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Company Registration No. 01902503 (England and Wales)

TISSUEMED LIMITED
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016

TISSUEMED LIMITED
COMPANY INFORMATION

Directors	Paul L. Banner Jeremy D. Sampson David J. Mandley
Secretary	Judith Whitworth
Company number	01902503
Registered office	5 Killingbeck Drive Leeds West Yorkshire LS14 6UF
Auditors	RSM UK Audit LLP Chartered Accountants 2 Whitehall Quay Leeds West Yorkshire LS1 4HG

TISSUEMED LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company is the design, development, manufacture and sale of innovative adhesive medical devices for use in internal surgical procedures. The devices are based on the company's proprietary TissueBond bioadhesive technology and through its family of TissuePatch™ products are designed to improve clinical outcomes and provide cost benefits to hospitals.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Paul L. Banner
Jeremy D. Sampson
David J. Mandley

Auditors

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....
Jeremy D. Sampson
Director

.....
11/03/2016

TISSUEMED LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TISSUEMED LIMITED

We have audited the financial statements on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

RSM UK Audit LLP

Daniel Varley (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

20 October 2016

TISSUEMED LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	2	772,543	728,130
Cost of sales		(87,847)	(89,130)
Gross profit		684,696	639,000
Research and development		(305,864)	(314,370)
Administrative expenses		(639,616)	(614,716)
Other operating income		82,640	8,534
Operating loss		(178,144)	(281,552)
Interest receivable and similar income		5,656	7,895
Loss on ordinary activities before taxation	3	(172,488)	(273,657)
Tax on loss on ordinary activities	5	66,192	87,939
Loss for the financial year	13	(106,296)	(185,718)

TISSUEMED LIMITED**BALANCE SHEET
AS AT 31 MARCH 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	6		13,069		19,028
Current assets					
Stocks	7	63,167		68,957	
Debtors	8	304,530		239,005	
Cash at bank and in hand		1,449,926		1,578,528	
		<u>1,817,623</u>		<u>1,886,490</u>	
Creditors: amounts falling due within one year	9	<u>(145,438)</u>		<u>(113,968)</u>	
Net current assets			<u>1,672,185</u>		<u>1,772,522</u>
Total assets less current liabilities			<u><u>1,685,254</u></u>		<u><u>1,791,550</u></u>
Capital and reserves					
Called up share capital	11		11,290,744		11,290,744
Share premium account	13		8,274,086		8,274,086
Profit and loss account	13		<u>(17,879,576)</u>		<u>(17,773,280)</u>
Shareholders' funds			<u><u>1,685,254</u></u>		<u><u>1,791,550</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements on pages 4 to 9 were approved by the board of directors and authorised for issue on 31 March 2016 and are signed on its behalf by:

.....
 Jeremy D. Sampson
 Director

TISSUEMED LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Going concern

The directors have considered the company's financial position. The company has net current assets £1,672,185 (2015 - £1,772,522), and budgeted projections show that the company will be able to meet its liabilities as they fall due. Therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Research and development

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

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:

Equipment	20% straight line basis
Fixtures and fittings	20% - 33% straight line basis

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the anticipated sales proceeds less any costs of disposal.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Share-based payments

The company has issued share options to certain directors and employees. These financial statements have been prepared in accordance with Financial Reporting Standard for Small Entities which does not require equity-settled share based payment arrangements to be recognised as an expense.

TISSUEMED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies (Continued)

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Turnover

In the year to 31 March 2016 65% (2015 - 69%) of the company's turnover was to markets outside the United Kingdom.

3	Loss on ordinary activities before taxation	2016 £	2015 £
	Loss on ordinary activities before taxation is stated after charging/ (crediting):		
	Operating lease charges	46,054	49,618
	Depreciation of tangible fixed assets		
	- owned	9,530	9,898
	Government grants	(58,886)	-
	Auditor's remuneration for statutory audit	5,475	5,500
		<u> </u>	<u> </u>
4	Directors' remuneration	2016 £	2015 £
	Directors' remuneration	174,211	174,249
	Value of company pension contributions to money purchase schemes	4,590	4,590
		<u> </u>	<u> </u>
		<u>178,801</u>	<u>178,839</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

5	Tax on loss on ordinary activities	2016 £	2015 £
	Current tax		
	U.K. corporation tax	(66,192)	(87,939)
		<u> </u>	<u> </u>
	Total current tax	<u>(66,192)</u>	<u>(87,939)</u>

TISSUEMED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

6 Tangible fixed assets

	Equipment £	Fixtures and fittings £	Total £
Cost			
At 1 April 2015	381,988	296,539	678,527
Additions	-	3,571	3,571
At 31 March 2016	<u>381,988</u>	<u>300,110</u>	<u>682,098</u>
Depreciation			
At 1 April 2015	373,615	285,884	659,499
Charge for the year	2,011	7,519	9,530
At 31 March 2016	<u>375,626</u>	<u>293,403</u>	<u>669,029</u>
Net book value			
At 31 March 2016	<u>6,362</u>	<u>6,707</u>	<u>13,069</u>
At 31 March 2015	<u>8,373</u>	<u>10,655</u>	<u>19,028</u>

7 Stocks

	2016 £	2015 £
Stocks	<u>63,167</u>	<u>68,957</u>

8 Debtors

	2016 £	2015 £
Trade debtors	176,912	128,493
Corporation tax	66,192	87,939
VAT recoverable	6,014	4,725
Other debtors	55,412	17,848
	<u>304,530</u>	<u>239,005</u>

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	83,496	43,543
Taxes and social security costs	12,959	12,473
Other creditors	48,983	57,952
	<u>145,438</u>	<u>113,968</u>

TISSUEMED LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

10 Commitments under operating leases

At 31 March 2016 the company was committed to making the following payments under non-cancellable operating leases

	2016 £	2015 £
Operating leases which expire:		
Within one year	560	43,168
Between two and five years	5,430	2,886
	<u>5,990</u>	<u>46,054</u>

11 Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
5,003,137 1p Ordinary shares of 1p each	50,031	50,031
911,460 50p Ordinary shares of 50p each	455,730	455,730
36,296,599 25p Ordinary shares of 25p each	9,074,150	9,074,150
342,166,666 0.5p Ordinary shares of 0.5p each	1,710,833	1,710,833
	<u>11,290,744</u>	<u>11,290,744</u>

12 Share-based payments

The following share options, to subscribe for Ordinary shares of 0.5p each, existed during the period:

Grant Date	Subscription price per share £	Vesting period	Number of shares for which rights are exercisable	
			2016	2015
25-May-07	0.020	10 years	2,610,827	2,610,827
01-Aug-07	0.045	10 years	5,500,000	5,500,000
07-Dec-07	0.045	10 years	2,575,714	2,575,714
25-Nov-14	0.005	10 years	10,000,000	10,000,000

13 Reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2015	8,274,086	(17,773,280)
Loss for the year	-	(106,296)
	<u>8,274,086</u>	<u>(17,879,576)</u>