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Registered no: 2109499

JAMES BLACK FOUNDATION LIMITED

(A company limited by guarantee)

Report and financial statements

for the year ended 31 December 2005

JAMES BLACK FOUNDATION LIMITED
(A company limited by guarantee)

Report and financial statements for the year ended 31 December 2005

Registered no: 2109499

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JAMES BLACK FOUNDATION LIMITED
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Directors' report
for the year ended 31 December 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is that of pharmacological and pharmaceutical research under a contract with a third party.

During the course of the year the company has continued to conduct its research work from its laboratory complex at King's College School of Medicine and Dentistry in Dulwich.

Results

The results for the year are shown in detail on page 5. The surplus for the year has been transferred to reserves.

Review of business and future developments

The company intends to continue its pharmacological and pharmaceutical research for the foreseeable future and does not anticipate any significant change in the level of activities.

Directors

The directors of the company who held office during the year ended 31 December 2005 were:-

Mr R N Wilson	(resigned 1 September 2005)
Dr W A M Duncan	
Dr Barret Kalindjian	
Dr Didier de Chaffoy	

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insurance of directors

The company maintains insurance for directors in respect of their duties as directors of the company.

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Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. In accordance with section 386 of the Companies Act 1985, the company has elected to dispense with the annual re-appointment of auditors.

By order of the board

SBl

Director 14TH SEPTEMBER 2006

Independent auditors' report to the members of JAMES BLACK FOUNDATION LIMITED (A company limited by guarantee)

We have audited the financial statements of James Black Foundation Limited for the year ended 31 December 2005 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 December 2005 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
21 *September 2006*

JAMES BLACK FOUNDATION LIMITED
(A company limited by guarantee)

Income and expenditure account for the year ended 31 December 2005

	Notes	2005	2004
		£	£
Funding	2	**3,500,000**	3,400,000
Expenditure		**(3,434,253)**	(3,495,106)
Surplus/(deficit) of funding after expenditure	3	**65,747**	(95,106)
Interest receivable	4	**17,524**	15,723
Surplus/(deficit) on ordinary activities before taxation	2	**83,271**	(79,383)
Tax on surplus/ (deficit) on ordinary activities	7	**9,857**	(11,070)
Surplus/(deficit) for the financial year		**93,128**	(90,453)

Retained surplus

		2005	2004
Retained surplus at 1 January 2005		**1,208,395**	1,298,848
Surplus/(deficit) for the financial year		**93,128**	(90,453)
Retained surplus at 31 December 2005		**1,301,523**	1,208,395

The figures included above all relate to continuing operations.

The company has no recognised gains and losses other than those included in the income and expenditure account above, and therefore no separate statement of total recognised gains and losses has been presented.

There have been no movements on capital and reserves other than the deficit for the financial year.

There are no material differences between the surplus on ordinary activities before tax and the surplus for the year stated above and their historical cost equivalents.

JAMES BLACK FOUNDATION LIMITED
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Balance sheet
at 31 December 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	8		**1,103,990**		1,239,500
Current assets					
Debtors	9	**215,647**		187,365	
Cash at bank and in hand		**200,332**		66,137	
		415,979		253,502	
Creditors: amounts falling due within one year	10	**(218,446)**		(284,607)	
Net current assets/(liabilities)			**197,533**		(31,105)
Total assets less current liabilities			**1,301,523**		1,208,395
Members' funds					
Retained surplus			**1,301,523**		1,208,395

The financial statements on pages 5 to 13 were approved by the directors on
and were signed on its behalf by:

SBKal

Sarkis Barret Kalindjian
Director

14TH SEPTEMBER 2006

JAMES BLACK FOUNDATION LIMITED
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Cash flow statement
for the year ended 31 December 2005

	Notes	2005	2004
		£	£
Net cash (outflow)/inflow from operating activities	12	**233,916**	(87,411)
Returns on investments and servicing of finance			
Interest received		**17,524**	15,723
Taxation			
UK corporation tax		**9,857**	(1,213)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(127,102)**	(156,266)
Sale of tangible fixed assets		**-**	17,700
		(127,102)	(138,566)
(Decrease)/increase in cash	13, 14	**134,195**	(211,467)

Notes to the financial statements for the year ended 31 December 2005

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently with the prior year, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, evenly over the expected useful economic lives of the assets concerned. The principal expected useful economic lives used for this purpose are:

Property refurbishment	remaining period of licence to occupy
Plant and machinery	5 years
Office equipment	5 years
Motor vehicles	5 years

Capital grants received for the purchase of fixed assets other than as a part of the company's funding are credited against the purchase cost of the fixed asset concerned.

Operating leases

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Research and development

Research and development expenditure is written off to the income and expenditure account as it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Funding

Funding represents monies due to the company under a contract with a third party to conduct research and is recognised in accordance with budgets agreed with the third party concerned.

Deferred 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 or a right to pay less 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 average 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.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £150,827 (2004: £139,300). Amounts included in accruals in respect of pension costs are £Nil (2004: £Nil).

Foreign currencies

Assets and liabilities denominated in currencies other than Sterling are translated into Sterling at rates of exchange ruling at the end of the financial year. Transactions denominated in other currencies are translated into Sterling at the rates of exchange ruling at the beginning of each month in which the transaction occurs. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2 Funding and surplus/ (deficit) on ordinary activities before taxation

Funding and surplus/ (deficit) on ordinary activities before taxation are wholly attributable to the principal activity of the company, carried out in the United Kingdom.

3 Surplus/ (deficit) of funding after expenditure

The surplus/ (deficit) of funding after expenditure is stated after charging:

	2005	2004
	£	£
(Profit)Loss on disposal of tangible fixed assets	-	(7,426)
Depreciation of tangible fixed assets	**262,612**	278,433
Auditors' remuneration for audit services	**16,027**	18,027
Research and development expenditure	**1,953,150**	1,932,270
Auditors' remuneration for non-audit services	**16,000**	11,460
Operating lease rentals for motor vehicles	**21,839**	21,176
Operating lease rentals for land and buildings	**214,159**	207,921

4 Interest receivable

	2005	2004
	£	£
Bank interest received	**17,524**	15,723

5 Directors' emoluments

	2005	2004
	£	£
Directors emoluments (including benefits in kind)	**149,125**	148,065
Company pension contributions to money purchase schemes	**16,025**	14,663

6 Employee information

The average weekly number of persons employed by the company, including executive directors, during the year is analysed below:

	2005	2004
	Number	Number
Research scientists	**22**	21
Technical support	**0**	2
Research management	**4**	4
Administration	**5**	5
	31	32

Employment costs of all employees including executive directors were:

	2005	2004
	£	£
Wages and salaries	**1,429,713**	1,423,920
Social security costs	**166,358**	168,335
Other pension costs	**150,827**	139,300
	1,746,898	1,731,555

7 Tax on ordinary activities

	2005	2004
	£	£
United Kingdom corporation tax at 19% (2004: 19%)	-	9,857
Adjustments in respect of prior years	(9,857)	1,213
Total current tax	(9,857)	11,070

The tax assessed for the period is lower than the lower rate of corporation tax in the UK (19%). The differences are explained below:

	2005	2004
	£	£
Surplus/ (deficit) on ordinary activities before tax	83,271	(79,383)
Surplus/ (deficit) on ordinary activities multiplied by lower rate of corporation tax in the UK of 19% (2004: 19%)	15,821	(15,083)
Expenses not deductible for tax purposes	(69,351)	2,199
Depreciation for period in excess of capital allowances	53,530	22,741
Underprovided in respect of prior years	(9,857)	1,213
	(9,857)	11,070

8 Tangible fixed assets

	Property refurbishment	Plant and machinery	Motor vehicles	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2006	2,433,214	1,661,166	10,493	263,077	4,367,950
Additions	2,476	104,146	-	20,480	127,102
Disposals	-	(44,976)	-	(89,936)	(134,912)
At 31 December 2005	**2,435,690**	**1,720,336**	**10,493**	**193,621**	**4,360,140**
Depreciation					
At 1 January 2006	1,445,181	1,453,586	10,493	219,190	3,128,450
Charge for year	141,578	102,524	-	18,510	262,612
Disposals	-	(44,976)	-	(89,936)	(134,912)
At 31 December 2005	**1,586,759**	**1,511,134**	**10,493**	**147,764**	**3,256,150**
Net book value					
At 31 December 2005	**848,931**	**209,202**	**-**	**45,857**	**1,103,990**
At 31 December 2004	988,033	207,580	-	43,887	1,239,500

JAMES BLACK FOUNDATION LIMITED
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9 Debtors

	2005	2004
	£	£
Amounts falling due within one year		
Prepayments and accrued income	**144,074**	138,217
Other debtors	**71,573**	49,148
	215,647	187,365

10 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	101,561	122,263
Taxation and social security costs	67,667	87,734
Corporation tax payable	-	9,857
Accruals and deferred income	49,218	64,753
	218,446	284,607

11 Called up share capital

The company is limited by guarantee and hence has no authorised or issued share capital.

12 Reconciliation of deficit of funding after expenditure to net cash inflow from operating activities

	2005	2004
	£	£
Surplus/(deficit) of funding after expenditure	65,747	(95,106)
Depreciation	262,612	278,433
Loss on disposal of fixed assets	-	(7,426)
Decrease in stocks	-	2,500
(Increase)/decrease in debtors	(28,282)	116,991
Decrease in creditors	(66,161)	(382,803)
Net cash inflow/(outflow) from operating activities	233,916	(87,411)

13 Reconciliation of net cash flow to movement in net funds

	£
Increase in cash in the year	134,195
Net funds at 1 January 2005	66,137
Net funds at 31 December 2005	**200,332**

14 Analysis of changes in net funds

	At 1 January 2005	Cash flow	**At 31 December 2005**
	£	£	**£**
Cash at bank and in hand	66,137	134,195	**200,332**

15 Financial commitments

The company has financial commitments in respect of non-cancellable operating leases. Future rentals payable in the next year under these leases are as follows:

	2005	2004
	£	£
Motor vehicles		
Date of lease termination:		
Within one year	-	4,528
In second to fifth years inclusive	23,134	16,372
	23,134	20,900
Land and buildings		
Date of lease termination:		
After more than five years	220,583	207,921

In addition the company has the following commitments in respect of CASE awards:

	2005	2004
	£	£
Within one year	20,250	-
In second to fifth years inclusive	6,500	13,750

16 Related party transactions

The company receives funding from a contract with Johnson & Johnson, Inc. to conduct research. Dr Didier de Chaffoy, a director of the company, is senior vice president of Johnson & Johnson Discovery Research Europe and acts as their nominee guarantor. The amount received in the year was £3,500,000 (2004: £3,400,000). The amount owed by Johnson & Johnson at the end of the year was £Nil (2004: £Nil).