

**THE BRITECH FOUNDATION
LIMITED (LIMITED BY
GUARANTEE)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2006



Company no 03869615

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 December 2006

Company registration number 03869615

Registered office 16 Old Bailey
London
EC4M 7EG

Directors

Dr E Opper
Dr D J Rawlins
Dr L P Vousden

Secretary Temple Secretarial Limited

Bankers

Lloyds TSB Bank Plc
Business and Corporate Customer Service Centre
4th Floor
Hay's Lane House
1 Hay's Lane
London
SE1 2HA

Solicitors Withers LLP
16 Old Bailey
London
EC4M 7EG

Auditor

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berkshire
SL1 2LS

"THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 December 2006

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THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company is that of promoting, administering and managing The Britech Fund

Business review

The company made no surplus or deficit during the year (2005 £nil)

During 2006 The Britech Foundation Limited was reorganised to reflect changes in Government policies in recent years. These changes included

- Transfer of the management of the company from its current staff to Pera, an independent contractor appointed and funded by the UK DTI
- Termination of the contracts of employment of the current staff, including the Chief Executive
- Vacation of the company's offices, termination of its office lease and disposal of all its fixed assets

The company now operates as a 'virtual' organisation. All current contractual commitments to and with grantee companies remains unchanged, however, and the company continues to meet its statutory compliance obligations.

All of these changes will be so arranged as to ensure that the Foundation's management and control of The Britech Fund is unaffected, and that the Fund may continue to be deployed with the same broad objectives as in the past.

Directors

In accordance with article 10 of the company's articles of association

During the year the following individuals served as directors for the company

Robert Douglas Brightwell	(appointed 1 September 2006 and resigned 31 July 2007)
Janette Whitfield McNeil	(appointed 29 May 2006 and resigned 30 November 2006)
Dr Eliezer Oppen	
Philip John O'Neil	(appointed 1 December 2006 and resigned 31 July 2007)

All directors served on the Board throughout the year unless otherwise stated. None of the directors held any interest in the company during the year.

After the year end Dr David John Rawlins and Dr Lee Peter Vousden were appointed to the board on 31 July 2007.

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Directors Report and 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company for the financial year and of the profit or loss of the company 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial risk management objectives and policies

The directors have assessed the financial risk management objectives and policies of the company. The exposure of the company to price risk, credit risk, liquidity risk and cash flow risk is considered not material for the assessment of the assets, liabilities, financial position and profit of the company.

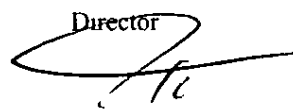
Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor for the financial year ending 31 December 2007 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

Director

4 January 2008

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

We have audited the financial statements of The Britech Foundation Limited (Limited by Guarantee) for the year ended 31 December 2006 which comprise the income and expenditure account, the balance sheet, and notes 1 to 13. These financial statements have been prepared under the historical cost convention and 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 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 the directors and auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and 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).

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 information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if in our opinion 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 is not disclosed.

We read the Directors' Report, and consider the implications for our report if we become aware of any apparent inconsistencies within it.

Basis of opinion

We conducted our audit in accordance with International Standard 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 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)**

Opinion

In our opinion the financial statements

- give a true and fair view in accordance with the United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2006 and of its results 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 Director's Report is consistent with the financial statements

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH**

4 January 2008

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2006

	Note	2006 £	2005 £
Other operating income	2	195,661	282,686
Administrative expenses		<u>(194,432)</u>	<u>(282,686)</u>
Surplus on ordinary activities before taxation		1,229	-
Tax on surplus ordinary activities	5	<u>(1,229)</u>	<u>-</u>
Retained surplus carried forward		<u>-</u>	<u>-</u>

All amounts relate to continuing operations

There were no recognised gains or losses for 2006 other than those included in the income and expenditure account

The notes on pages 7 to 11 form part of these financial statements

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

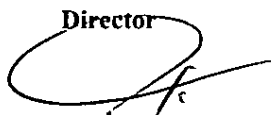
BALANCE SHEET AT 31 DECEMBER 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	-	3,227
Current assets			
Debtors	7	405,105	405,162
Cash at bank		17,433	206,096
		422,538	611,258
Creditors			
Creditors amounts falling due within one year	8	(565)	(28,842)
Deferred funding support	9	(421,973)	(585,643)
		(422,538)	(614,485)
Net current liabilities		-	(3,227)
Net assets		-	-
Capital and reserves			
Retained surplus for the year		-	-

The financial statements were approved by the Board on *4 January 2008*
and signed on its behalf by

WEE Voursde

Director



The notes on pages 7 to 11 form an integral part of these financial statements

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

The directors have reviewed the accounting policies of the company and consider they remain the most appropriate for the company.

Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

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

Office equipment, fixtures and fittings	25% reducing balance
-----------------------------------------	----------------------

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred

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 average rate over the month in which the transaction occurred. Exchange differences are taken into account in arriving at the operating result

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the scheme in respect of the accounting period

2 OTHER OPERATING INCOME

	2006 £	2005 £
Funding support	<u>195,661</u>	<u>282,686</u>

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

3 OPERATING SURPLUS

The operating surplus is stated after charging

	2006 £	2005 £
Depreciation of tangible fixed assets		
- owned by the company	1,156	2,961
Auditors' remuneration	11,100	11,500
Operating lease rentals		
- other operating leases	7,130	25,461
Difference on foreign exchange	20	269

During the period, no director received any emoluments

4 STAFF COSTS

Staff costs during the year were as follows

	2006 £	2005 £
Wages and salaries	124,352	152,940
Social security costs	13,463	16,899
Pension costs	9,718	13,052
Other staff costs	7,344	13,418
	<u>154,877</u>	<u>196,309 00</u>

The average monthly number of employees of the company during the year was

	2006 Number	2005 Number
Executives	1	1
Administration	1	2
	<u>2</u>	<u>3</u>

During 2006 the company terminated the contracts of employment of its current staff, including the Chief Executive, and the management of the company was transferred to Pera, an independent contractor appointed and funded by the UK DTI. This reorganisation was done to reflect the Israeli and UK Governments' plan for future technology activities between the two countries "

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

5 TAXATION

	2006 £	2005 £
UK corporation tax		
Current tax on investment income for the year at 10% (2005 10%)	145	-
Adjustment to prior years	1,084	-
	<u>1,229</u>	<u>-</u>

6 TANGIBLE FIXED ASSETS

	Office equipment fixtures and fittings £
Cost	
At 1 January 2006	14,533
Disposals	<u>(14,533)</u>
At 31 December 2006	<u>-</u>
Depreciation	
At 1 January 2005	11,306
Provided in the year	1,156
Eliminated on disposals	<u>(12,462)</u>
At 31 December 2006	<u>-</u>
Net book amount at 31 December 2006	<u>-</u>
Net book amount at 31 December 2005	<u>3,227</u>

7 DEBTORS

	2006 £	2005 £
Amounts owed by related undertakings	405,000	405,000
Social Security and other taxes	105	-
Prepayments and accrued income	-	162
	<u>405,105</u>	<u>405,162</u>

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	-	2,233
Social security and other taxes	-	5,232
Accruals and deferred income	565	21,377
	565	28,842

9 DEFERRED FUNDING SUPPORT ACCOUNT

	2006	2005
	£	£
Opening surplus funds	585,643	541,969
Funding support allocation	30,000	320,000
Funding support drawn	(195,661)	(282,686)
	419,982	579,283
Bank interest received	1,991	6,360
	421,973	585,643

10 PENSION COSTS

The company operates a defined contribution pension scheme for the benefits of the employees. The assets of the scheme are administered in a fund independent from the company

	2006	2005
	£	£
Contributions payable by the company for the year	9,718	13,052

11 COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members are liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

THE BRITECH FOUNDATION LIMITED (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

12 OPERATING LEASE COMMITMENTS

At 31 December 2006, the company had annual commitments under non-cancellable operating leases as follows

	2006	2005
	£	£
Land and buildings		
Operating leases which expire		
Within one year	<u>-</u>	<u>3,565</u>

13 CONTROLLING PARTY

The company is controlled through its members which are appointed representatives of the British and Israeli governments