

# Financial Statements

## Michelson Diagnostics Limited

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**For the year ended 30 September 2014**

**Registered number: 05732681**

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COMPANIES HOUSE

**Michelson Diagnostics Limited**

## Company Information

**Directors**

J Holmes  
M Johns  
G McKenzie  
D Anderson  
S Andrews  
B Howlett  
X Yon

**Registered number**

05732681

**Registered office**

Ground Floor Eclipse House  
Eclipse Park  
Maidstone  
Kent  
ME14 3EN

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
The Explorer Building  
Fleming Way  
Crawley  
RH10 9GT

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## **Directors' Report**

**For the year ended 30 September 2014**

The directors present their report and the financial statements for the year ended 30 September 2014.

### **Principal activities and review of the business**

The group's principal activities continue to be the development, manufacture and supply of patented Optical Coherence Tomography (OCT) instrumentation (the Vivosight Scanner) to the dermatology markets and the supply of associated support services.

The incidence of Non-Melanoma Skin Cancer and Actinic Keratosis is growing approximately 4% per annum due to an ageing population and sun exposure habits. The Vivosight scanner displays a live, highly magnified image of sub-surface skin tissue that allows clinicians to immediately see and identify tumors and their size and depth of invasion.

Turnover rose to £1,250,000 in the period, a substantial increase of 103% on the previous period (twelve months to September 2013: turnover £617,000). The group loss after tax was £1,813,000 for the period (twelve months to September 2013: loss £1,279,000).

The group built on the foundations laid in previous period and saw significant growth in the installed base of VivoSight scanners, and there continues to be sales traction in the key market of Germany, with clear clinical benefits, reimbursement and a sound economic business case for customers.

A significant grant was received in the period from Kent County Council's Escalate Regional Growth Fund, which enabled the company to relocate its headquarters to a purpose built facility in Maidstone, providing the platform for further growth.

In order to fund the further development of the business new ordinary shares were issued during the period from December 2014 to February 2015, raising a total of £2,500,000.

### **Finance and Going Concern**

In November 2013 the Company raised funding of £1,978,000 and post year end has raised a further £2,500,000.

The directors have considered, approved and are implementing a strategic plan for the company. They have also prepared a two year financial forecast which assumes significant continued investment and development by the company in its instrumentation product and international sales channels, which will result in continued operating losses in the medium term.

The financial forecasts assume continued revenue growth in addition to continued investment and development cash outflows. Were the revenue forecasts to be achieved, the forecasts project that the Company will have sufficient cash reserves to continue in operational existence for the foreseeable future. However, given that the Company is in its development stage, inherent uncertainty exists over the ability of the Company to generate those forecast revenues. Were those forecast revenues and associated cash inflows not to be fully achieved, or to be delayed, the directors would be required to seek additional funding at an earlier stage than currently anticipated under the strategic plan. While the directors are of the opinion that such future fund raising would be successful, that success could not be considered certain until the fund raising had been finalised. Given the stage of the company's development, in the event that such fund raising was not successful or was delayed, the company could extinguish its cash reserves during 2016, subject to significant curtailment of the strategic plan.

## Directors' Report

**For the year ended 30 September 2014**

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing these financial statements. This matter is further disclosed in note 1.2 to the financial statements.

### **Directors**

The directors who served during the year were:

J Holmes  
M Johns  
G McKenzie  
D Anderson  
S Andrews  
B Howlett  
X Yon

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

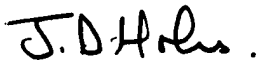
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20 May 2015 and signed on its behalf.



**J Holmes**  
Director

## **Directors' Responsibilities Statement**

**For the year ended 30 September 2014**

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 the group and the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the Members of Michelson Diagnostics Limited

We have audited the financial statements of Michelson Diagnostics Limited for the year ended 30 September 2014, which comprise the consolidated Profit and loss account, the consolidated and company Balance sheets, the consolidated Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (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 explained more fully in the Directors' responsibilities statement, 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 [www.frc.org.uk/auditscopeukprivate](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 group's and of the parent company's affairs as at 30 September 2014 and of the group's 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.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern.

The group and parent company incurred net losses of £1,812,685 and £1,778,217 respectively during the year ended 30 September 2014.

## Independent Auditor's Report to the Members of Michelson Diagnostics Limited

As explained in note 1.2 to the financial statements, the company has prepared a two year financial forecast which assumes continued revenue growth in addition to continued investment and development cash outflows. Were the revenue forecasts to be achieved, the forecasts project that the Company will have sufficient cash reserves to continue in operational existence for the foreseeable future. However, given that the Company is in its development stage, inherent uncertainty exists over the ability of the Company to generate those forecast revenues. Were those forecast revenues and associated cash inflows not to be fully achieved, or to be delayed, the directors would be required to seek additional funding at an earlier stage than currently anticipated under the strategic plan. The success of that fund raising could not be considered certain until finalised.

These conditions along with the other matters explained in Note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and Parent Company's ability to continue as a going concern. The financial statements do not include the adjustments which would result if the group and parent company was unable to continue as a going concern.

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 in preparing the Directors' report.

*Grant Thornton UK LLP*

Jonathan Maile (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Gatwick

20 May 2015



## Consolidated Profit and Loss Account

For the year ended 30 September 2014

	Note	30 September 2014 £	Period ended 30 September 2013 £
<b>Turnover</b>	1,2	<b>1,250,250</b>	662,865
Cost of sales		<b>(212,945)</b>	(128,637)
<b>Gross profit</b>		<b>1,037,305</b>	534,228
Administrative expenses		<b>(3,195,754)</b>	(3,103,291)
Other operating income	3	<b>213,458</b>	120,147
<b>Operating loss</b>	4	<b>(1,944,991)</b>	(2,448,916)
Interest receivable and similar income		<b>1,829</b>	11,299
Interest payable and similar charges		<b>(17,067)</b>	(3,527)
<b>Loss on ordinary activities before taxation</b>		<b>(1,960,229)</b>	(2,441,144)
Tax on loss on ordinary activities	6	<b>147,544</b>	314,765
<b>Loss for the financial year</b>	13	<b>(1,812,685)</b>	(2,126,379)

The notes on pages 10 to 18 form part of these financial statements.

## Consolidated Balance Sheet

As at 30 September 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	7		379,307		558,387
<b>Current assets</b>					
Stocks		488,143		163,954	
Debtors	9	900,205		224,015	
Cash at bank		393,680		254,399	
		<u>1,782,028</u>		<u>642,368</u>	
<b>Creditors:</b> amounts falling due within one year	10	<u>(1,134,388)</u>		<u>(642,193)</u>	
<b>Net current assets</b>			<u>647,640</u>		<u>175</u>
<b>Total assets less current liabilities</b>			<u>1,026,947</u>		<u>558,562</u>
<b>Creditors:</b> amounts falling due after more than one year	11		<u>(479,567)</u>		<u>(136,553)</u>
<b>Net assets</b>			<u><u>547,380</u></u>		<u><u>422,009</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		319,349		319,096
Share premium account	13		8,458,113		6,582,732
Foreign exchange reserve	13		67,646		5,224
Profit and loss account	13		<u>(8,297,728)</u>		<u>(6,485,043)</u>
<b>Shareholders' funds</b>			<u><u>547,380</u></u>		<u><u>422,009</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 May 2015.



**J Holmes**  
Director

The notes on pages 10 to 18 form part of these financial statements.

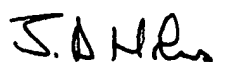
## Company Balance Sheet

As at 30 September 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	7		246,656		396,593
Investments	8		22,001		22,000
			<u>268,657</u>		<u>418,593</u>
<b>Current assets</b>					
Stocks		510,094		163,953	
Debtors	9	870,700		184,506	
Cash at bank		310,075		162,860	
		<u>1,690,869</u>		<u>511,319</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,172,020)</u>		<u>(589,823)</u>	
<b>Net current assets/(liabilities)</b>			<u>518,849</u>		<u>(78,504)</u>
<b>Total assets less current liabilities</b>			<u>787,506</u>		<u>340,089</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(350,000)</u>		<u>-</u>
<b>Net assets</b>			<u><u>437,506</u></u>		<u><u>340,089</u></u>
<b>Capital and Reserves</b>					
Called up share capital	12		319,349		319,096
Share premium account	13		8,458,113		6,582,732
Profit and loss account	13		<u>(8,339,956)</u>		<u>(6,561,739)</u>
<b>Shareholders' funds</b>			<u><u>437,506</u></u>		<u><u>340,089</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**J Holmes**  
 Director

The notes on pages 10 to 18 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 30 September 2014

	30 September 2014		Period ended 30 September 2013	
	£	£	£	£
<b>Cash generated from operations</b>				
<b>Operating loss</b>	<b>(1,944,991)</b>		<b>(2,448,916)</b>	
Depreciation of tangible fixed assets	158,227		181,058	
(Increase)/decrease in stocks	(324,189)		108,506	
(Increase)/decrease in trade debtors	(174,957)		56,169	
(Increase)/decrease in other debtors	(517,597)		3,748	
Increase/ (decrease) in trade creditors	246,629		(36,206)	
Increase in other creditors, taxation and social security	245,567		368,100	
Foreign exchange on consolidation	41,745		5,224	
Transfer of fixed assets to stock	336,275		81,435	
		<b>(1,933,291)</b>		<b>(1,680,882)</b>
<b>Cash from other sources</b>				
Interest received	1,829		11,299	
Issue of shares	1,875,634		12,288	
New unsecured loans	350,000		-	
R&D tax credits	168,168		168,925	
Loan notes issued	-		136,553	
		<b>2,395,631</b>		<b>329,065</b>
<b>Application of cash</b>				
Interest paid	(17,067)		(3,527)	
Repayment of loan notes	(6,986)		-	
Overseas tax paid	(4,261)		(4,160)	
Purchase of tangible fixed assets	(294,745)		(372,290)	
		<b>(323,059)</b>		<b>(379,977)</b>
<b>Net increase in cash</b>		<b>139,281</b>		<b>(1,731,794)</b>
Cash at bank and in hand less overdrafts at beginning of the year		<b>254,399</b>		<b>1,986,193</b>
<b>Cash at bank and in hand less overdrafts at end of the year</b>		<b>393,680</b>		<b>254,399</b>
Consisting of:				
Cash at bank and in hand		<b>393,680</b>		<b>254,399</b>
		<b>393,680</b>		<b>254,399</b>

The notes on pages 10 to 18 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 30 September 2014

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

### 1.2 Going concern

The group and parent company's (the 'company') business activities, together with the factors which are likely to affect its future development, performance and position are set out within the Review of Business within the Directors' Report. The company is in its development phase and has the support of its investors during this phase. In November 2013 the Company raised funding of £1,978,000 and post year end has raised a further £2,500,000. The directors have considered, approved and are implementing a strategic plan for the company. They have also prepared a two year financial forecast which assumes significant continued investment and development by the company in its instrumentation product and international sales channels, which will result in continued operating losses in the medium term.

The financial forecasts assume continued revenue growth in addition to continued investment and development cash outflows. Were the revenue forecasts to be achieved, the forecasts project that the Company will have sufficient cash reserves to continue in operational existence for the foreseeable future. However, given that the Company is in its development stage, inherent uncertainty exists over the ability of the Company to generate those forecast revenues. Were those forecast revenues and associated cash inflows not to be fully achieved, or to be delayed, the directors would be required to seek additional funding at an earlier stage than currently anticipated under the strategic plan. While the directors are of the opinion that such future fund raising would be successful, that success could not be considered certain until the fund raising had been finalised. Given the stage of the company's development, in the event that such fund raising was not successful or was delayed, the company could extinguish its cash reserves during 2016, subject to significant curtailment of the strategic plan.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing these financial statements.

### 1.3 Basis of consolidation

The financial statements consolidate the accounts of Michelson Diagnostics Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the year, recorded by the company was £1,778,217 (2013: loss £2,953,894)

# Notes to the Financial Statements

For the year ended 30 September 2014

## 1. Accounting Policies (continued)

### 1.4 Turnover

Turnover represents the value, net of value added tax and discounts, of our right sales, rental and use of Optical Coherence Tomography instrumentation. Income is recognised on the out right sale of a system when the instrument is delivered to the customers. In the case of rental income, turnover is recognised over the period of the rental. Turnover related to the use of the instrumentation is recognised as that usage occurs.

### 1.5 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	at variable rates on reducing balance
Fixtures and fittings	-	at variable rates on reducing balance
Prototype demo & rental units	-	20% on cost

### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

### 1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

### 1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

### 1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# Notes to the Financial Statements

For the year ended 30 September 2014

## 1. Accounting Policies (continued)

### 1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

### 1.11 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

### 1.12 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

### 1.13 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.

## 2. Turnover

The proportion of turnover that is attributable to geographical markets outside the United Kingdom was 37% (2013 -20.6%)

## 3. Other operating income

	30 September 2014 £	Period ended 30 September 2013 £
Government grants receivable	213,458	119,682
Insurance claims receivable	-	465
	<u>213,458</u>	<u>120,147</u>

## Notes to the Financial Statements

For the year ended 30 September 2014

### 4. Operating loss

The operating loss is stated after charging:

	30 September 2014 £	Period ended 30 September 2013 £
Depreciation of tangible fixed assets:		
- owned by the group	158,227	181,058
Auditor's remuneration	13,000	12,000
Pension costs	10,862	81,899
	<u>182,089</u>	<u>275,957</u>

The auditors fees for the company were £13,000 (2013: £12,000)

### 5. Directors' remuneration

	30 September 2014 £	Period ended 30 September 2013 £
Aggregate remuneration	<u>351,345</u>	<u>397,988</u>

### 6. Taxation

	30 September 2014 £	Period ended 30 September 2013 £
<b>Analysis of tax charge in the year/period</b>		
UK corporation tax credit on loss for the year/period	(151,805)	(318,925)
	<u>(151,805)</u>	<u>(318,925)</u>
Foreign tax on income for the year/period	4,261	4,160
	<u>4,261</u>	<u>4,160</u>
<b>Tax on loss on ordinary activities</b>	<u>(147,544)</u>	<u>(314,765)</u>



# Notes to the Financial Statements

For the year ended 30 September 2014

## 7. Tangible fixed assets

Group	Plant and machinery £	Fixtures and fittings £	Prototype demo & rental units £	Total £
<b>Cost</b>				
At 1 October 2013	66,698	5,919	789,949	862,566
Additions	2,626	-	292,119	294,745
Transfer to stock	-	-	(548,464)	(548,464)
Foreign exchange movement	(511)	(144)	53,149	52,494
At 30 September 2014	68,813	5,775	586,753	661,341
<b>Depreciation</b>				
At 1 October 2013	57,513	3,995	242,671	304,179
Charge for the year	4,157	93	153,977	158,227
Transfer to stock	-	-	(212,189)	(212,189)
Foreign exchange movement	(87)	(6)	31,910	31,817
At 30 September 2014	61,583	4,082	216,369	282,034
<b>Net book value</b>				
At 30 September 2014	7,230	1,693	370,384	379,307
At 30 September 2013	9,185	1,924	547,278	558,387

Company	Plant and machinery £	Fixtures and fittings £	Prototype demo & rental units £	Total £
<b>Cost</b>				
At 1 October 2013	57,173	3,893	561,701	622,767
Additions	2,626	-	126,810	129,436
Transfer to stock	-	-	(294,922)	(294,922)
At 30 September 2014	59,799	3,893	393,589	457,281
<b>Depreciation</b>				
At 1 October 2013	55,412	3,893	166,869	226,174
Charge for the year	1,753	-	86,412	88,165
On transfer to stock	-	-	(103,714)	(103,714)
At 30 September 2014	57,165	3,893	149,567	210,625
<b>Net book value</b>				
At 30 September 2014	2,634	-	244,022	246,656
At 30 September 2013	1,761	-	394,832	396,593

# Notes to the Financial Statements

For the year ended 30 September 2014

## 8. Fixed asset investments

Company	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 October 2013	22,000
Additions	1
At 30 September 2014	<u>22,001</u>
<b>Net book value</b>	
At 30 September 2014	<u>22,001</u>
At 30 September 2013	<u>22,000</u>

Details of the principal subsidiaries can be found under note number 18.

## 9. Debtors

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	202,248	27,291	118,724	7,431
Amounts owed by group undertakings	-	-	74,547	-
Other debtors	564,320	46,724	543,792	27,075
Tax recoverable	133,637	150,000	133,637	150,000
	<u>900,205</u>	<u>224,015</u>	<u>870,700</u>	<u>184,506</u>

## 10. Creditors:

### Amounts falling due within one year

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade creditors	329,094	82,465	317,346	64,219
Amounts owed to group undertakings	-	-	79,018	-
Other taxation and social security	29,683	18,120	25,467	13,283
Other creditors	775,611	541,608	750,189	512,321
	<u>1,134,388</u>	<u>642,193</u>	<u>1,172,020</u>	<u>589,823</u>

## Notes to the Financial Statements

For the year ended 30 September 2014

### 11. Creditors: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Unsecured Loans	350,000	-	350,000	-
Loan notes	129,567	136,553	-	-
	<u>479,567</u>	<u>136,553</u>	<u>350,000</u>	<u>-</u>

### 12. Share capital

	2014	2013
	£	£
<b>Allotted, called up and fully paid</b>		
189,898 (2013 - 188,868) Ordinary shares of £1 each	189,898	188,868
116,630 (2013 - 117,380) Ordinary A shares of £1 each	116,630	117,380
125,677 (2013 - 128,482) Ordinary A1 shares of £0.10 each	12,568	12,848
253,399 Ordinary A2 shares of £0.001 each	253	-
	<u>319,349</u>	<u>319,096</u>

During the period 280 Ordinary shares were issued in exchange for 2,805 A1 Ordinary shares.

During the period 750 Ordinary shares were issued in exchange for 750 A Ordinary shares.

During the period 253,399 A2 Ordinary shares with a par value of £0.001 were issued for £7.81 each. This generated a Share Premium net of issue costs of £1,875,108.

### 13. Reserves

Group	Share premium account	Foreign exchange reserve	Profit and loss account
	£	£	£
At 1 October 2013	6,582,732	5,224	(6,485,043)
Loss for the financial year	-	-	(1,812,685)
Premium on shares issued during the year	1,875,381	-	-
Movement on foreign exchange	-	62,422	-
At 30 September 2014	<u>8,458,113</u>	<u>67,646</u>	<u>(8,297,728)</u>

## Notes to the Financial Statements

For the year ended 30 September 2014

### 13. Reserves (continued)

<b>Company</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At 1 October 2013	6,582,732	(6,561,739)
Loss for the financial year	-	(1,778,217)
Premium on shares issued during the year	1,875,381	-
	<u>8,458,113</u>	<u>(8,339,956)</u>
At 30 September 2014	<u>8,458,113</u>	<u>(8,339,956)</u>

### 14. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £10,862 (2013 - £81,899). No contributions were payable to the fund at the balance sheet date.

### 15. Operating lease commitments

At 30 September 2014 the group had annual commitments under non-cancellable operating leases as follows:

<b>Group</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Expiry date:</b>		
Within 1 year	-	3,296
	<u>-</u>	<u>3,296</u>

At 30 September 2014 the company had annual commitments under non-cancellable operating leases as follows:

<b>Company</b>		
<b>Expiry date:</b>		
Within 1 year	-	3,296
	<u>-</u>	<u>3,296</u>

### 16. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that the companies are wholly owned subsidiaries of the company.

# Notes to the Financial Statements

For the year ended 30 September 2014

## 17. Post balance sheet events

In order to fund the further development of the business new ordinary shares were issued during the period from December 2014 to February 2015, raising a total of £2,500,000.

## 18. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Michelson Diagnostics Inc	USA	100%	Supply and marketing of medical devices
Michelson Diagnostics Finance Limited	Isle of Man	100%	Supply and marketing of medical devices
Michelson Diagnostics GmbH	Germany	100%	Supply and marketing of medical devices
Michelson Diagnostics Finance UK Limited	United Kingdom	100%	Supply and marketing of medical devices

## 19. Share based payments

At 30 September 2014, the company has issued options to 23 directors and staff to acquire ordinary shares in the company as follows:

	Date Granted	Number of Shares	Exercise Price £
Approved options	02/05/2008	2,880	6.18
	31/03/2011	3,790	19.61
	20/03/2012	318	19.61
	03/04/2013	21,864	19.61
	14/05/2014	24,995	1.00
Unapproved options	24/03/2011	5,234	14.91
	31/03/2011	2,000	19.61
	06/11/2011	670	19.61
	17/05/2012	5,596	19.61
	14/05/2014	21,586	1.00

There are no performance conditions attached to these options.

The options do not expire while an individual remains an employee of the company.