

ABCELLUTE LIMITED

Report and Financial Statements

30 September 2008

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REPORT AND FINANCIAL STATEMENTS
Year ended 30 September 2008

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OFFICERS AND PROFESSIONAL ADVISERS
Year ended 30 September 2008

DIRECTORS

G B Black (Chairman)
Dr P J Evans
Dr B J N Griffiths
D J F Griffiths (appointed 19 November 2007)
Dr D A A Owen, OBE
B Preest (resigned 18 August 2008)
Dr W Ross (resigned 31 July 2008)
Dr J R Thornback (resigned 10 June 2009)
A B Watson (resigned 12 June 2009)

REGISTERED OFFICE

Cardiff Medicentre
Heath Park
Cardiff
CF14 4UJ

Registered number - 4295590

BANKERS

HSBC plc
97 Bute Street
Cardiff
CF10 5NA

SOLICITORS

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

Berry Smith
Haywood House
Dumfries Place
Cardiff
CF10 3GA

AUDITORS

Watts Gregory LLP
Elfed House
Oak Tree Court
Mulberry Drive
Cardiff Gate Business Park
Cardiff
CF23 8RS

DIRECTORS' REPORT

Year ended 30 September 2008

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

ACTIVITIES

The company has developed a unique technique which extends the life of human and other cells. The company has now embarked on the marketing of this preservation technique.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results of the company are given in the profit and loss account on page 7 and the financial position of the company at the end of the year is set out in the balance sheet on page 8. The directors consider the future prospects of the company to be satisfactory.

The company has recorded a loss for the year, and has net liabilities at 30 September 2008. The directors have assessed the balance sheet and likely future cash flows of the company at the date of approving the financial statements.

The company meets its day to day working capital requirements through financial investment by its institutional shareholders. The current economic conditions create uncertainty, particularly over the ability of the company to generate sufficient sales to return the company to profitability.

The company is planning to open an ethical supply of human hepatocytes and tissue in the next few months, which will be made available to the market. This will be an integral part of the company's business. This is a significant development and will allow the company to expand its cell isolating capabilities. In addition, the company aims to enhance its customer base in the EU.

To enable the company to carry out its plans it is seeking to secure a financial investment of £220,000 from its institutional investors, and is hopeful that this funding will be agreed. The company's forecasts and projections, taking account of possible changes in trading performance, show that the company should be able to operate within the working capital requirements available.

The directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparation of the financial statements.

DIRECTORS

The directors of the company, who served throughout the financial year unless stated otherwise, are shown on page 1.

SHAREHOLDERS

The company's shares are owned by the directors and three institutional shareholders. There is no ultimate controlling interest in the share capital of the company.

DIVIDENDS

The company paid no dividends in the current or prior financial year.

RESEARCH AND DEVELOPMENT

The company incurred costs of £113,942 (2007 - £112,756) during the financial year.

DIRECTORS' REPORT
Year ended 30 September 2008

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

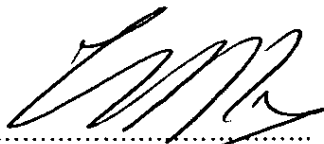
This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Watts Gregory LLP were appointed as the company's auditors during the year. A resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

G B Black
Director

Date



13/10/09

STATEMENT OF DIRECTORS' RESPONSIBILITIES
Year ended 30 September 2008

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

United Kingdom 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). The financial statements are required by law to 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 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; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ABCELLUTE LIMITED

We have audited the financial statements of Abcellute Limited for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 a Report of the Auditors 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 applicable law and United Kingdom 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss 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 directors' report is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ABCELLUTE LIMITED

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £301,564 during the year ended 30 September 2008 and at that date; the company's total liabilities exceeded its total assets by £18,026. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.



Watts Gregory LLP
Chartered Accountants and Registered Auditors
Elfed House, Oak Tree Court,
Mulberry Drive, Cardiff Gate Business Park,
Cardiff, CF23 8RS

Date ... 26 October 2009

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2008

	Note	2008 £	2007 £
TURNOVER	1	37,213	34,150
Cost of sales		(21,230)	(7,000)
Gross profit		15,983	27,150
Other operating income		2,000	-
Administrative expenses		(341,735)	(329,568)
OPERATING LOSS	3	(323,752)	(302,418)
Interest receivable		10,387	2,136
Interest payable and similar charges	4	(4,547)	(853)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(317,912)	(301,135)
Tax on loss on ordinary activities	5	16,348	-
LOSS FOR THE FINANCIAL YEAR	13	(301,564)	(301,135)

All activities derive from continuing operations.

There have been no recognised gains and losses for the current or prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

BALANCE SHEET
Year ended 30 September 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	14,586	19,754
CURRENT ASSETS			
Debtors	7	5,605	10,334
Cash at bank and in hand		54,894	376,467
		60,499	386,801
CREDITORS: amounts falling due within one year	8	(42,622)	(67,340)
NET CURRENT ASSETS		17,877	319,461
TOTAL ASSETS LESS CURRENT LIABILITIES		32,463	339,215
CREDITORS: amounts falling due after more than one year	9	(50,489)	(55,677)
NET (LIABILITIES)/ASSETS		(18,026)	283,538
CAPITAL AND RESERVES			
Called up share capital	12	3,658	3,658
Share premium account	13	1,122,053	1,122,053
Profit and loss account	13	(1,143,737)	(842,173)
TOTAL SHAREHOLDERS' FUNDS	13	(18,026)	283,538

These financial statements have been prepared in accordance with the special provisions relating to small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

13/10/09

D J F Griffiths
Director

G B Black
Director

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 September 2008****1. ACCOUNTING POLICIES**

The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Going concern

The company has recorded a loss for the year and has net liabilities of £18,026 at 30 September 2008. The directors have assessed the balance sheet and likely future cash flows of the company at the date of approving the financial statements.

The company meets its day to day working capital requirements through financial investment by its institutional shareholders. The current economic conditions create uncertainty, particularly over the ability of the company to generate sufficient sales to return the company to profitability.

The directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future and are in the process of negotiating additional financial investment of £220,000. Accordingly, they continue to adopt the going concern basis in preparation of the financial statements.

Turnover and revenue recognition

Turnover is the amount derived from product sales which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the company's principal activity.

Revenue is recognised in the period to which it relates.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life.

The rates of depreciation are as follows:

Laboratory equipment	-	25% straight-line
Office equipment	-	33% straight-line
Fixtures and fittings	-	15% straight-line

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Research and development

Research and development expenditure is written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The aggregate employee costs (including executive directors) is shown below:

	2008 £	2007 £
Employee costs during the year		
Wages and salaries	206,622	136,331
Social security costs	17,765	14,941
	<u>224,387</u>	<u>151,272</u>
	No.	No.
Average number of persons employed during the year		
Marketing, sales and administration	<u>6</u>	<u>6</u>
	£	£
Directors' remuneration		
Emoluments	<u>209,293</u>	<u>151,272</u>
Highest paid director		
Emoluments	<u>90,672</u>	<u>96,791</u>

3. OPERATING LOSS

	2008 £	2007 £
Operating loss is stated after charging		
Auditors' remuneration	2,000	3,500
Depreciation of owned assets	6,828	4,473
Research and development	<u>113,942</u>	<u>112,756</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2008

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank interest payable	-	2
Loan interest payable	4,547	851
	<u>4,547</u>	<u>853</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 21% (2007 - 20%)	-	-
Tax refund re research and development claim from previous years	(16,348)	-
	<u>(16,348)</u>	<u>-</u>

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	(317,912)	(301,135)
Tax on loss on ordinary activities before tax at 21% (2007 - 20%)	66,762	60,227
Factors affecting charge for the year		
Expenses not deductible for tax purposes	-	(146)
Depreciation in excess of capital allowances	(1,434)	(895)
Utilisation of tax losses	-	(9,017)
Losses carried forward	(65,328)	
Movement in short-term timing differences	-	(50,169)
Current tax charge for the year	<u>-</u>	<u>-</u>

At 30 September 2008, the company had trading losses of £1,032,638 to carry forward against future profits chargeable to corporation tax.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2008

6. TANGIBLE FIXED ASSETS

	Laboratory equipment £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 October 2007	20,575	2,340	3,731	26,646
Additions	1,551	-	109	1,660
At 30 September 2008	22,126	2,340	3,840	28,306
Accumulated depreciation				
At 1 October 2007	6,013	573	306	6,892
Charge for the year	5,472	780	576	6,828
At 30 September 2008	11,485	1,353	882	13,720
Net book value				
At 30 September 2008	10,641	987	2,958	14,586
At 30 September 2007	14,562	1,767	3,425	19,754

7. DEBTORS

	2008 £	2007 £
Trade debtors	956	3,924
Other taxation and social security	2,923	5,204
Other debtors	1,726	1,206
	<u>5,605</u>	<u>10,334</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loan and overdraft	11,371	9,459
Other loans	-	6,860
Trade creditors	5,463	16,444
Other creditors	4,694	3,107
Accruals and deferred income	4,850	31,470
Directors' loan accounts	16,244	-
	<u>42,622</u>	<u>67,340</u>

The bank loan is repayable by July 2017. Interest is payable at 3% over base rate. The loan of £55,314 is secured by a guarantee given by a share warrant holder of the company.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2008

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Bank loan	50,489	55,677

10. BORROWINGS

	2008 £	2007 £
Bank loan and overdraft	61,860	65,136
Other loans	-	6,860
	<u>61,860</u>	<u>71,996</u>

Borrowings are repayable as follows:

Bank loans

Within one year	11,371	9,549
Between one and two years	5,226	4,274
Between two and five years	18,427	15,380
After five years (by instalments)	26,836	36,023
	<u>61,860</u>	<u>65,136</u>

Other loans

Within one year	-	6,860
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11. TRANSACTIONS WITH DIRECTORS

At 30 September 2008, the following amounts were owing to directors:

	2008 £	2007 £
A B Watson	4,000	-
G B Black	5,310	-
Dr D A A Owen	4,077	-
Dr J R Thornback	2,857	-
	<u>16,244</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

12. CALLED UP SHARE CAPITAL

	No.	2008 £	No	2007 £
Authorised				
'A' ordinary shares of 1p each	101,814	1,018	101,814	1,018
'Z' deferred shares of 1p each	275,962	2,760	275,962	2,760
	<u>377,776</u>	<u>3,778</u>	<u>377,776</u>	<u>3,778</u>
Allotted, called up and fully paid				
'A' ordinary shares of 1p each	89,805	898	89,805	898
'Z' deferred shares of 1p each	275,962	2,760	275,962	2,760
	<u>365,767</u>	<u>3,658</u>	<u>365,767</u>	<u>3,658</u>

12. CALLED UP SHARE CAPITAL (continued)

Share options

Options have been granted under the Enterprise Management Incentive Scheme to the following directors to subscribe for 'A' ordinary shares of the company as follows:

Name of allottee	Number of shares under option	Exercise period	Subscription price per share £
Dr P J Evans	2,521	Any date	0.01
Dr P J Evans	471	Any date	8.12
Dr B J N Griffiths	1,356	Any date	0.01
Dr B J N Griffiths	1,271	Any date	0.01
A B Watson	963	Any date	0.01
A B Watson	1,271	Any date	0.01

A share warrant dated 12th January 2007 was granted to an individual entitling him to 3,635 fully paid up 'A' ordinary shares in the capital of the company. The subscription price for the 'A' ordinary shares is £60,000 in the event that the bank loan facility is withdrawn from the company within two years of the grant date, or the bearer exercises the option within the first two years of the grant date; or £12.24 per share if the option is taken up between 2 years and 10 years from the date of the warrant.

13. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £	Share premium £	Profit and loss £	Total £
At 1 October 2007	3,658	1,122,053	(842,173)	283,538
Loss for the year	-	-	(301,564)	(301,564)
At 30 September 2008	<u>3,658</u>	<u>1,122,053</u>	<u>(1,143,737)</u>	<u>(18,026)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

14. ULTIMATE CONTROLLING PARTY

The company's shares are owned by the directors and three institutional shareholders and several business angels. There is no ultimate controlling interest in the share capital of the company.