

**Babraham Institute
(Limited by Guarantee)**

**Governors' report and financial
statements**

31 March 2000

Company 3011737

Charity 1053902



Babraham Institute

Governors' report and financial statements

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Babraham Institute

Company information

Governors

Dr K W Humphreys CBE
Dr R G Dyer
Dr A Colman
Dr N E Cross
Prof. W Dawson
Dr A J Munro
Prof. T W Robbins
Prof. Sir Tom Blundell
Dr F F Hefti
Dr H Hale

-Chairman
-Deputy Chairman

Secretary

Dr D Hardman

Registered Office

Babraham Institute
Babraham Hall
Babraham
Cambridge
CB2 4AT

Auditors

Grant Thornton
Chartered Accountants
Holland Court
The Close
Norwich
NR1 4DY

Bankers

Barclays Bank PLC
City Corporate Group
PO Box No 544
54 Lombard Street
London
EC3V 9EX

Babraham Institute

Governors' report

The Governors, who are Trustees of the Charity, present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activity

The principal activity of the Company, as set out in the Memorandum and Articles of Association, is the undertaking of research, the dissemination of the results of such research for the public benefit and the training of research scientists. The Company aims to be the UK's premier research institute for work on cell genetics, which is relevant to the biomedical, biopharmaceutical and biotechnological user communities.

The Institute Director who is appointed by the Board of Governors runs the Charity. In the furtherance of the objectives listed above, the Company has adopted the following policies:

- To pursue world class programmes of research to advance understanding about genetic and molecular mechanisms controlling function in animal cells.
- To undertake fundamental and strategic research, which will provide the underpinning, science for biologically based industries (health-care, biotechnological, biomedical, food, pharmaceutical and agricultural) and provide the training and basic knowledge necessary for advancement in relevant areas of biology.
- To provide the infrastructure to support multidisciplinary research programmes and link these as appropriate with those in universities and other research centres in the UK, EU and worldwide.
- To publish research findings in prominent scientific journals.
- To protect intellectual property for exploitation and wealth creation.
- To transfer technology and skills to biologically based industries.
- To engage in activities that contribute to the public understanding of science.

Business review

The year to March 2000 was notable for important successes and completion of the transition that the Institute commenced in 1997 to focus the science exclusively on biotechnology and healthcare. Successful recruitment of high calibre staff allowed creation of a new Laboratory (Chromatin Function); staff had an 82% success rate in applying for funding from the BBSRC GAIN initiative; the percentage of papers published in journals with the highest impact has doubled to 25% in four years; laboratories and offices for two Programmes were fully refurbished; a strategic alliance, supported by external funding, was formed with the University of Cambridge for work on structural biology and total income was about £1.5m more than anticipated at the start of the financial year.

The charity holds its assets for the furtherance of its objectives as set out above. The principal source of funding of the charity is the Biotechnological and Biological Sciences Research Council (BBSRC), a government agency, which has agreed to continue funding until March 2002. The Institute's portfolio of research projects could not continue in its present form without the continued support of central government funding; this funding is expected to continue for the foreseeable future. The BBSRC is funding £14.7m of an £18m campus redevelopment project, which includes a state-of-the-art research facility. Future commitments are set out in note 18.

The wholly owned trading subsidiary Babraham Bioscience Technologies Limited (BBT) exists to conduct the commercial activities of the group and will covenant all profits back to the Charity. It is anticipated that BBT will be profitable in the next financial year.

The acquisition of outline planning permission for 26,000sqm of new building to house 'start up' and growing biotechnology companies on the Babraham campus has given considerable impetus to BBT. Babraham Technix Limited was formed, as a wholly owned subsidiary of BBT, on 1 December 1998 as a spin-out vehicle for the provision of technical services and is currently dormant.

Babraham Institute

Governors' report (*continued*)

Business review (*continued*)

Land and buildings, as shown in note 11, are recorded in these financial statements based on a valuation by the Governor's based on a twenty year lease agreed between the charity and BBSRC.

During the year the major refurbishment of the Greville building was commenced. The first phase was completed at a cost of £534k, with the second phase committed and completed in the next financial year.

There is substantial and continuing input to the Institute research programme by visiting scientists. The salary value of this, based on UK levels of pay, is some £525k.

The Governors confirm that, on a fund by fund basis, the assets of the Charity are sufficient to fulfil the Charity's obligations.

Result for the year

The result for the year is detailed on page 9 of the financial statements. The excess of income over resources expended taken to revenue reserves is £1,980k (1999: £373k) The result of the subsidiary is set out in note 12.

The Governing Council

The Governing Council consists of up to twelve Members who act as Trustees and Directors and are all guarantors of the company, of an amount not exceeding £1, during the period of their appointment as Member and for a year after resignation. The members of the company are appointed following recommendation to the Governing Council by the BBSRC. Members are appointed for a period of up to four years from the date of appointment and are eligible for re-appointment at the end of their term.

None of the Governing council holds any interest in the shares of any of the subsidiary companies.

The following were members of the Governing Council:

Dr K W Humphreys CBE	- Chairman
Dr R G Dyer #	- Deputy Chairman
Prof. D C Burke CBE DL	- retired 8 December 1999
Dr A Colman #	
Dr N E Cross #	
Prof. W Dawson	
Dr A J Munro	
Prof. T W Robbins	
Prof. Sir Tom Blundell	
Dr F F Hefti	
Dr H Hale	

Denotes members of the Finance and General Purposes Committee.

Babraham Institute

Governors' report (*continued*)

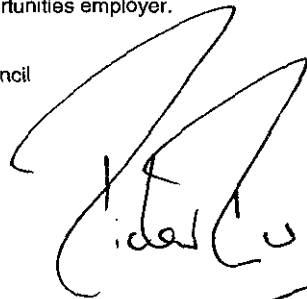
Employees

During the year the company has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's position and any significant organisational changes.

The company is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

The company is an equal opportunities employer.

By order of the Governing Council



Richard DYER

14 December 2000

Babraham Hall
Cambridge
CB2 4AT

Babraham Institute

Statement of Governors' responsibilities

Law applicable to incorporated charities in England and Wales requires the Governors who are also the Directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the group at the end of the year and of its financial activities for the year then ended. In preparing those financial statements, the governors 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 and statements of recommended practice 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 charity and the group will continue in operation.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group and which 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 group to prevent and detect fraud and other irregularities.

Grant Thornton

Holland Court
The Close
Norwich
NR1 4DY

Report of the auditors to the members of the Babraham Institute

We have audited the financial statements on pages 9 to 24 which have been prepared under the accounting policies set out on pages 13 and 14.

Respective responsibilities of governors and auditors

As described on page 7 the governors, who are also the directors of the Babraham Institute for the purposes of company law are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 charitable 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 affairs of the charitable company and the group as at 31 March 2000 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Registered Auditors
Chartered Accountants*

12 January 2001

Babraham Institute

Consolidated statement of financial activities

for the year ended 31 March 2000

	<i>Note</i>	Restricted Revenue Funds £000	Restricted Capital Funds £000	2000 Total Funds £000	1999 Total Funds £000
Incoming resources					
Grants receivable		13,641	1,098	14,739	14,576
Other income		91	-	91	1,226
Release of deferred income		590		590	495
Total incoming resources	2	14,322	1,098	15,420	16,297
Resources expended					
Direct charitable expenditure		(13,488)	-	(13,488)	(15,461)
External relations		(45)	-	(45)	(39)
Management and administration		(1,285)	-	(1,285)	(1,354)
Net loss of trading subsidiary	12	(206)	-	(206)	(177)
Total resources expended	3	(15,024)	-	(15,024)	(17,031)
Net (outgoing)/incoming resources before transfers		(702)	1,098	396	(734)
Transfers between funds					
Capital fund release		2,682	(2,682)	-	-
Revaluation of land and buildings		-	-	-	4,613
Net movements in funds and balances transferred to reserves		1,980	(1,584)	396	3,879
Balances brought forward at 31 March 1999		1,619	24,080	25,699	21,820
Balances carried forward at 31 March 2000	17	3,599	22,496	26,095	25,699

The (outgoing)/incoming resources and resulting net movement in funds arise from continuing operations. The charitable company has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 13 to 24 form part of these financial statements

Babraham Institute

Consolidated summary income and expenditure account

for the year ended 31 March 2000

	<i>Note</i>	2000 Total Funds £000	1999 Total Funds £000
Incoming Resources			
Recurrent/General Income		14,086	14,662
Capital Grants: BBSRC		1,334	1,635
Total Incoming Resources	2	<u>15,420</u>	<u>16,297</u>
Less BBSRC & Other Capital Grants		<u>(1,334)</u>	<u>(1,635)</u>
Total Recurrent Income		<u>14,086</u>	<u>14,662</u>
Less Expenditure			
Salaries	3	7,856	8,754
Other Recurrent	3	4,250	5,535
Depreciation	3	2,682	2,552
Total resources expended		<u>14,788</u>	<u>16,841</u>
Deficit Before Transfer from Reserves		(702)	(2,179)
Release of capital fund		2,682	2,552
Net Surplus After Transfer from Specific Reserve		<u>1,980</u>	<u>373</u>
General (Income & Expenditure) Reserve B/Forward		1,619	1,246
General (Income & Expenditure) Reserve C/Forward		<u>3,599</u>	<u>1,619</u>

Note of Historical Cost income and expenditure

	2000 Total Funds £000	1999 Total Funds £000
Reported deficit before transfer from reserves	(702)	(2,179)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	677	778
Historical cost (deficit) before transfer from reserves	<u>(25)</u>	<u>(1,401)</u>

The notes on pages 13 to 24 form part of these financial statements

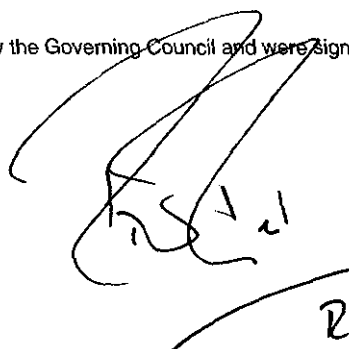
Babraham Institute

Balance Sheet

for the year ended 31 March 2000

		Group		Company	
	Note	2000 £000	1999 £000	2000 £000	1999 £000
Fixed assets					
Intangible fixed assets	10	55	51	-	-
Tangible fixed assets	11	26,533	27,424	25,702	26,529
Investments in Subsidiary	12	-	-	1	1
		<u>26,588</u>	<u>27,475</u>	<u>25,703</u>	<u>26,530</u>
Current assets					
Stocks	13	82	145	82	145
Debtors	14	1,966	2,128	2,385	2,453
Cash at bank and in hand		1,480	660	1,344	593
		<u>3,528</u>	<u>2,933</u>	<u>3,811</u>	<u>3,191</u>
Creditors: amounts falling due within one year	15	(3,502)	(4,261)	(3,219)	(4,012)
Net Current Assets/(Liabilities)		<u>26</u>	<u>(1,328)</u>	<u>592</u>	<u>(821)</u>
Total assets less current liabilities		<u>26,614</u>	<u>26,147</u>	<u>26,295</u>	<u>25,709</u>
Creditors: amounts falling due after more than one year	16	(519)	(448)	(200)	(10)
Net assets		<u>26,095</u>	<u>25,699</u>	<u>26,095</u>	<u>25,699</u>
Funds					
Restricted revenue fund	17	3,599	1,619	3,599	1,619
Restricted capital fund	17	22,496	24,080	22,496	24,080
		<u>26,095</u>	<u>25,699</u>	<u>26,095</u>	<u>25,699</u>

These financial statements were approved by the Governing Council and were signed on its behalf by :



RICHARD DYER

14 December 2000

The notes on pages 13 to 24 form part of these financial statements

Babraham Institute

Cash flow statement

for the year ended 31 March 2000

	<i>Note</i>	2000 £000	1999 £000
Cash inflow from operating activities	21	1,654	2,320
Return on investments and servicing of finance	20	91	126
Capital expenditure and financial investment	20	<u>(925)</u>	<u>(3,448)</u>
Increase / (Decrease) in cash in the period	22	<u>820</u>	<u>(1,002)</u>

Reconciliation of net cash flow to movement in net funds

		2000 £000	1999 £000
Increase / (Decrease) in cash in the period	22	820	(1,002)
Net funds at 31 March 1999		660	1,662
Net funds at 31 March 2000		<u>1,480</u>	<u>660</u>

The notes on pages 13 to 24 form part of these financial statements

Babraham Institute

Notes (forming part of the financial statements)
for the year ended 31 March 2000

1 Accounting policies

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

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Charities.

As permitted by the Companies Act 1985, a separate income and expenditure account for the company has not been presented.

The consolidated financial statements comprise the accounts of the Babraham Institute and its group undertakings made up to 31st March 2000.

Incoming resources

Incoming resources represent grants receivable in the year from outside granting bodies and other miscellaneous income.

Restricted funds

Research at the Institute is funded by grants on a project by project basis. All grants have therefore been shown as restricted funds.

Resources expended

Direct charitable expenditure represents the full cost of the research performed. It includes the cost of direct staff, consumable stocks and indirect costs apportioned on the basis of use.

Fundraising and publicity expenditure represents the cost of obtaining funds for research and promoting the work of the Institute.

Management and administration expenditure represents the necessary costs of compliance with statutory and constitutional requirements, and any other costs which are not direct charitable expenditure.

Fixed assets and depreciation

Depreciation is provided by the group to write off the costs less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Computer equipment	-	3 years
Non-computer equipment	-	2 - 5 years
Short leasehold land and buildings	-	Over the period of the lease

Fixed asset revaluation

Land and buildings have been valued using depreciated replacement cost.

The transitional rules in relation to Financial Reporting Standard 15 have been adopted as no regular revaluation of land and buildings will be made. The revalued amount at 1st April 1999 has therefore been adopted as the surrogate cost for future years.

Intangible Fixed Assets

The cost of acquired intellectual property is capitalised and written off over its anticipated useful economic life.

Research costs

Research costs and purchased intellectual property are written off to the income and expenditure account as they are incurred.

Grants

BBSRC Capital Grants within the charity are included within the restricted capital funds in the statements of financial activities and are released to the restricted revenue fund over the estimated useful economic lives of the assets.

Capital based grants within the trading subsidiary are included within creditors in the balance sheet and are released to the statements of financial activities over the estimated useful economic lives of the assets to which they relate.

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

Foreign currency transactions

All foreign currency gains and losses are taken to the statement of financial activities as incurred. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

VAT

Income is stated net of VAT and expenditure includes VAT where applicable.

Leases

All leases are accounted for as operating leases and the rental charges are charged to the statement of financial activities on a straight-line basis over the life of the lease.

Stocks

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

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

2 Analysis of incoming resources

	Restricted Revenue	Restricted Capital Grants	Deferred Income	2000 Total	1999 Total
	£000	£000	£000	£000	£000
BBSRC - Competitive Strategic Grant	8,361	-	-	8,361	8,579
- Competitive Project Grant	581	-	97	678	720
- Minor Works	236	-	-	236	190
- Other Grants	-	1,098	-	1,098	1,445
Total BBSRC	9,178	1,098	97	10,373	10,934
MAFF 'Umbrella' Contract Projects	396	-	29	425	458
Medical Research Council	806	-	137	943	1,520
Ministry of Defence	22	-	-	22	6
University Links	84	-	-	84	19
Medical School Links	-	-	-	-	81
European Union	93	-	82	175	390
Industry, Levy Boards	708	-	177	885	867
Trusts, Foundations, Charities	674	-	68	742	796
Interest receivable	91	-	-	91	126
Royalty/Licence income	19	-	-	19	86
Goods & Services	1,106	-	-	1,106	677
Rent	481	-	-	481	308
Student fees	74	-	-	74	-
Other income	-	-	-	-	29
Total incoming resources	13,732	1,098	590	15,420	16,297

Geographical Analysis

USA	218	142
Europe	204	535
Far East & Australia	5	5
U.K.	14,993	15,615
	15,420	16,297

3 Analysis of resources expended

	Staff Costs	Other Costs	Depreciation & amounts written off fixed assets	2000 Total	1999 Total
	£000	£000	£000	£000	£000
Direct charitable expenditure					
Research	4,489	2,383	1,526	8,398	9,823
Support services	2,686	1,504	900	5,090	5,638
	7,175	3,887	2,426	13,488	15,461
External relations					
Other	30	13	2	45	39
Management and administration					
Finance	217	11	75	303	288
Personnel	93	19	32	144	120
Management	341	350	147	838	946
	651	380	254	1,285	1,354
Net loss from subsidiary	-	206	-	206	177
	7,856	4,486	2,682	15,024	17,031
Minor Works	-	(236)	-	(236)	(190)
Total	7,856	4,250	2,682	14,788	16,841

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

4 Analysis of expenditure

	Group	
	2000	1999
	£000	£000
Staff costs	7,856	8,754
Laboratory Supplies	1,502	2,285
Travel & Subsistence	159	212
Repairs & Maintenance	603	754
Rent & Rates	47	119
Fuel and Water Charges	369	360
Equipment Costing < £1000 and hire charges	3	68
Depreciation	2,682	2,552
Less transfer from deferred capital reserves	(2,682)	(2,552)
Farm Supplies	163	238
Livestock	16	7
Computing Costs	318	315
Legal & Professional Charges	86	416
Knowledge transfer & patent costs	59	193
Recruitment	87	106
Training	69	124
Library	119	150
Other Costs	444	11
Net Loss from the subsidiary	206	177
Total Expenditure	<u>12,106</u>	<u>14,289</u>

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Operating costs are stated after charging/(crediting):				
Auditors' remuneration				
- audit services	18	15	16	14
- non audit services	15	57	6	29
Depreciation	2,852	2,597	2,682	2,552
Amortisation of intangible fixed assets	4	-	-	-
Loss/(Profit) on disposal of fixed assets	54	(8)	54	(4)
Capital grant release	(2,682)	(2,552)	(2,682)	(2,552)

6 Changes in resources available for charity use

Company

	Restricted Revenue Funds £000	Restricted Capital Funds £000	2000 Total £000	1999 Total £000
Net movement in funds for the year	1,980	(1,584)	396	3,879
Net decrease/(increase) in tangible fixed assets for direct charitable purposes	-	827	827	(6,851)
Net movement in funds available for future activities	<u>1,980</u>	<u>(757)</u>	<u>1,223</u>	<u>(2,972)</u>

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

7 Remuneration of the members of the Governing Council

The Deputy Chairman of the Governing Council received a salary of £70,387 (1999: £69,484) in his capacity as Institute Director. None of the other members of the Governing Council received any remuneration from the company during the year. Aggregate expenses incurred by Governors in respect of travelling costs, totalled £5,113

8 Staff numbers and costs

The average number of persons employed by the group (excluding non-executive members of the Governing Council) during the year, analysed by category, was as follows;

	Group Staff numbers		Company Staff numbers	
	2000	1999	2000	1999
Direct Charitable Research	329	366	329	366
External Relations	1	1	1	1
Management and Administration	31	34	28	32
Technical Staff in Subsidiary	4	-	-	-
	<u>365</u>	<u>401</u>	<u>358</u>	<u>399</u>

The aggregate payroll costs of these persons were as follows

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Wages and Salaries	6,937	7,285	6,773	7,237
Social security costs	467	513	451	508
Other pension costs (note 19)	632	1,009	632	1,009
	<u>8,036</u>	<u>8,807</u>	<u>7,856</u>	<u>8,754</u>

The number of staff with emoluments greater than £40,000 was

	No.	No.	No.	No.
£40,000 - £49,999	17	9	17	9
£50,000 - £59,999	2	2	2	2
£60,000 - £69,999	-	3	-	3
£70,000 - £79,999	2	1	2	1

9 Other interest receivable and similar income

	2000	1999
	£000	£000
Other interest receivable	<u>91</u>	<u>126</u>

10 Intangible Fixed Assets

These relate to intellectual property, purchased by the subsidiary company Babraham Bioscience Technologies Limited.

	Group	
	2000	1999
	£000	£000
At 1 April 1999	51	1
Additions at cost	8	50
Amortisation charged during the year	(4)	-
At 31 March 2000	<u>55</u>	<u>51</u>

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

11 Tangible Fixed Assets

<i>Group</i>	Short Leasehold Land and Buildings	Fixtures and Equipment	Assets in Course of Construction	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 1999	23,761	6,044	340	30,145
Additions	336	984	736	2,056
Commissioned during the year	134	-	(134)	-
Disposals	-	(143)	-	(143)
At 31 March 2000	<u>24,231</u>	<u>6,885</u>	<u>942</u>	<u>32,058</u>
Depreciation				
At 1 April 1999	-	2,721	-	2,721
Charge for year	1,476	1,376	-	2,852
Disposals	-	(48)	-	(48)
At 31 March 2000	<u>1,476</u>	<u>4,049</u>	<u>-</u>	<u>5,525</u>
Net book value				
At 31 March 2000	<u>22,755</u>	<u>2,836</u>	<u>942</u>	<u>26,533</u>
At 31 March 1999	<u>23,761</u>	<u>3,323</u>	<u>340</u>	<u>27,424</u>
Group assets held by non charitable subsidiary				
Net book value at 31 March 2000	<u>212</u>	<u>598</u>	<u>21</u>	<u>831</u>
Company	Short Leasehold Land and Buildings	Fixtures and Equipment	Assets in Course of Construction	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 1999	23,594	5,266	340	29,200
Additions	279	956	715	1,950
Commissioned during the year	134	-	(134)	-
Disposals	-	(143)	-	(143)
At 31 March 2000	<u>24,007</u>	<u>6,079</u>	<u>921</u>	<u>31,007</u>
Depreciation				
At 1 April 1999	-	2,671	-	2,671
Charge for year	1,464	1,218	-	2,682
Disposals	-	(48)	-	(48)
At 31 March 2000	<u>1,464</u>	<u>3,841</u>	<u>-</u>	<u>5,305</u>
Net book value				
At 31 March 2000	<u>22,543</u>	<u>2,238</u>	<u>921</u>	<u>25,702</u>
At 31 March 1999	<u>23,594</u>	<u>2,595</u>	<u>340</u>	<u>26,529</u>

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

11 Tangible Fixed Assets (continued)

The company's leasehold land and buildings were valued by the Governors as at 31st March 1999, and the valuation has been included in these financial statements. The amount included is based upon the previous professional valuation, adjusted by the change in lease term to 20 years, as now agreed between the Institute and BBSRC.

The Historical Cost net book value of land and buildings is stated at :-

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Historical cost	24,803	24,333	24,579	24,166
Accumulated depreciation based on historical cost	(12,209)	(11,410)	(12,197)	(11,410)
Historical Cost Net Book Value	<u>12,594</u>	<u>12,923</u>	<u>12,382</u>	<u>12,756</u>

12 Investments

The Institute owned 100% of the Ordinary share capital of Babraham Bioscience Technologies Limited, a company incorporated in England.

The net loss of the trading subsidiary is set out as follows:

	2000	1999
	£000	£000
Sales and other operating income	691	289
Operating costs and interest payable	(921)	(451)
Tax on ordinary activities	24	(15)
	<u>(206)</u>	<u>(177)</u>

Babraham Bioscience Technologies Limited owned 100% of the ordinary share capital of Translocus Therapeutics Limited, Babraham Bioscience Developments Limited and Babraham Technix Limited. All companies were dormant throughout the year and are incorporated in England.

Babraham Bioscience Technologies Limited owned 40% of the ordinary share capital of Bioscience Partnership Limited, an associated company incorporated in England.

13 Stocks

Group and Company	2000	1999
	£000	£000
Livestock	11	18
Raw materials and consumables	71	127
	<u>82</u>	<u>145</u>

In 1999 an amount of £52k consignment stock was included in the stock valuation as it was deemed that the Institute was liable for any damage. During the year events occurred which demonstrated that no such liability was attached to these stocks and therefore no amount has been included in the current financial year.

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

14 Debtors

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade debtors	530	493	398	403
Amounts owed by subsidiary undertaking	-	-	743	463
Grants receivable	947	1,373	947	1,373
Other debtors	335	209	270	161
Prepayments and accrued income	154	53	27	53
	<u>1,966</u>	<u>2,128</u>	<u>2,385</u>	<u>2,453</u>
Amounts owed by subsidiary undertaking				
Loan including interest	-	-	572	534
Provision for loss of the subsidiary undertaking	-	-	(625)	(419)
Trade debts	-	-	410	296
Other debts	-	-	386	52
	<u>-</u>	<u>-</u>	<u>743</u>	<u>463</u>

The Institute provides a loan to the trading subsidiary, which amounted to £572k (1999:£534k) at the year end. Interest has been charged on the loan at 1.5% over base which amounted to £38k (1999:£35k) for the year. The Institute has made full provision against the net liabilities in the trading subsidiary amounting to £625k (1999:£419k). The amount of the loan which falls due within 2-5 years is £372k (1999:£509k).

15 Creditors : amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Loans for capital projects (see note 16)	60	10	60	10
Trade creditors	1,149	1,016	1,086	989
Amount owed to associated undertaking	3	-	-	-
Grant monies received in advance	326	423	326	423
Receipts in advance for capital projects	120	-	120	-
Other creditors	714	1,284	530	1,135
Deferred income	601	1,292	581	1,292
EU Co-ordinated programme partners	50	36	50	36
Accruals	479	200	466	127
	<u>3,502</u>	<u>4,261</u>	<u>3,219</u>	<u>4,012</u>

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

16 Creditors : amounts falling due in more than one year

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Capital Grant	319	438	-	-
Loans left to pay	200	10	200	10
Total Creditors falling due in more than one year	519	448	200	10

Capital grant received within non charitable subsidiary

Release within one year (included in note 15 - other creditors)	119	119		
Release in more than one year but less than two years	119	119	-	-
Release in more than two years but less than five years	200	319	-	-
	<u>438</u>	<u>557</u>	<u>-</u>	<u>-</u>

Loans for Capital Projects amounts falling due:-

Within one year (included in note 15 - other creditors)	60	10	60	10
In more than one year but less than two years	50	10	50	10
In more than two years but less than five years	150	-	150	-
	<u>260</u>	<u>20</u>	<u>260</u>	<u>20</u>

Total Amounts falling due/being released as below:-

Within one year (included in note 15 - other creditors)	179	129	60	10
In more than one year but less than two years	169	129	50	10
In more than two years but less than five years	350	319	150	-
	<u>698</u>	<u>577</u>	<u>260</u>	<u>20</u>

The loans have been provided by the main funding body BBSRC in respect of the following projects :-

The Nursery loan £10k (1999: £20k), is repayable in equal annual instalments which are top sliced from Competitive Strategic Grant.

The Telephone System loan £150k (1999: £nil) is repayable in equal annual instalments over 3 years starting in the year ended 31 March 2001.

The Babraham research initiative loan £100k (1999: £nil) is repayable when the first income is received from the new development. It is anticipated this will be within five years.

All of these loans are provided interest free.

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

17 Funds

The income funds for the Institute include restricted funds comprising the following unexpended balances of donations and grants to be applied for specific purposes.

<i>Group</i>	31 March 1999 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 31 March 2000 £000
Restricted revenue fund	1,619	14,322	(12,342)	3,599
Restricted capital fund	24,080	1,098	(2,682)	22,496
	<u>25,699</u>	<u>15,420</u>	<u>(15,024)</u>	<u>26,095</u>

<i>Company</i>	Balance at 31 March 1999 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 31 March 2000 £000
Restricted revenue fund	1,619	14,322	(12,342)	3,599
Restricted capital fund	24,080	1,098	(2,682)	22,496
	<u>25,699</u>	<u>15,420</u>	<u>(15,024)</u>	<u>26,095</u>

Analysis of net assets between funds

Fund balances at 31 March 2000 are represented by:

<i>Group</i>	Restricted Funds £000	Capital Fund £000	2000 Total £000	1999 Total £000
Tangible fixed assets	4,092	22,441	26,533	27,424
Intangible fixed assets	-	55	55	51
Current assets	3,528	-	3,528	2,933
Total liabilities	(4,021)	-	(4,021)	(4,709)
Total net assets	<u>3,599</u>	<u>22,496</u>	<u>26,095</u>	<u>25,699</u>

<i>Company</i>	Restricted Funds £000	Capital Fund £000	2000 Total £000	1999 Total £000
Tangible fixed assets	3,207	22,495	25,702	26,529
Investments in Subsidiary	-	1	1	1
Current assets	3,811	-	3,811	3,191
Total liabilities	(3,419)	-	(3,419)	(4,022)
Total net assets	<u>3,599</u>	<u>22,496</u>	<u>26,095</u>	<u>25,699</u>

Group and Company

Unrealised gains on revaluation included above	<u>-</u>	<u>10,161</u>	<u>10,161</u>	<u>10,838</u>
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Babraham Institute

Notes (continued)

for the year ended 31 March 2000

18 Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	2000 £000	1999 £000
Contracted	317	360

Capital commitments relate to the campus development programme to which the BBSRC has agreed to contribute. £0.5m of this contribution remains to be drawn.

The company has entered into a number of operating leases for plant and machinery which commit the company to pay the following annual rentals and which expire in the periods:-

	2000 £000	1999 £000
Within one year	3	3
Within two to five years	4	7

19 Pension Scheme

The company participates in the Research Council's Pension Scheme. This is a defined benefit final salary scheme and is unfunded. The pension cost represents contributions payable by the company to the scheme and amounted to £632K (1999 £1,009k).

20 Analysis of cash flow for headings netted in the cash flow statement

	2000 £000	1999 £000
Returns on investment and servicing of finance		
Interest received	91	126
Capital expenditure and financial investment		
Proceeds from the sale of fixed assets	41	-
Purchase of tangible fixed assets	(2,056)	(4,843)
Purchase of intangible fixed assets	(8)	(50)
Grants received	1,098	1,445
	<u>(925)</u>	<u>(3,448)</u>

21 Reconciliation of net incoming resources to net cash inflow from operating activities

	2000 £000	1999 £000
Changes in resources	396	3,879
Changes in capital funds	1,584	(3,506)
Interest receivable	(91)	(126)
Operating result	1,889	247
Depreciation charge	2,852	2,597
Amortisation of intangible fixed assets	4	-
Deferred capital grant release	(2,682)	(2,552)
Loss on sale of fixed assets	54	8
Decrease/(Increase) in stocks	63	(39)
Decrease in debtors	162	512
(Decrease)/Increase in creditors	(688)	1,547
	<u>1,654</u>	<u>2,320</u>

Babraham Institute

Notes (continued)

for the year ended 31 March 2000

22 Analysis of funds

	At 31 March 1999	Cash flow 2000	At 31 March 2000
	£000	£000	£000
Cash at bank and in hand	<u>660</u>	<u>820</u>	<u>1,480</u>

23 Related Party Transactions

Contracts of staff employment are between the member of staff and the BBSRC, a public body within the office of science and technology. Grants from the BBSRC to fund these staff costs and the research projects of the Institute are disclosed in note 2.

Other related parties and their transactions are as follows:-

Related Party	Description of Transaction	Value of Transactions £000	Balance At 31 March 2000 £000	Balance At 31 March 1999 £000
Other BBSRC Funded Institutes	Provision of payroll services by the Institute	<u>13</u>	<u>2</u>	<u>2</u>
	Value of payroll due at the year end included within debtors		<u>-</u>	<u>104</u>

24 Insurance

In line with government policy no insurance against property losses is effected by the Institute except that required by statute and that provided for the Biocubator buildings .