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REGISTERED NUMBER: SC297009 (Scotland)

Abbreviated Accounts for the Year Ended 31 July 2015

for

Mode Diagnostics Limited

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COMPANIES HOUSE

Mode Diagnostics Limited (Registered number: SC297009)

Contents of the Abbreviated Accounts
for the year ended 31 July 2015

	Page
Company Information	1
Abbreviated Balance Sheet	2
Notes to the Abbreviated Accounts	4

Mode Diagnostics Limited

Company Information *for the year ended 31 July 2015*

DIRECTORS:

G Paterson
Dr H M Shaw
IP2IPO Services Limited
Dr J Brown

SECRETARY:

G Paterson

REGISTERED OFFICE:

Centre for Integrated Diagnostic Systems
Thomson Building
University of Glasgow
Glasgow
Lanarkshire
G12 8QQ

REGISTERED NUMBER:

SC297009 (Scotland)

ACCOUNTANTS:

Atraxa Consulting Limited
Brooke's Mill
Armitage Bridge
Huddersfield
West Yorkshire
HD4 7NR

Mode Diagnostics Limited (Registered number: SC297009)

Abbreviated Balance Sheet

31 July 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	2	62,211	44,694
Investments	3	-	-
		<u>62,211</u>	<u>44,694</u>
CURRENT ASSETS			
Stocks		37,093	19,463
Debtors		24,651	61,984
Cash at bank		330,554	387,651
		<u>392,298</u>	<u>469,098</u>
CREDITORS			
Amounts falling due within one year		<u>76,371</u>	<u>66,507</u>
NET CURRENT ASSETS		<u>315,927</u>	<u>402,591</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>378,138</u></u>	<u><u>447,285</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	1,407	1,025
Share premium		3,647,875	2,896,453
Profit and loss account		<u>(3,271,144)</u>	<u>(2,450,193)</u>
SHAREHOLDERS' FUNDS		<u><u>378,138</u></u>	<u><u>447,285</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2015.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2015 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these abbreviated accounts

Mode Diagnostics Limited (Registered number: SC297009)

Abbreviated Balance Sheet - continued
31 July 2015

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 3rd February 2016 and were signed on its behalf by:


.....
G Paterson - Director

The notes form part of these abbreviated accounts

Mode Diagnostics Limited (Registered number: SC297009)

Notes to the Abbreviated Accounts *for the year ended 31 July 2015*

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis which assumes that the company will have sufficient financial resources available to enable it to continue in operation for the foreseeable future.

The company made a loss of £820,951 in the year ended 31 July 2015 and further losses post year end. At 31 July 2015 the company had net assets of £378,138 and a cash balance of £330,554.

To date, the company has been financed by the issue of equity, shareholder loans, sales revenue and grant income. The company does not have any agreed bank overdraft or other borrowing facilities. During the year the company raised £604,000 from the issue of new shares, which included subscriptions from some of the existing shareholders. In addition, the company issued further equity shares to convert its outstanding shareholder loans into equity.

The Directors have prepared a cash flow forecast which covers a period of 12 months to 28 February 2017. This forecast shows that the company expects to have sufficient financial resources to remain solvent throughout this period.

As stated in the Report of the Directors, the company has completed its research and development phase. Subsequent to the year end, the directors have decided not to manufacture and sell the company's products itself but to focus on the exploitation of its portfolio of intellectual property and the proprietary technology through third parties. Consequently, during the next financial year, the directors will seek to sell or licence the company's intellectual property to provide a future revenue stream for the company.

Subsequent to the year end, all of the company's operational and administrative staff have been made redundant. Consequently, the directors expect that the ongoing operational costs of the company will be significantly lower for the next 12 months and this is reflected in the cash flow forecasts. Additionally, assumptions have been made in the forecasts in respect of the remainder of the company's operating lease commitments in respect of its premises, which it is expecting to vacate within the next six months.

The board anticipates that if it can successfully secure revenue streams, through royalties, from its intellectual property, the focus of the company will be the exploitation of the intellectual property portfolio. In the event that sufficient income cannot be generated from the sale or licensing of intellectual property then the company may not be able to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

Consequently, after due and careful consideration, the Directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Preparation of consolidated financial statements

The financial statements contain information about Mode Diagnostics Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Mode Diagnostics Limited (Registered number: SC297009)

Notes to the Abbreviated Accounts - continued *for the year ended 31 July 2015*

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost and 20% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is expected that they will be able to be utilised against future profits.

Research and development

Research expenditure undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities, whereby research findings are applied for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. Amortisation is charged to the profit and loss account on a straight line basis over the useful economic life of the activity.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company makes contributions to private pension arrangements on behalf of certain individual employees. These contributions are charged to the profit and loss account in the period to which they relate.

Grants

Grants receivable in connection with expenditure on tangible fixed assets are accounted for as deferred income, which is credited to the profit and loss account over the estimated useful economic life of the related assets on a basis consistent with the depreciation policy. Revenue grants for the reimbursement of costs charged to the profit and loss account are credited to the profit and loss account in the year in which the costs are incurred.

Mode Diagnostics Limited (Registered number: SC297009)

Notes to the Abbreviated Accounts - continued
for the year ended 31 July 2015

2. TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 August 2014	67,203
Additions	42,500
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At 31 July 2015	109,703
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DEPRECIATION	
At 1 August 2014	22,509
Charge for year	24,983
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At 31 July 2015	47,492
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NET BOOK VALUE	
At 31 July 2015	62,211
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At 31 July 2014	44,694
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3. FIXED ASSET INVESTMENTS

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Mode Health Limited

Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00

The company has one subsidiary undertaking, Mode Health Limited, with share capital of 1 ordinary share of £0.01. This subsidiary has not traded since incorporation.

4. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
774,922	Ordinary	0.1p	775	775
78,634	A Ordinary	0.1p	79	44
552,569	A Preferred	0.1p	553	206
			<hr/>	<hr/>
			1,407	1,025
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Mode Diagnostics Limited (Registered number: SC297009)

Notes to the Abbreviated Accounts - continued *for the year ended 31 July 2015*

4. CALLED UP SHARE CAPITAL - continued

On 27 February 2015 the company issued 13,408 A Ordinary Shares and 65,473 A Preferred Shares at a price of £2 per share upon the conversion of outstanding shareholder loans to the value of £157,762.

On 27 February 2015 the company issued 20,062 A Ordinary shares at a price of £2 per share for cash consideration of £40,124. On the same date, the company issued 280,590 A Preferred Shares at a price of £2 per share for cash consideration of £561,180.

On 27 March 2015 the company issued 868 A Ordinary shares at a price of £2 per share for cash consideration of £1,736. On the same date, the company issued 500 A Preferred Shares at a price of £2 per share for cash consideration of £1,000.

Share rights

All share classes have the right to one vote per share and carry the right to vote at a general meeting. They are all non redeemable. They carry the right to receive income on the same basis as all other share classes on a pro-rata basis to the number of shares held in each class.

They have the right to receive a return of capital pro-rata amongst all share classes subject to the following:

Share sale:

If the proceeds are equal to or less than the aggregate subscription amount, the proceeds shall be distributed pro-rata amongst the holders of the A Preferred Shares and the A Ordinary Shares according to the total subscription amount paid by such shareholders and the holders of the Ordinary Shares will not receive a distribution of any proceeds. In the event that the proceeds are greater than the aggregate subscription amount but distribution on a pro-rata basis amongst all shareholders would result in any holders of the A Preferred Shares and/or the A Ordinary Shares receiving less than the aggregate subscription amount paid by them, then the proceeds shall be distributed:

(a) first in paying to those holders of the A Preferred Shares and A Ordinary Shares an amount equal to the aggregate subscription price for those shares; and

(b) second any remaining proceeds shall be distributed pro-rata amongst all remaining shareholders, provided that, if the payment would result in any holders of lower priced Preferred Shares receiving less than the aggregate subscription price, then they will also be paid their subscription price and the amount payable to other shareholders shall be recalculated and reduced accordingly.

5. RELATED PARTY DISCLOSURES

The University of Glasgow

Parent undertaking of a shareholder, GU Holdings Ltd

The company received invoices for rent and associated costs from the University of Glasgow totalling £25,560 (2014: £17,350). In addition the company had accrued £nil (2014: £7,853) for rent charges not invoiced by the University of Glasgow at the year end.

	2015	2014
	£	£
Amount due (to)/from related party at the balance sheet date	(25,179)	1,539

Mode Diagnostics Limited (Registered number: SC297009)

Notes to the Abbreviated Accounts - continued
for the year ended 31 July 2015

5. RELATED PARTY DISCLOSURES - continued

IP2IPO Limited

Shareholder

Legal fees and travelling expenses amounting in total to £7,033 were recharged by IP2IPO Limited during the year (2014: Recruitment expenses, office costs and travel expenses totalling £7,608).

	2015	2014
	£	£
Amount due to related party at the balance sheet date	29	-
	<u> </u>	<u> </u>

Techtran Group Ltd

Connected to IP2IPO Limited, a shareholder

Business support fees and office running costs totalling £1,571 (2014: £10,219) were recharged to the company by Techtran Group Limited.

	2015	2014
	£	£
Amount due to related party at the balance sheet date	-	315
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