

Lifestyle Choices Limited

Directors' report and financial statements

Registered number 5546395

31 July 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2008.

Principal activities

The company is principally engaged in ovarian reserve measurement.

Business review

The company made a loss of £246,274 (2007: loss £93,516) for the year.

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors

The directors who held office during the year were as follows:

DG Baynes
SA Gall
PL Grant
WL Ledger
J Sokel
K Szokalo

Certain directors benefited from qualifying third party indemnity provisions in place during the period and at the date of this report.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit PLC as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D G Baynes
Director

The Innovation Centre
217 Portobello Road
Sheffield
S1 4DP

13 March 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 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 judgments 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; 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Lifestyle Choices Limited

We have audited the financial statements of Lifestyle Choices Limited for the year ended 31 July 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Deficit and the related notes. 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 applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 judgments 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.

Independent auditors' report to the member of Lifestyle Choices Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 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.

KPMG Audit Plc

10/07/08

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
For the year ended 31 July 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	18,374	47,420
Cost of sales		(18,726)	(23,998)
		<hr/>	<hr/>
Gross (loss)/profit		(352)	23,422
Administrative expenses		(235,471)	(108,352)
		<hr/>	<hr/>
Operating loss		(235,823)	(84,930)
Interest payable and similar charges	6	(12,596)	(10,180)
Interest receivable and similar income	7	2,145	1,594
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(246,274)	(93,516)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(246,274)	(93,516)
		<hr/>	<hr/>

All activities were generated by continuing operations.

Reconciliation of movements in shareholders' deficit
for the year ended 31 July 2008

	2008 £	2007 £
Loss for the financial year	(246,274)	(93,516)
Share subscription	662	-
Share premium	149,338	-
	<hr/>	<hr/>
Net addition to shareholders' deficit	(96,274)	(93,516)
Opening shareholders' deficit	(121,239)	(27,723)
	<hr/>	<hr/>
Closing shareholders' deficit	(217,513)	(121,239)
	<hr/>	<hr/>

Balance sheet
at 31st July 2008

	<i>Note</i>	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	9		785		966
Intangible assets	10		-		33,750
			<hr/>		<hr/>
			785		34,716
Current assets					
Stock	11	3,732		6,197	
Debtors	12	1,498		4,878	
Cash at bank and in hand		34,025		25,979	
		<hr/>		<hr/>	
		39,255		37,054	
Creditors: amounts falling due within one year	13	(12,108)		(14,028)	
		<hr/>		<hr/>	
Net current assets			27,147		23,026
			<hr/>		<hr/>
Total assets less current liabilities			27,932		57,742
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	14		(245,445)		(178,981)
			<hr/>		<hr/>
Net liabilities			(217,513)		(121,239)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		4,412		3,750
Share premium	16		268,988		119,650
Profit and loss account	16		(490,913)		(244,639)
			<hr/>		<hr/>
Shareholders' deficit			(217,513)		(121,239)
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 13 March 2009 and were signed on its behalf by:


D Baynes
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company net of value added tax.

Stock

Stocks are stated at the lower of cost and net realisable value.

Going Concern

The accounts have been prepared on a going concern basis which assumes the support of Fusion IP Plc (formerly Biofusion Plc) in meeting its existing obligations.

The holding company has stated that if required it will provide support, such that the company will be able to meet its liabilities as they fall due, for at least 12 months from the date of signing of these accounts.

Intangible assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives of 10 years.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer Equipment	-	33% per annum
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Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Notes (continued)

2 Turnover

Turnover is attributable to the principal activity of the company, which is the sale of ovarian reserve measurement products.

3 Loss on ordinary activities before taxation

	2008 £	2007 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
<i>Auditors' remuneration: Audit of these financial statements</i>	1,300	1,250
Depreciation and other amounts written off tangible and intangible fixed assets - owned	4,630	4,416
Intellectual property impairment charge	30,000	-
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of staff employed by the company during the financial year amounted to:

	2008 No	2007 No
Administrative staff	-	1
	<u> </u>	<u> </u>

The aggregate payroll costs were:

	2008 £	2007 £
Wages and salaries	-	14,667
Social security costs	-	1,448
	<u> </u>	<u> </u>
	-	16,115
	<u> </u>	<u> </u>

5 Remuneration of directors

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Emoluments receivable	-	-
	<u> </u>	<u> </u>

Notes (continued)

6 Interest payable and similar charges

	2008 £	2007 £
Other interest payable	-	147
Interest on loan from a group undertaking	12,596	10,033
	<u>12,596</u>	<u>10,180</u>

7 Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	2,145	1,594
	<u>2,145</u>	<u>1,594</u>

8 Taxation on loss on ordinary activities

Analysis of charge in period

	2008 £	2007 £
Current taxation		
UK Corporation tax	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

No deferred tax asset has been recognised due to the uncertainty of availability of future taxable profits. The total amount unprovided for at 31 July 2008 is £102,255 (2007: £48,269).

	2008 £	2007 £
Tax loss	102,348	48,256
Accelerated capital allowances	(93)	13
	<u>102,255</u>	<u>48,269</u>

Notes (continued)

8 Taxation on loss on ordinary activities (continued)

Factors affecting the tax charge for the current period.

Current tax credit on income for the period is lower (2007: lower) than the standard rate of corporation tax in the UK (21%) (2007: 20%). The differences are explained below.

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(246,274)	(93,516)
	<hr/>	<hr/>
Current tax at 21% (2007: 20%)	(51,718)	(18,703)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	39	23
Capital allowances in excess of depreciation	106	69
Change in tax rate	(2,413)	(1,479)
Unrelieved tax losses carried forward	53,986	20,090
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

9 Tangible assets

	Computer Equipment £
<i>Cost</i>	
At 1 August 2007	2,000
Additions	699
	<hr/>
At 31 July 2008	2,699
	<hr/>
<i>Depreciation</i>	
At 1 August 2007	1,034
Charge for year	880
	<hr/>
At 31 July 2008	1,914
	<hr/>
<i>Net book value</i>	
At 31 July 2008	785
	<hr/>
At 31 July 2007	966
	<hr/>

Notes (continued)

10 Intangible assets

	Intellectual Property £
<i>Cost</i>	
At 1 August 2007	37,500
Additions	-
	<hr/>
At 31 July 2008	37,500
	<hr/>
<i>Amortisation</i>	
At 1 August 2007	3,750
Charge for year	3,750
Impairment charge	30,000
	<hr/>
At 31 July 2008	37,500
	<hr/>
<i>Net book value</i>	
At 31 July 2008	-
	<hr/>
At 31 July 2007	33,750
	<hr/>

Due to uncertainty regarding the distribution channel for the company's product, the intellectual property has been impaired.

11 Stock

	2008 £	2007 £
Finished goods and goods for resale	3,732	6,197
	<hr/>	<hr/>

12 Debtors

	2008 £	2007 £
Trade debtors	4,991	1,216
Less: bad debt provision	(4,615)	-
Prepayments and accrued income	323	350
Other debtors	799	3,312
	<hr/>	<hr/>
	1,498	4,878
	<hr/>	<hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	1,040	836
Amounts owed to related parties	587	579
Accruals and deferred income	10,380	11,964
Other creditors	101	649
	<u>12,108</u>	<u>14,028</u>

14 Creditors: amounts falling due after one year

	2008 £	2007 £
Amounts owed to group undertakings	245,445	178,981
	<u>245,445</u>	<u>178,981</u>

15 Called up share capital

	2008 £	2007 £
Authorised		
Equity: 10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
Equity: 4,412 Ordinary shares of £1 each	4,412	3,750
	<u>4,412</u>	<u>3,750</u>

On 3 January 2008, 662 Ordinary shares of £1 each were issued at £226.59 per share.

Notes (continued)

16 Reserves

	Share Premium	Profit and loss account
	2008	2008
	£	£
At 1 August 2007	119,650	(244,639)
Loss for the financial year	-	(246,274)
Share premium	149,338	-
	<hr/>	<hr/>
At 31 July 2008	268,988	(490,913)
	<hr/>	<hr/>

17 Related party transactions

During the year ended 31 July 2008 the company purchased consultancy services from Prof W L Ledger, a director and shareholder of the company, totalling £12,000 (2007: £12,000). At the year end no monies were outstanding to Prof W L Ledger (2007: £Nil).

During the year ended 31 July 2008 the company purchased business services from Sheffield University Enterprises Limited totalling £6,015 (2007: £3,923). At the year end the company owed Sheffield University Enterprises Limited £587 (2007: £494).

No purchases were made from the University of Sheffield during the year (2007: £Nil). At the year end the company owed the University of Sheffield £Nil (2007: £85).

The company continued to accumulate a loan from Fusion IP Sheffield Limited (formerly BioFusion Trading Limited) through the year. At the year end the amount of loan outstanding totalled £220,402 (2007: £166,534) with accumulated interest totalling £25,043 (2007: £12,447).

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the Company are consolidated is that headed by Fusion IP Plc (formerly Biofusion Plc) incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Fusion IP Plc, Innovation Centre, 217 Portobello, Sheffield, S1 4DP.