

Tissuemed Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2009

Registration number: 1902503

Tissuemed Limited

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Tissuemed Limited
Company Information

Chairman	Paul L. Banner
Directors	Paul L. Banner Nicholas P. Woods David J. Mandley (appointed 4 July 2008) David W. Hobdey Jeremy D. Sampson (appointed 1 May 2008)
Secretary	Judith Whitworth (appointed 4 July 2008)
Registered office	5 Killingbeck Drive Leeds LS14 6UF
Bankers	Royal Bank of Scotland Leeds 27 Park Row Leeds LS1 5QB
Auditors	RSM Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP

Tissuemed Limited

Directors' Report for the Year Ended 31 March 2009

The directors present their report and the audited financial statements for the year ended 31 March 2009.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, 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 a 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 the 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.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is the development and sale of bioprosthetic medical devices aimed at cardiovascular and other significant areas of surgery.

Directors

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

- Paul L. Banner
- Nicholas P. Woods
- David J. Mandley (appointed 4 July 2008)
- David W. Hobdey
- Jeremy D. Sampson (appointed 1 May 2008)
- David Fortune (Resigned 10 July 2008)

Small company provisions

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

Tissuemed Limited
Directors' Report for the Year Ended 31 March 2009

..... *continued*

Approved by the Board and signed on its behalf by:


.....

Judith Whitworth
Company Secretary

Date: *2nd Sept 2009*

Independent Auditors' Report to the Members of Tissuemed Limited

We have audited the financial statements of Tissuemed Limited for the year ended 31 March 2009 set out on pages 5 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standards for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' 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

As described in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 transactions with the company 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 an 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 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.



RSM Bentley Jennison
Chartered Accountants & Registered Auditors

Date: 08/09/09

2 Wellington Place
Leeds
LS1 4AP

Tissuemed Limited
Profit and Loss Account for the Year Ended 31 March 2009

	Note	2009 £	2008 £
Turnover	2	309,320	269,680
Cost of sales		(122,826)	(50,450)
Gross profit		<u>186,494</u>	<u>219,230</u>
Administrative expenses		(1,483,000)	(1,287,497)
Operating loss	3	<u>(1,296,506)</u>	<u>(1,068,267)</u>
Other interest receivable and similar income		43,061	72,804
Loss on ordinary activities before taxation		<u>(1,253,445)</u>	<u>(995,463)</u>
Tax on loss on ordinary activities	5	117,074	136,146
Loss for the financial year	10	<u><u>(1,136,371)</u></u>	<u><u>(859,317)</u></u>

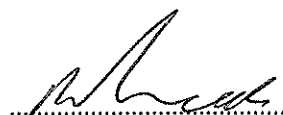
The notes on pages 7 to 11 form an integral part of these financial statements.

Tissuemed Limited
Balance Sheet as at 31 March 2009

		2009		2008	
	Note	£	£	£	£
Fixed assets					
Tangible assets	6		117,959		91,190
Current assets					
Stocks		41,977		33,045	
Debtors	7	340,500		318,646	
Cash at bank and in hand		1,027,882		1,943,960	
		1,410,359		2,295,651	
Creditors: Amounts falling due within one year	8	(284,503)		(256,656)	
Net current assets			1,125,856		2,038,995
Net assets			1,243,815		2,130,185
Capital and reserves					
Called up share capital	9		10,957,411		10,929,633
Share premium reserve	10		5,682,752		5,460,529
Profit and loss account	10		(15,396,348)		(14,259,977)
Shareholders' funds			1,243,815		2,130,185

The 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 January 2007).

Approved by the Board on ^{14 Sept 2009} and signed on its behalf by:



Nicholas P. Woods
 Director

The notes on pages 7 to 11 form an integral part of these financial statements.

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2009

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007). The principal accounting policies are set out below.

Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	20% straight line basis
Fixtures and fittings	20% - 33.33% straight line basis

Research and development expenditure

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year. 90.06% of the company's turnover related to exports (2008 - 72.81%).

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2009

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3 Operating loss

Operating loss is stated after charging/(crediting):

	2009 £	2008 £
The audit of the company's annual accounts	4,000	5,000
Foreign currency gains	(10,205)	(10,291)
Depreciation of tangible fixed assets	35,176	25,020
	35,176	25,020

4 Directors' emoluments

The directors' emoluments for the year are as follows:

	2009 £	2008 £
Directors' remuneration (including benefits in kind)	356,383	307,299
Directors' pension contributions	7,831	11,855
	364,214	319,154

During the year the number of directors who were accruing benefits under company pension schemes was as follows:

	2009 No.	2008 No.
Money purchase	1	1
	1	1

5 Taxation

Analysis of current period tax credit

	2009 £	2008 £
Current tax		
Corporation tax credit	(122,547)	(136,146)
(Over)/under provision in previous year	5,473	-
	(117,074)	(136,146)
UK Corporation tax		

The company has tax losses available to carry forward of approximately £12,200,000.

The credit in the accounts relates to an R&D tax credit receivable.

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2009

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6 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
As at 1 April 2008	321,239	235,557	556,796
Additions	42,595	19,350	61,945
Disposals	(595)	(1,989)	(2,584)
As at 31 March 2009	<u>363,239</u>	<u>252,918</u>	<u>616,157</u>
Depreciation			
As at 1 April 2008	243,571	222,035	465,606
Eliminated on disposals	(595)	(1,989)	(2,584)
Charge for the year	26,536	8,640	35,176
As at 31 March 2009	<u>269,512</u>	<u>228,686</u>	<u>498,198</u>
Net book value			
As at 31 March 2009	<u>93,727</u>	<u>24,232</u>	<u>117,959</u>
As at 31 March 2008	<u>77,668</u>	<u>13,522</u>	<u>91,190</u>

7 Debtors

	2009 £	2008 £
Trade debtors	66,645	58,219
Corporation tax recoverable	122,547	136,146
VAT recoverable	12,697	20,518
Prepayments and accrued income	138,611	103,763
	<u>340,500</u>	<u>318,646</u>

8 Creditors: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	162,446	124,152
Social security and other taxes	17,994	18,949
Other creditors	16,430	16,672
Accruals and deferred income	87,633	96,883
	<u>284,503</u>	<u>256,656</u>

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2009

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9 Share capital

Authorised

Equity	2009 £	2008 £
54,000,000 Ordinary shares of 1 pence each	540,000	540,000
1,200,000 Ordinary shares of 50 pence each	600,000	600,000
43,440,000 Ordinary shares of 25 pence each	10,860,000	10,860,000
750,000,000 Ordinary shares of 0.5 pence each	3,750,000	3,750,000
	<u>15,750,000</u>	<u>15,750,000</u>

Allotted, called up and fully paid

Equity	2009 £	2008 £
5,003,137 Ordinary shares of 1 pence each	50,031	50,031
911,460 Ordinary shares of 50 pence each	455,730	455,730
36,296,599 Ordinary shares of 25 pence each	9,074,150	9,074,150
275,499,999 (2008 - 269,944,444) Ordinary shares of 0.5 pence each	1,377,500	1,349,722
	<u>10,957,411</u>	<u>10,929,633</u>

During the year 5,555,555 ordinary shares of 0.5 pence each were issued at 4.5 pence.

All classes of ordinary shares are ranked pari passu.

Paul L. Banner and David H. Fortune have options to acquire 994,681 and 333,000 ordinary shares of 0.5 pence each at an exercise price of 4.5 pence per share respectively. David H. Fortune also has options to acquire 1,624,286 ordinary shares of 0.5 pence each at an exercise price of 2 pence per share.

10 Reserves

	Share premium reserve £	Profit and loss account £	Total £
Balance at 1 April 2008	5,460,529	(14,259,977)	(8,799,448)
Premium on issue of shares	222,223	-	222,223
Transfer from profit and loss account for the year	-	(1,136,371)	(1,136,371)
Balance at 31 March 2009	<u>5,682,752</u>	<u>(15,396,348)</u>	<u>(9,713,596)</u>

Tissuemed Limited

Notes to the Financial Statements for the Year Ended 31 March 2009

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11 Operating lease commitments

As at 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2009 £	2008 £	2009 £	2008 £
Within two to five years	<u>62,900</u>	<u>62,900</u>	<u>14,584</u>	<u>5,625</u>

12 Related parties

Controlling entity

The company is not controlled by any one person.

13 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £31,258 (2008 - £26,312).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.