

# **Oxitec Limited**

Financial statements

For the period from 15 August 2002 to 31 August 2003



**Company No. 04512301**

## Company information

<b>Company registration number</b>	04512301
<b>Registered office</b>	Second Floor, Park Gate 25 Milton Park Oxford OX14 4SH
<b>Directors</b>	Dr L S Alphey Dr D H Brooks Mr L T Clay Mr J S Garner Dr D W Kelly Mr E D K Mott
<b>Secretary</b>	BHD Secretaries Limited
<b>Bankers</b>	HSBC Plc 65 Cornmarket Street Oxford Oxfordshire OX1 3HY
<b>Auditors</b>	Grant Thornton Chartered Accountants Registered Auditors 1 Westminster Way Oxford OX2 0PZ

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## Report of the directors

The directors present their report and the financial statements of the company for the period from the incorporation date of 15 August 2002 to 31 August 2003.

### Principal activities and business review

The principal activity of the company during the period was research and development in biotechnology.

There was a loss for the period after taxation amounting to £325,936.

The directors do not recommend payment of a dividend.

### The directors and their interests in shares of the company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares of £1 each
	At
	31 August 2003
Dr L S Alphey	58,000
Dr D H Brooks	3,700
Mr L T Clay	—
Mr J S Garner	—
Dr D W Kelly	12,300
Mr E D K Mott	—

Dr L S Alphey was appointed as a director on 15 August 2002.

Dr D H Brooks was appointed as a director on 16 August 2002.

Mr L T Clay was appointed as a director on 28 August 2002.

Mr J S Garner was appointed as a director on 28 August 2002.

Dr D W Kelly was appointed as a director on 16 August 2002.

Mr E D K Mott was appointed as a director on 28 August 2002.

### Directors' responsibilities

Company law in the United Kingdom 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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

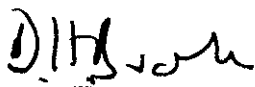
**Auditors**

Grant Thornton offer themselves for reappointment as auditors 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.

ON BEHALF OF THE BOARD



D H Brooks

Director

24 November 2003

## Report of the independent auditors to the members of Oxitec Limited

We have audited the financial statements of Oxitec Limited for the period from 15 August 2002 to 31 August 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the accounting policies set out therein.

This report is made solely to the company's members, 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 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**

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

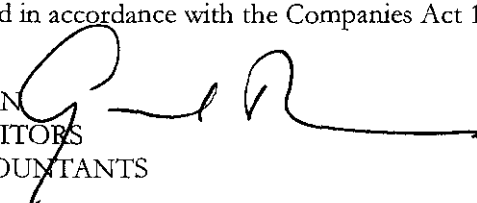
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 of the state of affairs of the company as at 31 August 2003 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
OXFORD



8 December 2003

## Principal 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 June 2002).

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries it qualifies as small group under s248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of value added tax.

### **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	-	20%
Equipment	-	33%

### **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.

### **Research and development**

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

### **Investments**

Investments are held at cost.

### **Government grants**

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

## Profit and loss account

	Note	Period from 15 Aug 02 to 31 Aug 03 £
Turnover		93,551
Other operating income and charges	1	497,909
Operating loss	2	(404,358)
Interest receivable		41,012
Interest payable		90
Loss on ordinary activities before taxation		(363,436)
Taxation	5	37,500
Retained loss for the financial period	14	(325,936)

## Balance sheet

	Note	31 Aug 03 £
<b>Fixed assets</b>		
Tangible assets	6	17,168
Investments	7	2
		<u>17,170</u>
<b>Current assets</b>		
Debtors	8	115,815
Cash at bank and in hand		<u>1,065,840</u>
		1,181,655
<b>Creditors: amounts falling due within one year</b>	9	<u>44,153</u>
<b>Net current assets</b>		<u>1,137,502</u>
<b>Total assets less current liabilities</b>		<u>1,154,672</u>
<b>Capital and reserves</b>		
Called-up share capital	13	1,800
Share premium account	14	1,478,808
Profit and loss account	14	(325,936)
		<u>1,154,672</u>
<b>Shareholders' funds</b>		<u>1,154,672</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 by the directors on 24/11/03 and are signed on their behalf by:

  
D H Brooks

## Notes to the financial statements

### 1 Other operating income and charges

	Period from 15 Aug 02 to 31 Aug 03
	£
Administrative expenses	532,336
Other operating income	(34,427)
	<u>497,909</u>

### 2 Operating loss

Operating loss is stated after charging/(crediting):

	Period from 15 Aug 02 to 31 Aug 03
	£
Directors' emoluments	137,375
Depreciation	1,713
Auditors' fees	2,500
Foreign currency translation exchange loss	(1,865)

### 3 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 11.

The aggregate payroll costs of the above were:

	Period from 15 Aug 02 to 31 Aug 03
	£
Wages and salaries	264,111
Social security costs	18,482
	<u>282,593</u>

## Notes to the financial statements

### 4 Directors

Remuneration in respect of the directors was as follows:

	Period from 15 Aug 02 to 31 Aug 03 £
Emoluments	<u>137,375</u>

### 5 Taxation

	Period from 15 Aug 02 to 31 Aug 03 £
Research and development tax credit	<u>37,500</u>

Unrelieved tax losses of £220,000 remain available for offset against future taxable trading profits.

### 6 Tangible fixed assets

	Plant & machinery £	Equipment £	Total £
Cost			
Additions	2,395	16,486	18,881
At 31 August 2003	<u>2,395</u>	<u>16,486</u>	<u>18,881</u>
Depreciation			
Charge for the period	218	1,495	1,713
At 31 August 2003	<u>218</u>	<u>1,495</u>	<u>1,713</u>
Net book value			
At 31 August 2003	<u>2,177</u>	<u>14,991</u>	<u>17,168</u>

**7 Fixed asset investment**

	31 Aug 03
	£
Additions	2
Cost and net book value at 31 August 2003	<u>2</u>

At 31 August 2003 the company held the allotted share capital of the following undertaking:

	Country of incorporation	Class of share capital held	Proportion held	Capital and reserves	(Loss) for the financial period
Subsidiary				£	£
Oxitec Singapore pte	Singapore	Ordinary	100%	(2,041)	(2,043)

**8 Debtors**

	31 Aug 03
	£
Trade debtors	23,775
Amounts owed by group undertakings	5,000
Other debtors	87,040
	<u>115,815</u>

**9 Creditors: amounts falling due within one year**

	31 Aug 03
	£
Trade creditors	28,375
Amounts owed to group undertakings	2
Other taxation and social security	10,986
Other creditors	4,790
	<u>44,153</u>

**10 Capital commitments**

The company had no capital commitments at 31 August 2003.

**11 Contingent assets and liabilities**

There were no contingent assets or liabilities at 31 August 2003.

**12 Related party transactions**

At the year end Oxitec Limited was owed £5,000 by Oxitec Singapore pte.

**13 Share capital**

Authorised share capital:

31 Aug 03

300,000 ordinary shares of 1p each

£  
3,000

Allotted, called up and fully paid:

31 Aug 03

180,016 ordinary shares of 1p each

£  
1,800

Allotments during the year

The company made an allotment of 180,016 ordinary shares by way of a new issue on 28 August 2002. The difference between the total consideration of £1,480,608 and the total nominal value of £1,800 has been credited to the share premium account.

**14 Reconciliation of shareholders' funds and movement on reserves**

	Share capital	Share premium account	Profit and loss account	Shareholders' funds
	£	£	£	£
Loss for the period	–	–	(325,936)	(325,936)
New share capital subscribed	1,800	1,478,808	–	1,480,608
Balance carried forward	1,800	1,478,808	(325,936)	1,154,672