

# **THE AEROGEN COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2004**

**COMPANY REGISTRATION NUMBER 2282511**



**menzies | chartered accountants**

# THE AEROGEN COMPANY LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

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CONTENTS	PAGES
Officers and professional advisers	1
The director's report	2
Independent auditors' report to the shareholder	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 to 9
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	11
Notes to the detailed profit and loss account	12

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# THE AEROGEN COMPANY LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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### THE BOARD OF DIRECTORS

M Brueckner

### COMPANY SECRETARY

Humphries Kirk Services Limited

### REGISTERED OFFICE

17 Newman Lane  
Alton  
Hampshire  
GU34 2QR

### AUDITORS

Menzies  
*Chartered Accountants*  
& Registered Auditors  
Longbridge House  
3 Downing Street  
Farnham  
Surrey  
GU9 7NX

### BANKERS

National Westminster Plc  
105 High Street  
Winchester  
Hampshire  
SO23 9AW

# THE AEROGEN COMPANY LIMITED

## THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2004

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The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the design, manufacture and supply of gas flame systems for the manufacturing industry.

### THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 31 December 2004	At 1 January 2004
M Brueckner	140,000	140,000

### THE INTRODUCTION OF THE EURO

The director has reviewed the implications and consequential effects of the introduction of the Euro, but does not consider that there has been an adverse effect upon the company or its business.

### DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

### AUDITORS

A resolution to re-appoint Menzies as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### SMALL COMPANY PROVISIONS

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

Registered office:  
17 Newman Lane  
Alton  
Hampshire  
GU34 2QR

Signed by



M Brueckner

Approved by the director on 4 March 2005

# THE AEROGEN COMPANY LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF THE AEROGEN COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2004

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We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 6 to 7.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Director's Report is not consistent with the financial statements, if 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

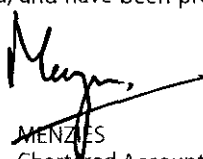
### BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the director 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MENZIES  
Chartered Accountants  
& Registered Auditors

Longbridge House  
3 Downing Street  
Farnham  
Surrey  
GU9 7NX

7 March 2005

# THE AEROGEN COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>		1,321,717	1,181,121
Cost of sales		618,971	544,627
<b>GROSS PROFIT</b>		702,746	636,494
Administrative expenses		522,616	652,492
Other operating income		(11,770)	(4,030)
<b>OPERATING PROFIT/(LOSS)</b>	2	191,900	(11,968)
Loss on disposal of fixed assets		-	(11,437)
Exceptional income		-	173,988
Cost of restructuring the company		-	(30,693)
		191,900	119,890
Interest receivable		1,278	1,486
Interest payable		-	(1,822)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		193,178	119,554
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		193,178	119,554

The notes on pages 6 to 9 form part of these financial statements.

# THE AEROGEN COMPANY LIMITED

## BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £	£	2003 £	£
<b>FIXED ASSETS</b>					
Intangible assets	4		3,332		5,000
Tangible assets	5		17,322		14,501
			<u>20,654</u>		<u>19,501</u>
<b>CURRENT ASSETS</b>					
Stocks		80,552		92,199	
Debtors	6	263,715		238,355	
Cash at bank and in hand		126,246		19,893	
		<u>470,513</u>		<u>350,447</u>	
<b>CREDITORS: Amounts falling due within one year</b>	7	136,754		210,213	
<b>NET CURRENT ASSETS</b>			<u>333,759</u>		<u>140,234</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>354,413</u>		<u>159,735</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Other Provisions	8		19,500		18,000
			<u>334,913</u>		<u>141,735</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	11		140,000		140,000
Profit and loss account	12		194,913		1,735
<b>SHAREHOLDER'S FUNDS</b>			<u>334,913</u>		<u>141,735</u>

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

These financial statements were approved and signed by the director on 4 March 2005.



M Brueckner

The notes on pages 6 to 9 form part of these financial statements.

# THE AEROGEN COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the *Financial Reporting Standard for Smaller Entities* (effective June 2002).

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax and trade discounts.

#### Intangible assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Development costs - over 10 years

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15% to 25% reducing balance
Fixtures & Fittings	-	15% to 25% reducing balance
Motor Vehicles	-	25% reducing balance
Computer Equipment	-	50% straight line

#### Stocks

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

#### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.



# THE AEROGEN COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 1. ACCOUNTING POLICIES *(continued)*

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2004 £	2003 £
Director's emoluments	–	30,575
Staff pension contributions	8,894	7,374
Amortisation	1,668	4,355
Depreciation of owned fixed assets	10,387	10,847
Loss on disposal of fixed assets	125	2,281
Auditors' fees	5,700	4,400
Net loss/(profit) on foreign currency translation	523	(1,245)

### 3. EXCEPTIONAL ITEMS

During the prior year the director wrote off £173,988 of loan balances due to him from the company. This is shown separately on the face of the profit and loss account as exceptional income.

### 4. INTANGIBLE FIXED ASSETS

	Patent £
<b>COST</b>	
At 1 January 2004 and 31 December 2004	27,779
<b>AMORTISATION</b>	
At 1 January 2004	22,779
Charge for the year	1,668
At 31 December 2004	24,447
<b>NET BOOK VALUE</b>	
At 31 December 2004	3,332
At 31 December 2003	5,000

# THE AEROGEN COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 5. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>					
At 1 January 2004	9,785	3,958	14,308	2,076	30,127
Additions	-	423	-	12,910	13,333
Disposals	-	(165)	-	-	(165)
<b>At 31 December 2004</b>	<b>9,785</b>	<b>4,216</b>	<b>14,308</b>	<b>14,986</b>	<b>43,295</b>
<b>DEPRECIATION</b>					
At 1 January 2004	3,299	567	11,500	260	15,626
Charge for the year	973	523	2,808	6,083	10,387
On disposals	-	(40)	-	-	(40)
<b>At 31 December 2004</b>	<b>4,272</b>	<b>1,050</b>	<b>14,308</b>	<b>6,343</b>	<b>25,973</b>
<b>NET BOOK VALUE</b>					
<b>At 31 December 2004</b>	<b>5,513</b>	<b>3,166</b>	<b>-</b>	<b>8,643</b>	<b>17,322</b>
At 31 December 2003	6,486	3,391	2,808	1,816	14,501

### 6. DEBTORS

	2004 £	2003 £
Trade debtors	214,503	131,431
Other debtors	49,212	106,924
	<b>263,715</b>	<b>238,355</b>

### 7. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	-	9,444
Trade creditors	41,561	79,404
Other creditors including taxation and social security:		
PAYE and social security	9,445	19,548
Directors current accounts	36,917	44,753
Other creditors	14,099	37,304
Accruals and deferred income	34,732	19,760
	<b>136,754</b>	<b>210,213</b>

### 8. OTHER PROVISIONS

	2004 £	2003 £
Contract provisions	19,500	18,000

# THE AEROGEN COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 9. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2004 £	2003 £
Operating leases which expire:		
Within 1 year	1,165	–
Within 2 to 5 years	–	2,897
After more than 5 years	36,750	36,750
	<u>37,915</u>	<u>39,647</u>

### 10. RELATED PARTY TRANSACTIONS

At 31 December 2004 the balance outstanding to M Brueckner, the company's director and shareholder, was £36,917 (2003 - £44,753). During the year the loan was reduced by £7,836 (2003 - £4,244) by way of personal expenses and capital repayments. No interest has been charged on these loans.

### 11. SHARE CAPITAL

#### Authorised share capital:

	2004 £	2003 £
140,000 Ordinary shares of £1 each	<u>140,000</u>	<u>140,000</u>

#### Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>

### 12. PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
Balance brought forward	1,735	(117,819)
Retained profit for the financial year	<u>193,178</u>	<u>119,554</u>
Balance carried forward	<u>194,913</u>	<u>1,735</u>

### 13. CONTROLLING PARTY

The company is under the control of M Brueckner the sole director and shareholder.