

ULIVE ENTERPRISES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

REGISTERED NO: 04813101

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ULIVE ENTERPRISES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

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ULIVE ENTERPRISES LIMITED

Directors' report for the year ended 31 July 2008

The directors present their report and the audited financial statements for the year ended 31 July 2008.

Principal activities

The principal activities of the company are the identification, protection and commercialisation of intellectual property. The company is a wholly owned subsidiary of Ulive plc and is also the immediate parent of Ulive Innovations Ltd.

Review of business and future developments

During the year the company continued the strategy of protecting and commercialising intellectual property owned and developed by the University of Liverpool. The company, through its holding company Ulive plc, was successful in negotiating and completing an investment from its ultimate holding organisation and a subsequent additional external investment. These funds will allow the company to develop the business and accelerate the implementation of its strategic objectives.

Results and dividends

The result for the year is set out in the profit and loss account on page 4. The loss for the year is £222,000 (2007: £343,000).

The directors do not recommend the payment of a dividend (2007: £Nil). The company has made no political or charitable donations during the year (2007: £Nil).

Directors

The directors who have served during the year are as follows:

J. Beacham	Resigned 12.11.2007
S.F Exell	
A.J. Sibley	
M. Yuille	Appointed 18.01.2008
Prof. M. Dalziel	Appointed 18.01.2008
Prof. J. Caldwell	Appointed 18.01.2008

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Directors' indemnities

The company maintains liability insurance for its directors and officers. In accordance with the articles of association and with the approval of the shareholders the company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

ULIVE ENTERPRISES LIMITED

Directors' report for the year ended 31 July 2008 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each director at the date of the approval of the financial statements has confirmed:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report.
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Steps that a director ought to have taken would include making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence.

By order of the board of directors



A. Sibley
Director
20 November 2008

ULIVE ENTERPRISES LIMITED

Independent auditors' report to the members of ULive Enterprises Ltd

We have audited the financial statements of Ulive Enterprises Ltd for the year ended 31 July 2008, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions 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

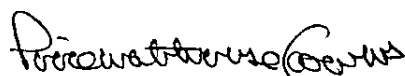
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, of the state of the company's affairs as at 31 July 2008 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
20 November 2008

ULIVE ENTERPRISES LIMITED**Profit and loss account for the year ended 31 July 2008**

	Notes	2008 £'000	2007 £'000
Turnover		75	5
Cost of Sales		<u>36</u>	<u>-</u>
Gross profit		39	5
Administrative expenses		(323)	(51)
Exceptional items	2	<u>-</u>	<u>(268)</u>
Operating loss	3	(284)	(314)
Interest receivable		46	13
Interest payable to group undertakings		<u>(42)</u>	<u>(60)</u>
Loss on ordinary activities before taxation		(280)	(361)
Tax credit	6	<u>58</u>	<u>18</u>
Loss for the financial year		<u>(222)</u>	<u>(343)</u>

The company's results above relate to continuing activities.

The company has no recognised gains or losses other than those included in the profit and loss account shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the result on ordinary activities before taxation and the retained result for the period and their historical cost equivalents.

ULIVE ENTERPRISES LIMITED

Balance sheet at 31 July 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	7	640	536
Tangible assets	8	5	-
Current assets			
Debtors	9	127	73
Cash at bank and in hand		<u>3,540</u>	<u>207</u>
		3,667	280
Creditors – amounts falling due within one year	10	<u>(4,304)</u>	<u>(617)</u>
Net current liabilities		<u>(637)</u>	<u>(377)</u>
Total assets less current liabilities		8	119
Creditors – amounts falling due after one year	11	<u>(574)</u>	<u>(543)</u>
Net liabilities		<u>(566)</u>	<u>(344)</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss reserve	14	<u>(566)</u>	<u>(344)</u>
Total shareholder's deficit	15	<u>(566)</u>	<u>(344)</u>

The financial statements on pages 4 to 11 were approved by the board of directors on 20 November 2008 and were signed on its behalf by:-



M.Yuille
Director



A.Sibley
Director

ULIVE ENTERPRISES LIMITED

Notes to the financial statements for the year ended 31 July 2008

1 Accounting policies

The financial statements have been prepared using the accounting policies described below which have been applied consistently throughout the period.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and have been drawn up to comply with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Exemption from consolidation

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, the University of Liverpool, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 "Cash Flow Statements (revised 1996)" from preparing a cash flow statement.

Turnover

Turnover represents income receivable from the company's principal activity excluding value added tax.

Taxation

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 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.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the 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.

Corporation tax payable is provided on taxable profits at the current rate.

Investments

Investments held by the Company are shown at cost where consideration has been paid for the shares.

The Company also owns investments where the shares have been allotted to it by the University of Liverpool at no cost and these are reported as having nil value. These shares were originally issued in return for the transfer of intellectual property rights from the University of Liverpool.

Certain investments owned by the University of Liverpool were transferred during the refinancing of the company. These investments have been transferred under the terms of a share sale agreement between the company and the University of Liverpool. The value attributed to these investments was agreed between the parties assuming recognised valuation mechanisms. The value of the investments has been included in investments.

ULIVE ENTERPRISES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

Investments (continued)

Where the Company has a majority shareholding in an investment the net assets have not been consolidated on the basis of immateriality. The reason for the non consolidation of the Interseq Genetics shareholding is explained in Note 7.

All investments are subject to an annual impairment review carried out by the Board of the company.

2 Exceptional items

	2008 £'000	2007 £'000
Aborted AIM flotation costs	=	<u>268</u>

The exceptional item relates to legal and professional costs incurred relating to the attempted float on the AIM market in 2007.

3 Operating loss

	2008 £'000	2007 £'000
Operating loss is stated after charging:-		
Auditors' remuneration		
• audit	1	2
• other services	-	1

4 Employee information

There were 2 employees during the year (2007: None).

5 Directors' emoluments

Total directors' emoluments for the year relating to activities of the company were £107,000 (2007: £Nil).

6 Tax on loss on ordinary activities

	2008 £'000	2007 £'000
Current tax		
UK corporation tax on loss for the period	(57)	(16)
Deferred tax		
Origination and reversal of timing differences	<u>(1)</u>	<u>(2)</u>
Total tax credit on loss on ordinary activities	<u>(58)</u>	<u>(18)</u>

The tax assessed for the period is lower than the small companies' rate applying in the UK (20%) (2007: 19%). The differences are explained below:

Loss on ordinary activities before tax	<u>(280)</u>	<u>(361)</u>
Loss on ordinary activities at the UK tax rate of 20% (2007: 19%)	(56)	(69)
Effects of:		
Expenses not deductible for tax purposes	-	53
Accelerated capital allowances/other timing differences	<u>(1)</u>	-
Total current tax credit	<u>(57)</u>	<u>(16)</u>

ULIVE ENTERPRISES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

7 Investments

	Cost		Transfer from University of Liverpool £'000	C/Fwd @ 31 July 2008 £'000	% Holding	
	B/Fwd @ 1 August 2007 £'000	Additions in year £'000			@1 August 2007	@31 July 2008
Ulive Innovations Ltd	500			500	80.10%	80.10%
Delphic Diagnostics Ltd	36	49	49	134	0.80%	4.86%
Intellihep Ltd	0	0	0	0	18.00%	18.00%
Interaseq Genetics Ltd	0	0	0	0	68.50%	68.50%
Iota Nanosolutions Ltd	0	0	0	0	0.04%	0.04%
Trucolour Ltd	0	0	0	0	0.00%	23.04%
Connect Internet Solutions Ltd	0	0	6	6	0.00%	25.00%
Nanositec Ltd	0	0	0	0	0.00%	60.00%
IVMD Inc	0	0	0	0	0.00%	0.07%
Q Technologies Ltd	0	0	0	0	0.00%	24.90%
Pepsyn Ltd	0	0	0	0	0.00%	3.54%
Theryte Ltd	0	0	0	0	0.00%	4.10%
Palindrom X Ltd	0	0	0	0	0.00%	11.25%
Provexis IBD Ltd	0	0	0	0	0.00%	25.00%
	536	49	55	640		

The company own 80.1% of the ordinary shares of Ulive Innovations Ltd. This company has not been consolidated as the results are consolidated in the accounts of the ultimate parent undertaking, the University of Liverpool. The University of Liverpool loaned the company £500,000 to acquire the shares in Ulive Innovations Ltd. The loan is secured against the shares of Ulive Innovations Ltd.

Under the terms of a share transfer agreement between the University of Liverpool and the company the interests in Delphic Diagnostics Ltd, Connect Internet Solutions Ltd, Nanositec Ltd, IVMD Inc, Q Technologies Ltd, Pepsyn Ltd, Theryte Ltd, PalindromX Ltd and Provexis IBD Ltd were acquired at an agreed valuation from the University of Liverpool. Consideration for the acquisition is payable on the ultimate sale of the shares in these companies. The value of the consideration is included in creditors.

None of the results of the companies in which shares are held is considered material and therefore they have not been consolidated in the accounts of the company. Where consideration has been paid for shares the value of the investment has been shown as the cost of acquisition. Certain shares have been allotted to the company at no cost in consideration of the transfer of intellectual property in to the company.

During the year the company invested £49,000 in Delphic Diagnostics Ltd under the terms of a rights issue. The University of Liverpool shareholding was transferred to the company under the terms of the share sale agreement above.

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Notes to the financial statements for the year ended 31 July 2008 (continued)

Investments (continued)

The shareholding in Interaseq Genetics Ltd includes a shareholding of 39% held in trust for Clatterbridge Cancer Research Trust (the beneficial owner). On the basis that the company does not hold a controlling interest in Interaseq Genetics Ltd the results of that company have not been consolidated

During the year the company were allotted shares representing 23.04% of Trucolour Ltd in return for the assignment of intellectual property.

Under the terms of the share transfer agreement above the company acquired a shareholding of 60% of Nanositec Ltd. The company has not yet traded and so no consolidation is required

8 Tangible Assets

	Office Equipment £'000
Cost	
Brought forward at 1 August 2007	-
Additions	<u>5</u>
Carried forward at 31 July 2008	<u>5</u>
Depreciation	
Brought forward at 1 August 2007	-
Charge for year	<u>1</u>
Carried forward at 31 July 2008	<u>1</u>
Net Book Value	
Brought forward at 1 August 2007	-
Carried forward at 31 July 2008	<u>5</u>

9 Debtors - amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed by Ulive Innovations Limited	8	5
Amounts owed by Ulive plc	2	-
Receivable for group relief	57	16
Deferred tax asset (Note 12)	3	2
Other Debtors	<u>57</u>	<u>50</u>
	<u>127</u>	<u>73</u>

10 Creditors – amounts falling due within one year

	2008 £'000	2007 £'000
Amounts due to Ulive plc	4,049	-
Amounts due to Ulive Innovations Ltd	31	-
Amounts due to the University of Liverpool	161	368
Trade Creditors	50	245
Accruals	-	4
PAYE	13	-
Total	<u>4,304</u>	<u>617</u>

During the year a loan payable to the University of Liverpool was transferred to Ulive plc and the debenture on the company's assets released.

ULIVE ENTERPRISES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

11 Creditors – amounts falling due after one year

	2008 £'000	2007 £'000
Amounts due to the University of Liverpool - loan	<u>574</u>	<u>543</u>

The intercompany loan is secured by a legal charge over the company's investment in Ulive Innovations Limited. Interest has been charged and at 1% above Bank of England base rate and added to the outstanding loan. The loan, together with accrued interest, is repayable on the tenth anniversary of the acceptance of the loan facility, being 22 November 2016.

12 Deferred taxation

	2008 £'000	2007 £'000
At 1 August	(2)	-
Deferred tax credit (Note 6)	<u>(1)</u>	<u>(2)</u>
At 31 July	<u>(3)</u>	<u>(2)</u>

The deferred tax asset of £3,000 (2007: £2,000) is included in debtors (Note 9).

The asset consists of accelerated capital allowances of £3,000 (2007: £2,000).

13 Called up share capital

	2008 £'000	2007 £'000
Authorised		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>
Allotted		
1 ordinary share issued, not paid	=	=

14 Profit and loss reserve

	£'000
At 1 August 2007	(344)
Retained loss for the year	<u>(222)</u>
At 31 July 2008	<u>(566)</u>

15 Reconciliation of movement in shareholders' deficit

	2008 £'000	2007 £'000
Shareholders' funds at 1 August	(344)	(1)
Loss for the financial year	<u>(222)</u>	<u>(343)</u>
Shareholders' funds at 31 July	<u>(566)</u>	<u>(344)</u>

ULIVE ENTERPRISES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

16 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Ulive plc.

The ultimate parent undertaking and controlling party is the University of Liverpool which is a charity registered in England and Wales.

The University of Liverpool is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 July 2008. The consolidated financial statements of the University of Liverpool can be obtained from the University of Liverpool, The Foundation Building, 765 Brownlow Hill, Liverpool L69 7ZX.

17 Ultimate holding organisation

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, "Related Party Disclosures", on the grounds that it is a subsidiary of a group headed by the University of Liverpool whose accounts are publicly available