Operating charges

	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Administrative expenses	<u>3,279,365</u>	<u>3,205,112</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Amortisation of government grants	(27,992)	(85,156)
Amortisation of goodwill	114,696	114,696
Depreciation of owned fixed assets	261,897	265,573
Impairment of investments	8,500	-
Operating lease costs:		
Rent	781,958	685,865
Share-based payment expense	25,000	15,000
Auditor's remuneration - audit of company's financial statements	13,500	10,000

3 Operating profit (continued)

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Auditor's remuneration - other fees:		
- Taxation services	12,371	7,500
- Audits of the company's subsidiaries	17,000	20,000
- Other assurance	<u>6,500</u>	<u>11,500</u>

The directors of SQW Group Limited propose that the Group enters into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2009. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval at the forthcoming Annual General Meeting.

4 Particulars of employees

The average number of staff (on a full time equivalent basis) employed by the group during the financial period (including directors) amounted to:

	Year to 31 Mar 09	Year to 31 Mar 08
	No	No
Number of direct staff	139	129
Number of administrative staff	<u>30</u>	<u>27</u>
	<u>169</u>	<u>156</u>

The aggregate payroll costs of the above were:

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Wages and salaries	7,240,846	6,454,954
Social security costs	726,217	681,318
Other pension costs	770,165	284,621
	<u>8,737,228</u>	<u>7,420,893</u>

5 Directors

Remuneration in respect of directors was as follows:

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Emoluments receivable	251,948	283,483
Value of company pension contributions to money purchase schemes	67,190	16,152
	<u>319,138</u>	<u>299,635</u>

5 Directors (continued)

Emoluments of highest paid director:

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Total emoluments (excluding pension contributions)	99,117	127,298
Value of company pension contributions to money purchase schemes	55,300	11,466
	<u>154,417</u>	<u>138,764</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Year to 31 Mar 09	Year to 31 Mar 08
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

Of the above directors' emoluments, the following amounts were invoiced by businesses associated with the following directors:

Director	Business	Year to 31 Mar 09	Year to 31 Mar 08
		£	£
I M Laing	Wardsend Services Limited	15,000	15,000
M Lyons	Sir Michael Lyons Consulting	-	2,000
R E Quince	R E Quince	-	8,250
		<u> </u>	<u> </u>

6 Interest payable and similar charges

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Interest payable on loan notes	<u>14,400</u>	<u>44,052</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 28% (2008 - 30%)	352,889	367,252
(Over) provision in prior year	<u>(28,384)</u>	<u>(8,033)</u>
Total current tax	324,505	359,219
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Other	<u>(10,456)</u>	<u>(13,567)</u>
Tax on profit on ordinary activities	<u>314,049</u>	<u>345,652</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the current period is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

	Year to 31 Mar 09 £	Year to 31 Mar 08 £
Profit on ordinary activities before taxation	<u>1,106,011</u>	<u>1,028,080</u>
Profit on ordinary activities by rate of tax	309,683	308,424
Expenses not deductible for tax purposes	47,395	918
Capital allowances for period in excess of depreciation	(2,608)	21,694
Utilisation of tax losses	-	255
Unrelieved tax losses	(3,166)	-
Adjustments to tax charge in respect of previous periods	(28,384)	(8,033)
Other short term timing differences	(190)	-
Trust tax payable on capital gains on employee share trust	-	11,589
Trust tax payable on income in employee share trust	1,775	24,372
Total current tax (note 7(a))	<u>324,505</u>	<u>359,219</u>

8 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)

Earnings

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Earnings for the purposes of basic earnings per share	<u>791,226</u>	<u>693,299</u>

Number of shares

	Year to 31 Mar 09	Year to 31 Mar 08
	No	No
Weighted average number of ordinary shares for the purposes of the basic earnings per share	<u>22,910,787</u>	<u>22,733,983</u>

Earnings per share – standard, basic and diluted

	Year to 31 Mar 09	Year to 31 Mar 08
	pence	pence
Earnings per share – standard, basic and diluted	<u>3.5p</u>	<u>3.0p</u>

Of the share options granted during the year, nil (2008: 407,086) 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.

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

Earnings

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Earnings for the purposes of basic earnings per share on a modified basis	<u>1,106,011</u>	<u>1,028,080</u>

Number of shares

	Year to 31 Mar 09	Year to 31 Mar 08
	No	No
Weighted average number of ordinary shares for the purposes of the basic earnings per share	<u>22,910,787</u>	<u>22,733,983</u>

Earnings per share – modified, basic and diluted

	Year to 31 Mar 09	Year to 31 Mar 08
	pence	pence
Earnings per share – modified, basic and diluted	<u>4.8p</u>	<u>4.5p</u>

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

9 Profit attributable to members of the parent company

The parent company has taken advantage of section 230 of the CA 1985 and has not included its own profit and loss account in these financial statements. The profit dealt with in the accounts of the parent company was £862,894 (2008: £917,905).

10 Intangible fixed assets

Group

	Goodwill on consolidation £
Cost	
At 1 April 2008 and 31 March 2009	<u>2,294,000</u>
Amortisation	
At 1 April 2008	411,019
Charge for the year	<u>114,696</u>
At 31 March 2009	<u>525,715</u>
Net book value	
At 31 March 2009	<u>1,768,285</u>
At 31 March 2008	<u>1,882,981</u>

11 Tangible fixed assets

Group

	Leasehold improvements £	Fixtures & fittings £	Computer and office equipment £	Total £
Cost				
At 1 April 2008	1,377,510	176,725	818,527	2,372,762
Additions	<u>11,624</u>	<u>39,322</u>	<u>103,251</u>	<u>154,197</u>
At 31 March 2009	<u>1,389,134</u>	<u>216,047</u>	<u>921,778</u>	<u>2,526,959</u>
Depreciation				
At 1 April 2008	539,749	92,397	505,054	1,137,200
Charge for the period	<u>96,145</u>	<u>37,681</u>	<u>128,071</u>	<u>261,897</u>
At 31 March 2009	<u>635,894</u>	<u>130,078</u>	<u>633,125</u>	<u>1,399,097</u>
Net book value				
At 31 March 2009	<u>753,240</u>	<u>85,969</u>	<u>288,653</u>	<u>1,127,862</u>
At 31 March 2008	<u>837,761</u>	<u>84,328</u>	<u>313,473</u>	<u>1,235,562</u>

11 Tangible fixed assets (continued)

Company

**Computer and
 office
 equipment
 £**

Cost	
At 1 April 2008	40,375
At 31 March 2009	<u>40,375</u>
Depreciation	
At 1 April 2008	1,121
Charge for the period	<u>13,459</u>
At 31 March 2009	<u>14,580</u>
Net book value	
At 31 March 2009	<u>25,795</u>
At 31 March 2008	<u>39,254</u>

12 Investments

Group

**Unlisted equity
 investments
 £**

Cost	
At 1 April 2008	76,090
At 31 March 2009	<u>76,090</u>
Impairment	
At 1 April 2008	-
Charge for the period	<u>8,500</u>
At 31 March 2009	<u>8,500</u>
Net book value	
At 31 March 2009	<u>67,590</u>
At 31 March 2008	<u>76,090</u>

In the opinion of the directors the market value of these shares is not less than the carrying value above.

Company

**Group
 companies
 £**

Cost	
At 1 April 2008 and 31 March 2009	<u>4,177,712</u>
Net book value	
At 31 March 2009	<u>4,177,712</u>
At 31 March 2008	<u>4,177,712</u>

12 Investments (continued)

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 Asia Limited, which is incorporated in Hong Kong.

		Holding Proportion held	Nature of business
SQW Limited	Ordinary shares	100%	Management consultancy
SQW Asia Limited*	Ordinary shares	60%	Management consultancy
SQW EBT Limited*	Ordinary shares	100%	Dormant trust
Oxford Innovation Limited	Ordinary shares	100%	Innovation centres and Innovation services
The Oxfordshire Investment Opportunity Network Limited**	Sole member	100%	Investment networks
OIEST Limited**	Ordinary shares	100%	Employee share trustee
Innovox Limited**	Ordinary shares	29%	Business accelerator

* Held by SQW Limited and SQW Group Limited.

** Held by Oxford Innovation Limited and SQW Group 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 that company.

13 Debtors

	The group		The company	
	31 Mar 09	31 Mar 08	31 Mar 09	31 Mar 08
	£	£	£	£
Trade debtors	2,335,178	3,917,516	-	-
Deferred taxation (note 14)	45,591	35,135	2,124	-
Prepayments and accrued income	1,408,239	695,667	102,351	99,229
	<u>3,789,008</u>	<u>4,648,318</u>	<u>104,475</u>	<u>99,229</u>

14 Deferred taxation

The movement in the deferred taxation asset during the period was:

	The group		The company	
	Year to 31 Mar 09	Year to 31 Mar 08	Year to 31 Mar 09	Year to 31 Mar 08
	£	£	£	£
Asset/(liability) brought forward	35,135	21,568	-	-
Increase in asset	10,456	13,567	2,124	-
Asset carried forward	<u>45,591</u>	<u>35,135</u>	<u>2,124</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group	31 Mar 09		31 Mar 08	
	Provided £	Unprovided £	Provided £	Unprovided £
Depreciation in excess of capital allowances	<u>45,591</u>	<u>-</u>	<u>35,135</u>	<u>-</u>

15 Creditors: amounts falling due within one year

	The group		The company	
	31 Mar 09	31 Mar 08	31 Mar 09	31 Mar 08
	£	£	£	£
Debenture loans	188,817	200,000	188,817	200,000
Trade creditors	809,759	691,769	154	-
Corporation tax	352,888	371,714	-	-
Other taxes and social security	618,531	773,048	10,558	-
Amounts owed to group undertakings	-	-	1,470,285	1,878,867
Other creditors	82,581	45,678	-	-
Accruals and deferred income	2,570,862	3,214,963	111,669	161,010
Deferred tax	-	-	-	3,306
	<u>4,623,438</u>	<u>5,297,172</u>	<u>1,781,483</u>	<u>2,243,183</u>

16 Creditors: amounts falling due after more than one year

	The group		The company	
	31 Mar 09	31 Mar 08	31 Mar 09	31 Mar 08
	£	£	£	£
Debenture loans (repayable in 2 to 5 years)	112,261	300,000	112,261	300,000
	<u>112,261</u>	<u>300,000</u>	<u>112,261</u>	<u>300,000</u>

17 Government grants

	The group	
	31 Mar 09	31 Mar 08
	£	£
Received and receivable:		
At 1 April	959,109	1,378,993
Receivable during year	-	50,000
Transferred on disposals	-	(469,884)
At 31 March	<u>959,109</u>	<u>959,109</u>
Amortisation:		
At 1 April	483,669	780,352
Credit for the year	27,992	85,156
Transferred on disposals	-	(381,839)
At 31 March	<u>511,661</u>	<u>483,669</u>
Net balance at 31 March	<u>447,448</u>	<u>475,440</u>

18 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

19 Share capital

Authorised share capital:

	31 Mar 09	31 Mar 08
	£	£
50,000,000 Ordinary 'A' shares of £0.001 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	31 Mar 09		31 Mar 08	
	No	£	No	£
Ordinary 'A' shares of £0.001 each	<u>22,910,787</u>	<u>22,911</u>	<u>22,910,787</u>	<u>22,911</u>

20 Share-based payments

Details of all share-based options over the company's shares are detailed below:

Group	Year to 31 Mar 09		Year to 31 Mar 08	
	No	Weighted average exercise price p	No	Weighted average exercise price p
Outstanding at the beginning of the year	1,237,081	27p	-	-
Granted during the year	835,994	30p	1,237,081	27p
Expired during the year	(463,583)	25p	-	-
Outstanding at the end of the year	<u>1,609,492</u>	<u>29p</u>	<u>1,237,081</u>	<u>27p</u>

Company	Year to 31 Mar 09		Year to 31 Mar 08	
	No	Weighted average exercise price p	No	Weighted average exercise price p
Outstanding at the beginning of the year	363,333	30p	-	-
Granted during the year	283,333	30p	363,333	30p
Expired during the year	(33,333)	30p	-	-
Outstanding at the end of the year	<u>613,333</u>	<u>30p</u>	<u>363,333</u>	<u>30p</u>

As at the year end, there were no exercisable options (2008: nil).

The options outstanding at 31 March 2009 for the group had a weighted average remaining contractual life of 1 year and 3 months and, for the company, 7 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 charge to operating expenses for the year ended 31 March 2009 of £25,000 (2008: £15,000) for the group, and £11,000 (2008: £3,000) for the company. The charge has been made to the profit and loss account of the relevant subsidiary dependent on where the employees' services are provided. The total intrinsic carrying amount of liabilities in respect of vested benefits for the group at 31 March 09 was £40,000 (2008: £15,000), and for the company £14,000 (2008: £3,000).

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

20 Share-based payments (continued)

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

Year to 31 Mar 09						
Date of issue	Number granted	Weighted average exercise price p	Expected volatility %	Expected life Years	Risk free rate % p.a.	Weighted average fair value at grant p
12 May 08	33,333	30	20	3	1.0	4
1 Oct 08	802,661	30	20	3	1.0	4

Similarly, the following assumptions were used in the prior year:

Year to 31 Mar 08						
Date of issue	Number granted	Weighted average exercise price p	Expected volatility %	Expected life Years	Risk free rate % p.a.	Weighted average fair value at grant p
31 May 07	166,665	30	10	3.0	4.5	4
31 May 07	330,000	30	10	2.3	4.5	4
30 Sept 07	407,086	20	10	2.8	4.5	10
1 Oct 07	199,998	30	10	2.7	4.5	4
1 Dec 07	99,999	30	10	3.0	4.5	4
7 Jan 08	33,333	30	10	3.0	4.5	4

21 Share premium account

	The group		The company	
	31 Mar 09	31 Mar 08	31 Mar 09	31 Mar 08
Balance brought forward at 1 April	£ 796,114	£ 636,648	£ 796,114	£ 636,648
Share premium on shares issued during the year	-	159,466	-	159,466
Balance carried forward at 31 March	796,114	796,114	796,114	796,114

22 Other reserves

Group

	Capital redemption reserve	Merger reserve	Interest in own shares	Foreign currency revaluation reserve	Share based payment reserve	Total
	£	£	£	£	£	£
Balance brought forward at 1 April 2008	16,055	1,507,302	(54,631)	-	15,000	1,483,726
Movement in year	-	-	-	(9,212)	25,000	15,788
Balance carried forward at 31 March 2009	16,055	1,507,302	(54,631)	(9,212)	40,000	1,499,514

Details of the £25,000 movement in the share based payment reserve are given in note 20.

Company

	Capital redemption reserve	Share based payment reserve	Total
	£	£	£
Balance brought forward at 1 April 2008	16,055	3,000	19,055
Movement in period	-	11,000	11,000
Balance carried forward at 31 March 2009	16,055	14,000	30,055

Details of the £11,000 movement in the share based payment reserve are given in note 20.

A subsidiary of the group, OIEST Limited, is corporate trustee to an employee benefit trust which at the year end held an interest in SQW Group Limited of 857,084 Ordinary 'A' shares. In accordance with UITF 38 'Accounting for ESOP trusts' the group has consolidated the assets and liabilities of the trust and in turn has accounted for the interest in own shares as a deduction from shareholders' funds.

23 Profit and loss account

Group

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Balance brought forward at 1 April	100,008	(483,022)
Profit for the financial period	791,226	693,299
Equity dividends paid	(220,537)	(110,269)
Balance carried forward at 31 March	670,697	100,008

Company

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Balance brought forward as 1 April	936,826	133,475
Profit for the financial period	862,894	917,905
Equity dividends paid	(229,109)	(114,554)
Balance carried forward at 31 March	1,570,611	936,826

24 Reconciliation of movements in shareholders' funds

Group	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Profit for the financial period	791,226	693,299
New equity capital subscribed	-	534
Share premium on share capital issued to directors during the year	-	159,466
Movement in share based payment reserve	25,000	15,000
Movement in foreign currency revaluation reserve	(9,212)	-
Minority interest	736	(10,871)
Equity dividends paid	(220,537)	(110,269)
	<hr/>	<hr/>
Net addition to shareholders' funds	587,213	747,159
Opening shareholders' funds	2,391,888	1,644,729
	<hr/>	<hr/>
Closing shareholders' funds	2,979,101	2,391,888
	<hr/>	<hr/>
	<hr/>	<hr/>
Company	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Profit for the financial period	862,894	917,905
New equity capital subscribed	-	534
Share premium on share capital issued to directors during the year	-	159,466
Movement in share based payment reserve	11,000	3,000
Equity dividends paid	(229,109)	(114,554)
	<hr/>	<hr/>
Net addition to shareholders' funds	644,785	966,351
Opening shareholders' funds	1,774,906	808,555
	<hr/>	<hr/>
Closing shareholders' funds	2,419,691	1,774,906
	<hr/>	<hr/>

25 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Operating profit	1,092,624	1,047,484
Amortisation	114,696	114,696
Depreciation	261,897	265,573
Amortisation of government grants	(27,992)	(85,156)
Impairment of investments	8,500	-
Decrease/ (increase) in debtors	869,151	(1,522,326)
(Decrease)/ increase in creditors	(639,631)	475,566
Other non-cash changes	15,788	116,381
Net cash inflow from operating activities	<u>1,695,033</u>	<u>412,218</u>

Reconciliation of net cash flow to movement in net funds

	Year to 31 Mar 09	Year to 31 Mar 08
	£	£
Increase/ (decrease) in cash during the year	787,954	(307,384)
Cash outflow from repayment of loans	198,922	200,000
Movement in net funds/(debt) in the year	<u>986,876</u>	<u>(107,384)</u>
Net funds at 1 April	121,549	228,933
Net funds at 31 March	<u>1,108,425</u>	<u>121,549</u>

Analysis of changes in net funds

	At 1 April 2008	Cash flow	At 31 Mar 2009
	£	£	£
Cash in hand and at bank	621,549	787,954	1,409,503
Debt – loan notes	(500,000)	198,922	(301,078)
Net funds	<u>121,549</u>	<u>986,876</u>	<u>1,108,425</u>

26 Commitments under operating leases

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land & buildings	
	31 Mar 09	31 Mar 08
	£	£
Operating leases which expire:		
Within 1 year	96,386	-
Within 2-5 years	246,873	312,450
After more than 5 years	455,492	440,944
	<u>798,751</u>	<u>753,394</u>

27 Contingent liabilities

There were no contingent liabilities at the balance sheet date other than a cross-guarantee setup with Bank of Scotland between SQW Limited and Oxford Innovation Limited on account of the obligations of each company to the Bank of Scotland. There was no overdraft balance in either company at the year end.

28 Dividends

In May 2008 the company paid a dividend of 1.0p per Ordinary 'A' share each of £0.001 (£229,109), which, after allowing for dividends to the group's employee benefit trust, Oxford Innovation Employee Share Trust - a trust for which OIEST Limited, a subsidiary of the group, holds appointment as corporate trustee - resulted in a net reduction in group retained earnings of £220,537.

In October 2007 the company paid a 0.5p dividend per Ordinary 'A' share each of £0.001 (£114,554), which, similarly, resulted in a net reduction in group retained earnings of £110,269.

29 Post balance sheet event

The Directors recommend the payment of a dividend of 1.1p per Ordinary 'A' share (2008: 1.0p).