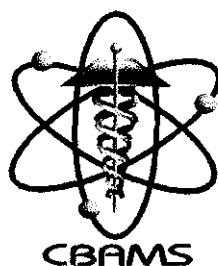


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CBAMS LIMITED

The Centre for Biomedical Accelerator Mass Spectrometry

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999



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CBAMS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

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CBAMS LIMITED

COMPANY INFORMATION

DIRECTORS

G C Gilbert
R C Garner
J M Carlisle
K H M Dixon
P Johnson

SECRETARY

J Sachedina

REGISTERED OFFICE

Harrowell Shaftoe
Moorgate House
Clifton Moorgate
York, YO30 4WY

AUDITORS

KPMG
St James Square
Manchester
M2 6DS

BANKERS

Midland Bank Plc
13 Parliament Street
York
YO1 1XS

COMPANY NUMBER

3216427

CBAMS LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Company for the year ended 31 July 1999.

PRINCIPAL ACTIVITIES

The Company commenced trading on 31 December 1996. The principal activity of the Company is analytical services using accelerator mass spectrometry (AMS) and supporting activities. The principal markets for AMS are in the pharmaceutical, life-science, archaeological, environmental and agricultural communities. AMS is a nuclear physics technique developed in the late 1970's in the USA and CBAMS is the first centre to offer commercial services using this technology.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company was incorporated on 25 June 1996 under the name of Pinemell Limited and on 30 December 1996 changed its name to CBAMS Limited.

The main business activity of the Company is to offer accelerator mass spectrometer (AMS) analytical services primarily to the biomedical community.

The company's instrument was commissioned during the current financial year and commenced full scale fee for service for work in August 1998. Since that time customers from the United Kingdom, Europe and Japan have placed work with the Company to analyse samples from both pre-clinical and clinical studies. The Company is currently in discussion with venture capitalists with a view to obtaining second round financing to expand its activities particularly in business development and sales and marketing.

DIRECTORS

The directors who held office during the period are as follows:

	Date of Appointment	Date of Resignation
G C Gilbert	19.12.96	
R C Garner	19.12.96	
J M Carlisle	03.03.97	
K H M Dixon	03.03.97	
J Nutter	03.03.97	30.07.98
P Johnson	31.07.97	

CBAMS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The interests of the Directors in the shares of the company were:

	At 31 July 1999	At 1 August 1998
Prof R C Garner		
"A" Ordinary shares of 50p	52	25
Dr P Johnson		
"A" Ordinary shares of 50p	29	-

At a special extraordinary general meeting, Prof Garner's "B" & "C" shares were converted into Ordinary shares.

Apart from the interests disclosed above, no directors had any interest in the share capital of the company at any time during the period.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS

KPMG have expressed their willingness to continue in office as auditors, and a resolution to reappoint will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

A handwritten signature in dark ink, appearing to read "J. Sachedina", written in a cursive style.

J Sachedina

Company Secretary

December 1999

CBAMS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF CBAMS LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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 of the state of the Company's affairs as at 31 July 1999 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

**Chartered Accountants
and Registered Auditors**

Manchester

December 1999

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CBAMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 1999

	Note	1999 £	1998 £
TURNOVER		681,357	11,347
Cost of sales		(116,959)	(32,436)
GROSS PROFIT/(LOSS)		<u>564,398</u>	<u>(20,999)</u>
Research & Development costs		(24,777)	-
Administrative expenses		(654,107)	(305,349)
OPERATING LOSS	2	<u>(114,486)</u>	<u>(326,348)</u>
Interest receivable and similar income		15,025	10,069
Interest payable and similar charges	3	(136,682)	(21,748)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(236,143)</u>	<u>(338,027)</u>
Dividend on non-equity shares		(24,000)	(26,000)
DEFICIT FOR THE YEAR		<u>(260,143)</u>	<u>(364,027)</u>

The Company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

All of the activities undertaken by the Company during the period are continuing activities.

There is no difference between the loss on ordinary activities before taxation and the deficit for the year stated above, and their historical cost equivalents.

CBAMS LIMITED

BALANCE SHEET AS AT 31 JULY 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	5	1,705,342	1,871,279
CURRENT ASSETS			
Debtors	6	75,979	21,613
Cash in hand and at bank		116,056	596,651
		192,035	618,264
CREDITORS: amounts falling due within one year	7	(1,538,998)	(1,851,918)
NET CURRENT(LIABILITIES)/ASSETS		(1,346,963)	(1,233,654)
CREDITORS: amounts falling due after one year	8	(695,707)	(738,820)
NET (LIABILITIES)/ASSETS		(337,328)	(101,195)
CAPITAL AND RESERVES			
Share capital	9	300,102	300,092
Profit and loss account		(637,430)	(401,287)
TOTAL SHAREHOLDERS' FUNDS	10	(337,328)	(101,195)
Consisting of:			
Equity shareholders' funds		(687,330)	(427,195)
Non-equity shareholders' funds		350,002	326,000
		(337,328)	(101,195)

The financial statements were approved by the Board of Directors on 15 December 1999 and were signed on its behalf by:

Director



CBAMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 1999

	Note	1999 £	1998 £
Net cash (outflow)/inflow from operating activities		(247,545)	1,075,661
Returns on investments and servicing of finance	12	(121,657)	(11,679)
Taxation		-	-
Capital expenditure		(36,728)	(1,871,029)
Net Cash (Outflow)/Inflow before financing		<u>(405,930)</u>	<u>(807,047)</u>
Management of liquid resources			
Financing	12	(74,665)	1,051,320
(Decrease)/Increase in cash		<u>(480,595)</u>	<u>244,273</u>

**Reconciliation of net cash flow
to movement in net fund**

Increase/(Decrease) in cash in the year	13	(480,595)	244,273
Asset Loan		74,675	(1,051,320)
Change in debt		<u>(405,920)</u>	<u>(807,047)</u>
Opening net (debt)/funds		(454,669)	352,378
Closing net debt		<u>(860,589)</u>	<u>(454,669)</u>

**Reconciliation of operating loss to net cash
inflow from operating activities**

Operating Loss	(114,486)	(326,348)
Depreciation of tangible fixed assets	202,665	5,035
(Increase)/Decrease in debtors	(54,366)	378,670
(Decrease)/Increase in creditors	(281,358)	1,018,304
Net cash inflow/(outflow) from operating activities	<u>(247,545)</u>	<u>1,075,661</u>

CBAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

1 PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention.

GOING CONCERN

The University of York has indicated its readiness to maintain its current level of support for the Company and the Directors confirm their opinion that sufficient funds will be available to finance the Company through its initial development phase. Accordingly, the financial statements have been prepared on the going concern basis.

DEPRECIATION

Depreciation of tangible assets is provided on a straight line basis and is calculated to write down the cost of the assets over their estimated useful lives.

The rates generally applicable are:

AMS machine	10 % per annum
Laboratory equipment	15 % per annum
Office equipment	20 % per annum

TURNOVER

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties.

2 OPERATING LOSS

Operating loss is arrived at after charging:	1999	1998
	£	£
Auditors remuneration	1,000	1,050

3 INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
Bank & loan interest	136,682	21,748

Bank interest relates to an overdraft, repayable on demand, secured by a floating charge over the Company's assets. The overdraft was paid off during the year. Bank and loan interest also includes loan interest on the purchase of the AMS machine. The accounting policy was changed during the year in accordance with SSAP 21 when the interest was calculated on the basis of the "sum of digits" method rather than the straight line method.

CBAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

4 DIRECTORS' REMUNERATION

The directors' remuneration (excluding pension contributions) was as follows:

	1999 £	1998 £
Highest paid director	74,428	48,093

EMPLOYEES

The average number of persons employed by the company during the period was as follows:

	1999 Number	1998 Number
Management	2	2
Scientific	5	3
Administrative	1	1
Total Staff	<u>8</u>	<u>6</u>
	1999 £	1998 £
Staff costs (for the above persons):		
Wages and salaries	194,071	137,963
Social Security costs	16,064	10,396
Other pension costs	27,902	18,735
	<u>238,037</u>	<u>167,094</u>

PENSION

The pension scheme, which is a money purchase scheme with Equitable Life, and is also administered by the them. The Company makes a contribution of 15 %, and the staff 6 % to the scheme.

CBAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

5 FIXED ASSETS

	AMS MACHINE	LABORATORY EQUIPMENT	OFFICE EQUIPMENT	TOTAL
COST:	£	£	£	£
At 1 August 1998	1,718,044	131,150	27,120	1,876,314
Additions	4,014	27,446	5,268	36,728
At 31 July 1999	<u>1,722,058</u>	<u>158,596</u>	<u>32,388</u>	<u>1,913,042</u>
 DEPRECIATION:				
At 1 August 1998	-	-	5,035	5,035
Charge for the year	172,486	24,291	5,888	202,665
At 31 July 1999	<u>172,486</u>	<u>24,291</u>	<u>10,923</u>	<u>207,700</u>
 NET BOOK VALUE:				
At 1 August 1998	<u>1,718,044</u>	<u>131,150</u>	<u>22,085</u>	<u>1,871,279</u>
At 31 July 1999	<u>1,549,572</u>	<u>134,305</u>	<u>21,465</u>	<u>1,705,342</u>

The net book value of tangible fixed assets includes an amount of £2,650 (1998 - £nil) in respect of assets held under hire purchase contracts

CBAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

6	DEBTORS	1999	1998
		£	£
	Trade debtors	63,411	6,226
	Prepayments	-	1,770
	Stock	12,568	13,617
		<u>75,979</u>	<u>21,613</u>
7	CREDITORS:		
	Amounts falling due within one year	1999	1998
		£	£
	Trade Creditors	40,198	34,096
	Other taxation and social security	36,844	82,911
	Accruals	97,801	228,543
	Asset loan (secured)	307,507	312,500
	Deferred income	1,056,648	1,193,868
		<u>1,538,998</u>	<u>1,851,918</u>
8	CREDITORS:		
	Amounts falling due after more than one year	1999	1998
		£	£
	Obligations under hire purchase contracts	695,707	738,820
		<u>695,707</u>	<u>738,820</u>
9	CALLED UP SHARE CAPITAL		
		1999	1998
	AUTHORISED	£	£
	19,399,996 Ordinary Shares of 50 pence each	9,699,998	92
	300,002 8% Redeemable Preference Shares of £1 each	300,002	300,000
		<u>10,000,000</u>	<u>300,092</u>

During the year at an Extraordinary General Meeting, at an Ordinary Resolution, the Authorised share capital was increased by £9,699,898 to £10,000,000. Special "A", "B", and "C" shares were also converted to Ordinary Shares.

CBAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

9 SHARE CAPITAL (continued)

	1999	1998
	£	£
ALLOTTED AND FULLY PAID		
200 Ordinary Shares of 50 pence each	100	92
300,002 8% Redeemable Preference Shares of £1 each	300,002	300,000
	<hr/> 300,102	<hr/> 300,092

During the year at an Extraordinary General Meeting of the "A", "B" and "C" Ordinary Shareholders, a Special Resolution was passed that all "A", "B" and "C" Ordinary shares of 50 pence each in the Company were converted into Ordinary Shares of 50 pence each in the Company.

All Ordinary shareholders are entitled to participate in the profits of the company, on the basis of dividends declared by the Company specifically for the Ordinary Shares.

The redeemable preference shares carry the right to a fixed cumulative preferential net cash dividend at the rate of 8% per annum. These shares will be redeemed at par, in accordance with the articles of association, on 31 July 2003. The shares are non-voting under normal circumstances and have a preferential right to return of capital on a winding up of the company.

The redeemable preference shares were allotted on 30 May 1997. The first dividend was due on 30 June 1998, a dividend payment was not paid.

10 SHAREHOLDERS FUNDS

	1999	1998
	£	£
Opening shareholders' funds	(101,195)	236,832
Share capital subscribed	10	-
Loss for the financial period	(236,143)	(338,027)
Closing shareholders' funds	<hr/> (337,328) <hr/>	<hr/> (101,195) <hr/>

During the year the method by which interest accruing on finance leases is charged to the profit and loss account was changed from the straight line method to the "sum of digits" method.

CBAMS Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

11 CAPITAL COMMITMENTS

	1999	1998
	£	£
Authorised and contracted commitments	-	-
	<hr/>	<hr/>

**12 NOTES TO THE CASHFLOW STATEMENT
- GROSS CASH FLOWS**

**RETURNS ON INVESTMENTS
AND SERVICING OF FINANCE**

	1999	1998
	£	£
Interest received	15,025	10,069
Interest paid	(136,682)	(21,748)
	<hr/>	<hr/>
	(121,657)	(11,679)
	<hr/>	<hr/>

During the year the accounting policy was changed, and interest paid on the finance lease was calculated on the "sum of digits" method, rather than the straight line method. The interest paid for the financial year 1998 of £43,279 has been included in this year.

CAPITAL EXPENDITURE

	1999	1998
	£	£
Payments to acquire tangible fixed assets	36,728	1,865,995
	<hr/>	<hr/>

MANAGEMENT OF LIQUID RESOURCES

FINANCING

	1999	1998
	£	£
Hire purchase contracts	(74,685)	1,051,320
Issue of ordinary share capital	10	-
Issue of 8% redeemable preference shares	-	-
	<hr/>	<hr/>
	(74,675)	1,051,320
	<hr/>	<hr/>

CBAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1999

**13 NOTES TO CASHFLOW STATEMENT
- ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 August 1998	Cash Flows	At 31 July 1999
Cash in hand, and at bank	596,651	(480,595)	116,506
Debt due after one year	(738,820)	43,113	(695,707)
Debt due within one year	(312,500)	31,562	(280,938)
Net funds/(deficit)	<u>(454,669)</u>	<u>(405,920)</u>	<u>(860,589)</u>

14 PARENT UNDERTAKING

The company is a subsidiary of the University of York which is regarded as the ultimate parent company and controlling party. Copies of the parent's consolidated financial statements may be obtained from: The Secretary, University of York, Heslington, York, North Yorkshire, YO10 5DD.