

Qnostics Limited

Company Registration No SC257629 (Scotland)

Directors' report and financial statements

For the year ended 31 December 2005



6CT
COMPANIES HOUSE

MS0AQLK4PM

2
31/10/2006

QNOSTICS LIMITED

COMPANY INFORMATION

Directors	Mr James Reid Dr Paul Wallace
Secretary	MBM Secretarial Services Limited
Company number	SC257629
Registered office	107 George Street Edinburgh EH2 3ES
Accountants	Mazars LLP Donaldson House 97 Haymarket Terrace Edinburgh EH12 5HD
Business address	Block 4 Unit 2 West of Scotland Science Park Maryhill Glasgow G20 0SP
Solicitors	Murray Beith Murray 39 Castle Street Edinburgh EH2 3BH

QNOSTICS LIMITED

CONTENTS

	Page
Directors' report	1
Accountants' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 8

QNOSTICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005

Principal activities

The principal activity of the company is that of the provision of quality control products and services

Directors

The following directors have held office since 1 January 2005

Mr James Reid
Dr Paul Wallace

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
Mr James Reid	20	40
Dr Paul Wallace	45	45

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 then 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



Dr Paul Wallace

Director

30 Oct. 2005

QNOSTICS LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF QNOSTICS LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 December 2005, set out on pages 3 to 8 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.


Mazars LLP

Chartered Accountants

31 Oct. 2006

Donaldson House
97 Haymarket Terrace
Edinburgh
EH12 5HD

QNOSTICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		178,372	52,048
Cost of sales		(13,673)	(2,263)
Gross profit		164,699	49,785
Administrative expenses		(118,931)	(44,039)
Other operating income		(859)	
Operating profit	2	44,909	5,746
Other interest receivable and similar income	3	695	19
Profit on ordinary activities before taxation		45,604	5,765
Tax on profit on ordinary activities	4	(8,951)	
Profit on ordinary activities after taxation	9	36,653	5,765

QNOSTICS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

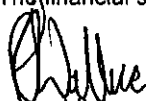
	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	5	6,028	685
Current assets			
Stocks			4,230
Debtors	6	58,218	28,240
Cash at bank and in hand		35,441	11,553
		<u>93,659</u>	<u>44,023</u>
Creditors amounts falling due within one year	7	<u>(57,169)</u>	<u>(38,843)</u>
Net current assets		<u>36,490</u>	<u>5,180</u>
Total assets less current liabilities		<u><u>42,518</u></u>	<u><u>5,865</u></u>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	42,418	5,765
Shareholders' funds	10	<u><u>42,518</u></u>	<u><u>5,865</u></u>

In preparing these financial statements

- The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985,
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The directors acknowledge their responsibilities for
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

The financial statements were approved by the Board on 30 Oct. 2006



Director

QNOSTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Turnover

Turnover represents amounts receivable for initial pilot sales and contracts, net of VAT

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment 25% straight line

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2 Operating profit	2005	2004
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	2,086	229
Government grants	35,352	17,909
	<u> </u>	<u> </u>
3 Investment income	2005	2004
	£	£
Bank interest	695	19
	<u> </u>	<u> </u>
4 Taxation	2005	2004
	£	£
Domestic current year tax		
U K corporation tax	8,951	
	<u> </u>	<u> </u>
Current tax charge	8,951	
	<u> </u>	<u> </u>

QNOSTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2005	914
Additions	7,429
	<hr/>
At 31 December 2005	8,343
	<hr/>
Depreciation	
At 1 January 2005	229
Charge for the year	2,086
	<hr/>
At 31 December 2005	2,315
	<hr/>
Net book value	
At 31 December 2005	6,028
	<hr/>
At 31 December 2004	685
	<hr/>

6 Debtors	2005 £	2004 £
Trade debtors	54,548	26,809
Other debtors	3,670	1,431
	<hr/>	<hr/>
	58,218	28,240
	<hr/>	<hr/>

7 Creditors amounts falling due within one year	2005 £	2004 £
Trade creditors	14,830	6,216
Taxation and social security	9,850	
Other creditors	32,489	32,627
	<hr/>	<hr/>
	57,169	38,843
	<hr/>	<hr/>

QNOSTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8	Share capital	2005	2004
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted and called up		
	100 Ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
9	Statement of movements on profit and loss account	Profit and loss account	
		£	
	Balance at 1 January 2005		5,765
	Retained profit for the year		36,653
			<u> </u>
	Balance at 31 December 2005		42,418
			<u> </u>
10	Reconciliation of movements in shareholders' funds	2005	2004
		£	£
	Profit for the financial year	36,653	5,765
	Issue of shares		100
		<u> </u>	<u> </u>
	Net addition to shareholders' funds	36,653	5,865
	Opening shareholders' funds	5,865	
		<u> </u>	<u> </u>
	Closing shareholders' funds	42,518	5,865
		<u> </u>	<u> </u>

QNOSTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Transactions with directors

As at 1 January 2005, Qnostics Limited owed Paul Wallace £2,948 in respect of consultancy services provided in the period to 31 December 2004. During the year Paul Wallace agreed to cancel his fee for consultancy services provided in the period to 31 December 2004 and a corresponding credit is included in these financial statements.

In the year to 31 December 2005, Paul Wallace provided scientific consultancy services to the company of £5,500. Payment for these services was received in full.

Jim Reid provided consultancy services to the company through Chimaera Bio, a partnership where Mr Reid has a 50% interest. The total value of these services is £30,437 and an amount of £13,725 is due to Jim Reid at the balance sheet date.

In the year to 31 December 2005, Anton van Loon a director of the company provided consultancy services and was due £2,000 at the balance sheet date.

In the year to 31 December 2005, Graham Cleator a director of the company also provided consultancy services and was due £2,000 at the balance sheet date.

12 Related party transactions

Paul Wallace is a director of Qnostics Limited and QCMD and is deemed to have sufficient influence over the financial and operating policies of both entities. Included in these financial statements is sales of £100,386 made to QCMD and stock and services purchased from QCMD of £27,180. Included in trade debtors at the year end is £45,924 to from QCMD.