

RADIATION WATCH LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Company Registration No. 4760930 (England and Wales)

SATURDAY



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RADIATION WATCH LIMITED

COMPANY INFORMATION

Directors	Lord R Freeman P T Doughty M J Anderson I Benson D J Prendergast I Page
Secretary	Gerry Desler FCA
Company number	4760930
Registered office	140B High Street Chipping Ongar Essex Great Britain CM5 9JH
Auditors	Adler Shine LLP Aston House Cornwall Avenue London N3 1LF
Business address	Trinity Wharf East Cowes Isle of Wight PO32 6RE

RADIATION WATCH LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

RADIATION WATCH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company continued to be that of manufacturing instruments for radiological detection and measurements

Directors

The following directors have held office since 1 January 2006

Lord R Freeman
P T Doughty
M J Anderson
I Benson
D J Prendergast
I Page

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary Shares of 5p each	
	31 December 2006	1 January 2006
M J Anderson	384,625	384,625
I Benson	384,625	384,625
D J Prendergast	384,625	384,625
Lord R Freeman	-	-
P T Doughty	384,625	384,625
I Page	-	-

	A Preferred Ordinary Shares of 5p each	
	31 December 2006	1 January 2006
M J Anderson	-	-
I Benson	-	-
D J Prendergast	-	-
Lord R Freeman	-	-
P T Doughty	-	-
I Page	-	-

	A Ordinary Shares of 5p each	
	31 December 2006	1 January 2006
M J Anderson	-	-
I Benson	-	-
D J Prendergast	-	-
Lord R Freeman	-	-
P T Doughty	-	-
I Page	-	-

Auditors

Adler Shine LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

RADIATION WATCH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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

The directors are responsible for keeping proper accounting records which 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.

Statement of disclosure to auditor

So far as the directors are aware

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Gerry Desler FCA

Secretary
11/7/07

RADIATION WATCH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RADIATION WATCH LIMITED

We have audited the financial statements of Radiation Watch Limited for the year ended 31 December 2006 set out on pages 5 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 auditors' 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 auditors

As described in the Statement of Directors' Responsibilities on page 2, 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).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 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.

RADIATION WATCH LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF RADIATION WATCH LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended and 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

Adler Shine LLP

Adler Shine LLP

Chartered Accountants

Registered Auditor

10 August 2007

Aston House
Cornwall Avenue
London
N3 1LF

RADIATION WATCH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover		49,019	12,000
Cost of sales		(413,101)	(690,365)
Gross loss		(364,082)	(678,365)
Administrative expenses		(1,647,108)	(1,214,461)
Operating loss	2	(2,011,190)	(1,892,826)
Other interest receivable and similar income	3	20,014	34,803
Interest payable and similar charges		(4,091)	(11,907)
Loss on ordinary activities before taxation		(1,995,267)	(1,869,930)
Tax on loss on ordinary activities	4	101,000	-
Loss for the year	10	(1,894,267)	(1,869,930)

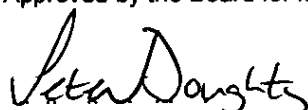
RADIATION WATCH LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Intangible assets	5	100,010		133,334	
Tangible assets	6	42,628		16,002	
			142,638		149,336
Current assets					
Debtors	7	148,480		25,821	
Cash at bank and in hand		314,056		486,969	
			462,536		512,790
Creditors: amounts falling due within one year	8	(174,257)		(319,248)	
Net current assets			288,279		193,542
Total assets less current liabilities			430,917		342,878
			430,917		342,878
Capital and reserves					
Called up share capital	9	229,412		179,193	
Share premium account	10	4,270,720		2,338,633	
Profit and loss account	10	(4,069,215)		(2,174,948)	
Shareholders' funds			430,917		342,878

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board for issue on 11/7/07



P T Doughty
Director

RADIATION WATCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives

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 less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Over the term of the lease
Fixtures, fittings & equipment	25% of written down value

1.6 Research and Development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

2 Operating loss

	2006 £	2005 £
Operating loss is stated after charging		
Amortisation of intangible assets	33,324	33,333
Depreciation of tangible assets	12,622	2,705
Auditors' remuneration	10,000	-
Directors' emoluments	360,001	386,542

3 Investment income

	2006 £	2005 £
Bank interest	20,014	34,803

RADIATION WATCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

4	Taxation	2006 £	2005 £
	Domestic current year tax		
	Adjustment for prior years	(101,000)	-
	Current tax charge	(101,000)	-

The company has estimated losses of £ 4,000,000 (2005 - £ 1,500,000) available for carry forward against future trading profits

5	Intangible fixed assets	Patents £
	Cost	
	At 1 January 2006 & at 31 December 2006	200,000
	Amortisation	
	At 1 January 2006	66,666
	Charge for the year	33,324
	At 31 December 2006	99,990
	Net book value	
	At 31 December 2006	100,010
	At 31 December 2005	133,334

RADIATION WATCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2006	-	18,706	18,706
Additions	20,357	18,891	39,248
At 31 December 2006	20,357	37,597	57,954
Depreciation			
At 1 January 2006	-	2,704	2,704
Charge for the year	5,089	7,533	12,622
At 31 December 2006	5,089	10,237	15,326
Net book value			
At 31 December 2006	15,268	27,360	42,628
At 31 December 2005	-	16,002	16,002

7 Debtors

	2006 £	2005 £
Trade debtors	26,030	-
Other debtors	122,450	25,821
	148,480	25,821

8 Creditors, amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	36,364	63,636
Trade creditors	80,850	255,612
Taxation and social security	24,237	-
Other creditors	32,806	-
	174,257	319,248

The loan is secured by a fixed and floating charge over the assets of the company

RADIATION WATCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

9	Share capital	2006 £	2005 £
	Authorised		
	1,998,200 Ordinary Shares of 5p each	99,910	98,690
	3,178,700 A Preferred Ordinary Shares of 5p each	158,935	7,310
	150,700 A Ordinary Shares of 5p each	7,535	140,000
		<u>266,380</u>	<u>246,000</u>
	Allotted, called up and fully paid		
	1,623,980 Ordinary Shares of 5p each	81,199	80,000
	2,828,680 A Preferred Ordinary Shares of 5p each	141,434	94,176
	135,580 A Ordinary Shares of 5p each	6,779	5,017
		<u>229,412</u>	<u>179,193</u>

The following fully paid shares were allotted during the year 23,971 Ordinary Shares, 945,163 A Preferred Ordinary Shares and 35,248 A Ordinary Shares. The nominal value of these shares was £50,219 and the consideration received was £2,017,803.

In March 2007, the company raised £1,050,000, after expenses, by the issue of 522,646 A Preferred Ordinary Shares of 5p each.

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2006	2,338,633	(2,174,948)
Loss for the year	-	(1,894,267)
Premium on shares issued during the year	1,967,584	-
Share premium - other movements	(35,497)	-
Balance at 31 December 2006	<u>4,270,720</u>	<u>(4,069,215)</u>

RADIATION WATCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

11 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	2006 £	2005 £
Operating leases which expire		
Within one year	5,565	-
Between two and five years	35,290	-
	<hr/>	<hr/>
	40,855	-
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