BioScience VCT plc

Directors' report and financial statements

4221489

31 December 2001

Contents

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2001 for BioScience VCT plc ("the Company").

Principal activities and business review

The company was incorporated on 22 May 2001. The company has not yet commenced business. The directors do not recommend payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

G Stanfield	(Appointed on 22 May 2001, resigned on 6 September 2001)
B Turner	(Appointed on 22 May 2001, resigned on 15 October 2001)
JR Hustler	(Appointed on 6 September 2001)
AF Markham	(Appointed on 15 October 2001)
MR Andrews	(Appointed on 15 October 2001)
CJ Breese	(Appointed on 15 October 2001)
PA Nicholson	(Appointed on 15 October 2001)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares and debentures of the company.

Subsequent events

On 19 April 2002, the company was admitted to the London Stock Exchange.

The following allotments of shares were made since the end of the financial period:

Date of allotment	Class of share	Number allotted	Amount paid per share £	Total amount £
21 January 2002	50p Ordinary	2,552,665	0.98	2,501,612
21 January 2002	50p Ordinary	28,500	1.00	28,500
6 February 2002	50p Ordinary	256,770	1.00	256,770
6 February 2002	50p Ordinary	35,000	0.98	34,300
5 March 2002	50p Ordinary	321,997	1.00	321,997
27 March 2002	50p Ordinary	935,794	1.00	935,794
5 April 2002	50p Ordinary	1,597,098	1.00	1,597,098
8 April 2002	50p Ordinary	7,000	1.00	7,000
11 April 2002	50p Ordinary	104,000	0.98	101,920
11 April 2002	50p Ordinary	634,529	1.00	634,529
13 May 2002	50p Ordinary	10,433	0.98	10,224
13 May 2002	50p Ordinary	226,871	1.00	226,871
12 June 2002	50p Ordinary	306,021	1.00	306,021
18 July 2002	50p Ordinary	111,181	1.00	111,181
23 July 2002	50p Ordinary	10,000	1.00	10,000

Directors' report *(continued)*

Policy and practice on payment of creditors

The Company endeavours to pay its creditors within normal payment terms.

Auditors

A resolution is to be put to the forthcoming Annual General Meeting for the reappointment of KPMG Audit Plc as the Company's auditors.

By order of the board

J Hustler
Director

Kett House
1 Station Road
Cambridge
CB1 2JY

Statement of directors' responsibilities

Company law 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG Audit Plc
37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Report of the independent auditors to the members of BioScience VCT plc

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 the company's affairs as at 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants
Registered Auditor

29 July 2002

Profit and loss account
for the period ended 31 December 2001

During the financial period the company did not trade and received no income and incurred no expenditure. Consequently, during this period the company made neither a profit nor a loss.

Balance sheet
at 31 December 2001

	Notes	31 December 2001 £
Current assets		
Debtor: Called up share capital unpaid		**50,002**
Net assets		**50,002**
Capital and reserves		
Called up share capital	*3*	**50,002**
Shareholders' funds (including non-equity interests)	*4*	**50,002**

Included within shareholders' funds is an amount of £50,000 in respect of non-equity interests.

These financial statements were approved by the board of directors on 26 July 2002 and were signed on its behalf by:

J Hustler
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

2 Staff costs and Directors remuneration

No staff were employed during the period and the Directors received no remuneration. The average number of employees during the period (including directors) was 3.

3 Called up share capital

		2001 £
Authorised		
Equity:	50,000,000 Ordinary Shares of 50p each	**25,000,000**
Non-equity:	100,000 Redeemable Non-Voting Preference Shares of 50p each	**50,000**
		25,050,000
Allotted, called up and not paid		
Equity:	4 Ordinary Shares of 50p each	**2**
Non-equity:	100,000 Redeemable Non-Voting Preference Shares of 50p each	**50,000**
		50,002

On incorporation on 22 May 2001, 2 £1 ordinary shares were subscribed for. These shares were subsequently subdivided in to 4 50p shares by ordinary resolution on 6 September 2001.

On 1 October 2001, 100,000 50p Redeemable Non-Voting Preference Shares were issued.

Notes *(continued)*

3 Called up share capital *(continued)*

Rights attached to the Redeemable Non-Voting Preference Shares

The Redeemable Non-Voting Preference Shares do not confer any right to receive notice or vote at a general meeting, or any right to dividends.

On winding up or return of capital the Redeemable Non-Voting Preference Shares shall confer the right to be paid up out of the assets of the Company available for distribution amongst the members of the capital paid up on such shares pari passu with and in proportion to any amounts of capital out of the capital paid to the holders of the Ordinary shares, but shall not confer any rights to participate in any surplus remaining following payment of the amount of capital paid thereon.

The Company by notice in writing and upon tendering to a registered holder of a Redeemable Non-Voting Preference Share the amount of capital paid up thereon, may redeem any Redeemable Non-Voting Preference Share at any time and in any event no later than 30 June 2002 (subject to the provisions of the Companies Act 1985).

4 Reconciliation of movements in shareholders' funds

	2001 **£**
Issue of Redeemable Non-Voting Preference Shares	**50,000**
Net (reduction)/addition to shareholders' funds	**50,000**
Initial subscription of shares on incorporation	**2**
Shareholders' funds at 31 December 2001	**50,002**