

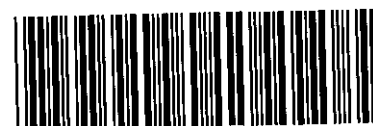
Jenner Vaccine Foundation
(formerly The Edward Jenner Institute for Vaccine Research)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2007

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COMPANIES HOUSE

Company number: 3079818
Charity number: 1051079

Jenner Vaccine Foundation

TRUSTEES AND PRINCIPAL ADVISERS TO THE TRUST

TRUSTEES

Prof B Greenwood (Chairman)

Dr J Almond
Dr K Fleming
Prof K Gull
Dr J Maxton
Prof M W Shirley
Dr P Wells

REGISTERED OFFICE

Compton
Newbury
Berkshire
RG20 7NN

BANKERS

HSBC Bank plc
8 London Street
Basingstoke
RG21 7NU

SOLICITORS

Paisner & Co	Hempsons Solicitors
Bouverie House	Hempson House
154 Fleet Street	154 Fleet Street
London	London
EC4A 2DQ	EC4A 2DQ

INVESTMENT MANAGERS

Citigroup Quilter
St Helen's
1 Undershaft
London
EC3A 8BB

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

Jenner Vaccine Foundation

TRUSTEES' REPORT

THE BOARD OF DIRECTORS AND THEIR INTERESTS

Members of the Board of Directors during the year have been:

Directors serving between 1 April 2006 and 31 March 2007

DIRECTOR:

Prof B Greenwood (Chairman)

Prof R A Weiss (resigned 31 December 2006)

Prof M W Shirley

Dr P Wells

Dr J Almond

Dr K A Fleming

Prof J Bell (resigned 1 May 2006)

Dr J Maxton (appointed 16 January 2007)

Prof K Gull (appointed 16 January 2007)

NOMINATED BY:

Jointly nominated by the Institute for Animal Health
and the University of Oxford

Institute for Animal Health

Institute for Animal Health

Institute for Animal Health

Research Nominee, nominated by mutual agreement of
Oxford University and Institute for Animal Health

University of Oxford

University of Oxford

University of Oxford

Institute for Animal Health

Chief Executive Officer and Secretary

Chief Executive Officer

Secretary

Prof A Hill

Mr G Strickland

DIRECTORS AND TRUSTEES

The directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

ANNUAL REPORT OF THE TRUSTEES AND DIRECTORS

(For the purposes of Section 45 of the Charities Act 1993 and Directors' Report for the purposes of Section 234 of the Companies Act 1985)

The Trustees have pleasure in submitting their annual report together with the accounts for the year ended 31 March 2007.

The financial statements have been prepared in accordance with the accounting policies set out on pages 14 and 15 of the accounts and comply with the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

Jenner Vaccine Foundation

TRUSTEES' REPORT (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Jenner Vaccine Foundation is a company limited by guarantee (registered number 3079818) and a registered charity (number 1051079). The Jenner Vaccine Foundation was previously known as the Edward Jenner Institute for Vaccine Research. At the May 2006 board meeting the trustees agreed to change the name by a written resolution of the two members of the company. This was finally approved in September 2006 by Companies House and the Charities Commission. The Foundation is governed by its Memorandum and Articles of Association and is registered with the Charities Commission.

Membership

- The Foundation has two members, the University of Oxford and the Institute for Animal Health.
- The Board of directors serve as the Trustees of the Foundation.
- The liability of the two members of the company is limited by guarantee to a maximum of £10 each.

APPOINTMENT OF TRUSTEES

As set out in the Articles of Association, the chair of the Trustees is appointed jointly by the Institute for Animal Health and the University of Oxford. The Institute for Animal Health and the University of Oxford each appoint three Trustees and a further research nominee is appointed by whichever of the two members has the highest level of research activity in vaccinology. Each of the chairman and the research nominee hold office for a period of three years from the date of appointment and will be eligible for reappointment for one or more further terms of three years.

RECRUITMENT AND INDUCTION OF NEW TRUSTEES

Trustees are nominated by the members and are selected on the basis of their knowledge and eminence relevant to the Foundation. The Board formally approve all trustee nominations. All Trustees are provided with an induction pack containing Trustee contact details, a copy of the memorandum and articles of association, the last published accounts and the most up to date strategic plan. Baker Tilly are available to advise the Trustees and attend Board Meetings and provide advice to the Trustees on matters affecting them in their roles both as Trustees and Directors.

ORGANISATION

The Board of Trustees, which can have up to eight members, administers the charity. The Board meets quarterly and is advised on scientific matters by a Scientific Advisory Board. A Chief Executive is appointed by the Trustees to manage the day to day operation of the Foundation.

Jenner Vaccine Foundation

TRUSTEES' REPORT (continued)

RELATED PARTIES

As noted in the section 'Structure, Governance and Management' the two members of the Foundation are the Institute for Animal Health and the University of Oxford. One of the main objectives of the Foundation is to support the activities of The Jenner Institute, located at Compton and Oxford, which provides accommodation for research groups. As premier research led organisations with expertise in the field of vaccinology the members will submit individual or joint grant proposals to funding organisations to support work within The Jenner Institute. Currently grant proposals are considered by the Board but a Scientific Advisory Board with an independent membership will consider all applications once such a Board has been established. More information concerning the Scientific Advisory Board is contained in the section 'Grant Making Policy'.

The Foundation continues to support three original Jenner Fellows up until October 2008.

RISK MANAGEMENT

The Trustees have a risk management strategy which comprises

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

Key elements in the management of financial risk are

- The setting of a reserves policy by the Trustees and
- Setting parameters for the distribution of the investment portfolio between equity investments and fixed interest securities in order to achieve a balance between maximising returns and limiting the potential variability of investment returns.

Both the reserves policy and the investment portfolio parameters are reviewed annually.

OBJECTIVES AND ACTIVITIES

The aims of the Foundation are to support the development of new vaccines against diseases of humans and of livestock. The Foundation aims to achieve this primarily through the support of a research institute, the Jenner Institute, a multi-site institute spanning the University of Oxford and the Institute for Animal Health. The Institute has a particular focus on the design and development of new vaccines for the developing world where the greatest needs exist for such vaccines. This ambitious aim recognises that non-industrial researchers have a major role to play in the development and design of new vaccines.

This Institute has activities in both basic and translational research with a particular emphasis on the latter. This focus reflects and recognises both the scientific state of vaccinology and the need for the non-commercial sector to make a greater contribution to vaccine development, particularly for diseases that are unattractive commercial targets for large vaccine companies.

The objectives for the year are shaped by these strategic aims with a view to establishing a research facilitating charity with an international reputation. In 2006/07 the emphasis has been on ensuring that a sound platform is built from which the Foundation can ensure that the Institute will develop successfully.

Jenner Vaccine Foundation

TRUSTEES' REPORT (continued)

OBJECTIVES AND ACTIVITIES (continued)

Cornerstones of this platform have included

- The retention of key staff from the former Edward Jenner Institute for Vaccine Research as "Jenner Fellows" with small research groups employed by the University of Oxford for a three year term and funded by the Foundation. These staff have been continuing the excellent research undertaken under the previous sponsorship arrangement and provide a core body of research professionals with eminence in their fields working on Foundation funded programs. These three groups have continued their work at the Institute's Compton site.
- Commencement of the establishment of a Jenner vaccinology centre to be known as the Jenner Institute Laboratories at the Old Road Campus site in Headington, Oxford as part of a new building currently under construction by the University of Oxford. This building, when completed at the end of 2007 will facilitate the bringing together of a number of research groups engaged in world class vaccinology research into one Oxford based research facility.
- The Foundation has offered Jenner Investigator status to suitable persons who are employees of either the University of Oxford or the Institute for Animal Health and have an excellent track record in the area of vaccinology. This status confers the entitlement to an allowance for travel to conferences and other such expenses whilst raising the profile of the Institute through the use of the title 'Jenner Investigator' on papers written by Jenner Investigators.
- A Scientific Advisory Board is being established with world eminent vaccinology professionals to advise the Board as to which research programs will achieve the greatest effect in advancing knowledge and product development in the field of vaccinology.
- A rigorous program of cost control and review is being undertaken at the Compton site to ensure that the Foundation's resources are used prudently

The achievement of these objectives will establish a sound base for the Foundation and its supported Institute and longer term objectives will include the establishment of new funding streams to enable the work of the Institute to continue and grow.

GRANT MAKING POLICY

The Foundation is currently supporting vaccinology research at the Jenner Institute through a variety of mechanisms. The salaries of Jenner Fellows are supported through a grant made to the University of Oxford. The allowances of Jenner Investigators are funded directly to the individuals. The costs of research facilities at the Oxford and Compton sites are supported in some part by the Foundation. A proportion of the costs of research seminars in vaccinology at the various Institute sites are supported directly. The Jenner Institute is currently establishing a Scientific Advisory Board (SAB) and when this SAB has been formed it will oversee the overall research strategy of the Institute at its biennial meetings. Members of the Institute Board will be able to attend all meetings of the SAB and the SAB will report back to the Institute Board. The Foundation is currently reviewing its priorities for future research funding and will include in this review the possibility of supporting vaccinology activities more widely than through funding of the Jenner Institute. The range of potential funding in the future will be determined in part by the success of measures currently under consideration to enhance the income of the Foundation.

Jenner Vaccine Foundation

TRUSTEES' REPORT (continued)

REVIEW OF THE DEVELOPMENT AND ACTIVITIES OF THE FOUNDATION DURING THE YEAR

Professor Keith Gull and Dr Julie Maxton have been appointed as new trustees on the Foundation Board. Dr Maxton is the Registrar of the University of Oxford and is a University nominee. Professor Gull is a Wellcome Principal Research Fellow at the Sir William Dunn School of Pathology and Chairman of the Board of the Institute for Animal Health. He is an Institute for Animal Health nominee. Dr Maxton and Professor Gull succeed Professor John Bell and Professor Robin Weiss, respectively.

The Foundation has supported an active seminar programme undertaken by the Institute at its two major sites in Compton and at the CCVTM in Headington. In general Oxford-based scientists have spoken in Compton and vice-versa to enhance knowledge of vaccinology research activities on the other site.

The Foundation has identified and appointed 22 new Jenner Institute Investigators active in vaccinology from amongst the staff of the University and the Institute for Animal Health. This status confers entitlement to an allowance for travel to conferences and other such expenses whilst raising the profile of the Institute.

Progress has been made towards the completion of a new headquarters for the Jenner Institute at the Old Road Campus site of the University of Oxford in Headington. The Foundation, part supported the costs of this space which should be available at the end of 2007.

A Jenner Institute management committee has been set up, chaired by the director Prof Adrian Hill, and has met regularly during the year

The Board has been pleased to receive the acceptance of the position of Chairman of the Institute's Scientific Advisory Board from Dr Marie-Paul Kieny of WHO.

A major grant application pre-proposal for support of the work of the Institute was submitted to the Wellcome Trust.

Occupancy of the Jenner Building at Compton has been clarified and transfer of the management of running this building to IAH completed. Running costs of Jenner Building at Compton have been reduced.

The Institute played a major part in the successful joint application by the Oxford Radcliffe Hospitals Trust and the University for a Department of Health-supported Oxford Biomedical Research Centre. The Institute's activities will receive support from the Centre as part of the Vaccines theme.

The Institute supported a workshop on a Roadmap for Global Foot and Mouth Disease control in Agra, India.

Scientific progress on various vaccinology research areas continues to be made by all groups within the Institute. Several grant applications by Jenner Investigators have been funded and several vaccine candidates from Institute scientists are in clinical development.

Jenner Vaccine Foundation

TRUSTEES' REPORT (continued)

PLANS FOR FUTURE PERIODS

The need for greater investment in vaccinology in the UK and globally is increasingly recognised and advocated and is driven by several factors

- Increasing recognition that the horrendous burden of mortality from potentially vaccine-preventable diseases in poor countries is indefensible in an increasingly wealthy world
- Appreciation that a huge investment in basic sciences such as immunology and genomics has provided great opportunities for new vaccine development but relatively few products
- Increasing public concerns about the safety of widely used childhood vaccines in the UK and other developed countries
- Realisation that new pathogens such as SARS and new influenza strains will continue to emerge, that eradicated diseases such as smallpox may be re-introduced by bioterrorists, and that vaccination offers a major defence strategy
- Concern that adequate vaccines and vaccination policies have not been available or in place to safeguard livestock from epidemics such as foot and mouth disease
- Realisation that the commercial sector is unlikely to be able to undertake more than late stage development of vaccines that are needed for mainly developing country markets
- Excitement that therapeutic vaccination against chronic infections and auto-immune diseases may soon become feasible

Against this background Oxford University and the Institute for Animal Health are committed to actively supporting their vaccinology programmes that are enhanced by the work of the Jenner Institute supported by the Jenner Vaccine Foundation. Objectives for the coming year include the following. The Institute will seek core funding for its activities from suitable funding agencies. Work will continue towards completion and fitting out of the Institute's new space at the Old Road Campus site. The Foundation will undertake a feasibility study to assess its potential for significant fundraising. The Scientific Advisory Board of the Institute will meet and review the Institute's scientific strategy. The new websites of the Jenner Institute and the Jenner Vaccine Foundation will be launched.

FINANCIAL RESULTS FOR THE YEAR

The net movement in funds for the year to 31 March 2007 was a deficit of £595,174 (2006 £864,618). The total value of fund balances at the 31 March 2007 was £2,856,459 (2006 £3,451,633).

INVESTMENT POLICY

Under the Memorandum and Articles of Association the Charity may invest monies not immediately required for its purposes in any way the Trustees wish.

The Investment Policy is that sufficient funds will be retained on short-term deposit to cover the designated funds and also any timing differences between receipts and expenditure for the following year. The remaining funds will be invested in such a way as to balance the need to maximise growth whilst retaining sufficient liquidity to manage the ongoing cash requirements of the Foundation. The Foundation has engaged the services of an Independent Adviser to provide advice on suitable investments.

Jenner Vaccine Foundation

TRUSTEES' REPORT (continued)

INVESTMENT POLICY (continued)

After allowing for the withdrawal of £700,000 of capital during the year for investments and short term deposits, the portfolio returned 7.4% against a benchmark return of 6.7%. This is based on a revised asset allocation reflecting the trustees' decision during the year to maximise the return subject to adopting a medium risk strategy. As a result of this, the bond exposure was reduced in favour of new investments in property and a fund of hedge funds and the reintroduction of overseas equity content. However the investment managers are mindful that additional funds will be required in the coming year and have retained a significant exposure to cash and other short term instruments.

On an overall basis the year produced a satisfactory outcome. The asset mix is reviewed regularly to align investment objectives with the needs of the fund.

The Foundation's investment policy and the performance of its investments against that policy are reviewed annually.

RESERVES POLICY

It is the policy of the Board that the balance on unrestricted funds is maintained at such a level as is deemed sufficient to enable the Foundation to accommodate fluctuations in the timing of receipts and payments without exposing the Foundation to undue financial risk.

From 1 November 2005 no further funding was received from the Foundation's original sponsors, the previous funding arrangement having ended. One of the key tasks of the Trustees is to manage the remaining reserves whilst new sources of funding are identified. In the next financial year the Trustees will appoint an organisation to conduct a fundraising feasibility study with a view of increasing the Foundations reserves substantially.

At the 31 March 2007, the actual reserves were £2,856,459 of which a balance of £2,075,227 was in unrestricted general reserves.

At the 31 March 2007 the balance of funds in unrestricted designated reserves amounts to £781,232 a description of the items included herein is contained in note 6 to the financial statements.

The degree of adherence to and appropriateness of this policy is reviewed annually.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that 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 it has been communicated to the auditor.

AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Trustee

BT Cunnocel

24 October 2007

Jenner Vaccine Foundation

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Trustees, who are also the directors, are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law required the trustees to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements on accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- state whether applicable UK 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 appropriate to presume that the company will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JENNER VACCINE FOUNDATION

We have audited the financial statements on pages 11 to 25.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Jenner Vaccine Foundation for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' 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 whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 trustees' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

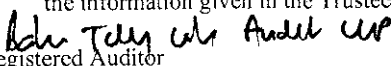
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees 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 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 charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Trustees' Report is consistent with the financial statements.


Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF
24 October 2007

Jenner Vaccine Foundation

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 March 2007

	Notes	Unrestricted funds 2007 £	Designated funds 2007 £	Total funds 2007 £	Total funds 2006 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Investment income	2	108,887	-	108,887	175,853
Incoming resources from charitable activities:					
Grants		-	-	-	3,619,091
Other incoming resources	2	9,886	-	9,886	7,046
Total incoming resources		118,773	-	118,773	3,801,990
RESOURCES EXPENDED					
Costs of generating funds:					
Investment management costs		28,863	-	28,863	31,827
Charitable activities:					
Scientific research		614,423	110,435	724,858	4,892,458
Governance costs	3	78,612	-	78,612	33,675
Total resources expended		721,898	110,435	832,333	4,957,960
Net outgoing resources before transfers		(603,125)	(110,435)	(713,560)	(1,155,970)
Transfers between funds		477,083	(477,083)	-	-
Net income/(expenditure) for the year		(126,042)	(587,518)	(713,560)	(1,155,970)
OTHER RECOGNISED GAINS AND LOSSES					
Unrealised gains on investment assets		118,386	-	118,386	291,352
NET MOVEMENTS IN FUNDS		(7,656)	(587,518)	(595,174)	(864,618)
FUND BALANCES AT 1 APRIL 2006		2,082,883	1,368,750	3,451,633	4,316,251
FUND BALANCES AT 31 MARCH 2007	7	2,075,227	781,232	2,856,459	3,451,633

All of the charity's activities are continuing. The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 25 form part of these financial statements.

Jenner Vaccine Foundation

BALANCE SHEET

31 March 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible Assets	10	112,303	159,311
Investments	11	2,467,812	2,519,327
		<u>2,580,115</u>	<u>2,678,638</u>
CURRENT ASSETS			
Debtors	12	6,108	28,078
Short term deposits		373,759	827,050
Cash at bank and in hand		96,709	297,606
		<u>476,576</u>	<u>1,152,734</u>
CREDITORS: Amounts falling due within one year	13	<u>(200,232)</u>	<u>(379,739)</u>
NET CURRENT ASSETS		<u>276,344</u>	<u>772,995</u>
NET ASSETS		<u><u>2,856,459</u></u>	<u><u>3,451,633</u></u>
FINANCED BY			
Unrestricted - General	7	2,075,227	2,082,883
Unrestricted - Designated	6, 7	781,232	1,368,750
		<u>2,856,459</u>	<u>3,451,633</u>

The financial statements on pages 11 to 25 were approved on behalf of the Trustees and authorised for issue on 24 October 2007 and signed on their behalf by:

Trustee

B. M. Curran

Trustee

Paul W. M. M.

The notes on pages 14 to 25 form part of these financial statements.

Jenner Vaccine Foundation

CASH FLOW STATEMENT

for the year ended 31 March 2007

	<i>Note</i>	<i>2007</i> £	<i>2006</i> £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<i>14</i>	(904,113)	(1,332,707)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		3,215	31,906
Income received from investments		105,672	143,947
		<u>108,887</u>	<u>175,853</u>
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		-	(194,560)
Payments to acquire investments		(893,747)	(1,648,978)
Proceeds from sale of investments (net of costs)		1,034,785	1,614,354
		<u>141,038</u>	<u>(229,184)</u>
NET CASH OUTFLOW		(654,188)	(1,386,038)
MANAGEMENT OF LIQUID RESOURCES			
Net decrease in short term deposits		453,291	440,677
DECREASE IN CASH		<u>(200,897)</u>	<u>(945,361)</u>

The notes on pages 14 to 25 form part of these financial statements.

Jenner Vaccine Foundation

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention modified to include the revaluation of investments which are valued at market value. The accounts meet with the requirements of the Companies Act 1985 and have been prepared in accordance with the *Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005)*. The accounts comply with applicable accounting standards so far as these requirements are appropriate. Significant departures from applicable accounting standards are disclosed.

TANGIBLE FIXED ASSETS

Fixed assets costing over £10,000 are depreciated to their estimated residual values by equal annual instalments over their expected useful lives as below. Items costing less than £10,000 are expensed in the year of purchase.

Leasehold land and buildings	over the term of the lease
Plant and machinery	3 - 10 years

No depreciation is provided on works of art except in the event of permanent diminution in value.

INVESTMENTS

Investments are stated at market value as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

INCOME

Income comprises grants received from sponsors and other funding agencies and miscellaneous income from other sources. Grants and other income received on account of activities to be undertaken or services to be provided in future periods are deferred.

RESTRICTED FUNDS

Income received from sponsors and other funding agencies which is designated by the funder as to be applied for specific purposes is accounted for within restricted funds. Where that specific purpose is the provision of one or more fixed assets to be used in the general charitable activities of the Foundation the restricted fund is subsequently reduced by transfers to unrestricted funds of amounts equivalent to any depreciation or amortisation charges over the expected useful life of the asset.

UNRESTRICTED AND DESIGNATED FUNDS

Income received which is not designated by the sponsors or other funding agencies to be applied for specific purposes are accounted for within unrestricted funds. Funds committed by the Trustees for a specific purpose which have not been expended at the end of an accounting period are accounted for within designated funds.

GRANTS PAYABLE

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment but not accrued as expenditure.

CHARITABLE EXPENDITURE

Charitable expenditure comprises costs incurred directly or in support of scientific research whether undertaken at the Foundation's own facilities or in other laboratories.

Jenner Vaccine Foundation

ACCOUNTING POLICIES

MANAGEMENT AND SUPPORT COSTS AND GOVERNANCE COSTS

Expenditure incurred on central management and administration of the Foundation is reported as Support Costs in the Notes. Governance costs are costs incurred in the governance of the Foundation and its assets and are primarily associated statutory audit and legal fees.

VALUE ADDED TAX

Expenditure includes any related irrecoverable Value Added Tax under each heading.

FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

LEASED ASSETS

Rentals payable under operating leases are charged to the income and expenditure account and recognised in the statement of financial activities evenly over the lease term. Assets acquired under finance leases are capitalised as tangible assets and depreciated over their useful lives. Finance charges and interest are taken to income and expenditure account and the statement of financial activities in proportion to the remaining balance of repayments or net obligations outstanding.

RESERVES

The balance on unrestricted funds is maintained at such a level as to enable the Foundation to accommodate fluctuations in the timing of receipts and payments without exposing the Foundation to undue financial risk.

PENSIONS

Employees of the Foundation were entitled to join a defined contribution 'money purchase' scheme. The Foundation's contribution is restricted to the contributions disclosed in note 16. There were no outstanding contributions at the year end. From 1 November 2005 the Foundation had no employees.

INVESTMENT POLICY

The Foundation's policy is to invest sufficient funds in such a way as to guarantee preservation of their capital value to cover any potential liabilities. Additional funds will be retained on short-term deposit to cover timing differences between receipts and expenditure. Remaining funds will be invested in such a way as to maximise growth.

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

1	GROSS INCOME	2007 £	2006 £
	Recurrent grant from sponsors:		
	GlaxoSmith Kline	-	1,806,000
	Medical Research Council	-	903,000
	Biotechnology and Biological Science Research Council	-	602,000
	The Secretary of State for Health	-	301,000
	Other grants receivable	-	7,091
		<hr/>	<hr/>
		-	3,619,091
		<hr/>	<hr/>
2	OTHER OPERATING INCOME	2007 £	2006 £
	Interest received	3,215	31,906
	Investment income	105,672	143,947
		<hr/>	<hr/>
		108,887	175,853
	Other income	9,886	7,046
		<hr/>	<hr/>
		118,773	182,899
		<hr/>	<hr/>

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

**3 CHARITABLE EXPENDITURE
AND GOVERNANCE COSTS**

	2007		2006	
	Direct charitable £	Support costs £	Direct charitable £	Support costs £
Grants paid in support of scientific programs (note 4)	395,247	110,435	316,957	-
Staff costs and student stipends	-	-	1,935,440	447,299
Service level agreements	48,514	23,060	708,416	51,383
Professional fees	-	-	-	70,473
Travel and subsistence	-	3,692	23,471	1,973
Laboratory consumables and equipment	(1,899)	6,874	1,043,698	1,148
Communications	-	3,993	-	3,279
Premises	48,313	11,180	171,422	-
Miscellaneous	(1,542)	29,983	30,501	37,014
Depreciation	47,008	-	49,984	-
	<u>535,641</u>	<u>189,217</u>	<u>4,279,889</u>	<u>612,569</u>

**DIRECT CHARITABLE AND
SUPPORT COSTS – SCIENTIFIC
RESEARCH**

724,858 4,892,458

GOVERNANCE COSTS

Professional fees 78,612 33,675

4 GRANTS PAYABLE

	2007 £	2006 £
Grants paid in the year in support of scientific research programmes:		
University College London	-	105,172
St George's Hospital Medical School, London	-	15,599
University of Cape Town	-	21,500
Oxford University	395,247	209,739
Cancer Research UK	-	43,242
Less: provisions released	-	(78,295)
	<u>395,247</u>	<u>316,957</u>

Jenner Vaccine Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

4 GRANTS PAYABLE (continued)

Commitments resulting from grants awarded to these and other institutions:

	£
Falling due for payment in year ending 31 March 2008	417,550

Conditions for payment of these grants has not yet been met and these grants will be funded from reserves.

5 INSURANCES

The Foundation has entered a policy of insurance to indemnify trustees and officers against legal or other costs incurred as a consequence of their action or inaction as trustees or officers of the Foundation. Premiums and related costs in respect of this policy totalled £2,100 (2006: £2,100).

6 DESIGNATED FUNDS

Designated funds comprise funds set aside to meet expenditure commitments and unencumbered revenues received from sources other than sponsors' contributions which have been set aside to provide facilities or supplement operating costs or meet any future liabilities of the Foundation. The unexpended balance of designated funds is invested in short term deposits and investments. Transfers between funds are made up as follows:

	<i>As at 1 April 2006 £</i>	<i>Resources Expended 2007 £</i>	<i>Transfers to the Unrestricted General fund 2007 £</i>	<i>As at 31 March 2007 £</i>
Designated:				
VAT Capital Goods Scheme	218,750	-	(102,083)	116,667
Old Road Campus, Oxford	1,000,000	(110,435)	(250,000)	639,565
Decommissioning provision	150,000	-	(125,000)	25,000
	<u>1,368,750</u>	<u>(110,435)</u>	<u>(477,083)</u>	<u>781,232</u>

VAT Capital Goods Scheme

The Foundation recovered £875,000 of input VAT arising from the construction of a purpose built research facility completed in August 1998. Under the VAT Capital Goods Scheme a proportion of this VAT is repayable to HM Revenue and Customs in the event that the facility ceases to be used for the charitable purpose. The potential liability diminishes linearly to nil over a 10 year period. At the balance sheet date the building has been used for a charitable purpose for 8 years and 8 months

Jenner Vaccine Foundation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

6 DESIGNATED FUNDS (continued)

Old Road Campus, Oxford

The Foundation has committed £1m to provide space for The Jenner Institute at the Old Road Campus Site in Headington, Oxford. This is part of a £5m development being undertaken by the University of Oxford. It presents an exciting opportunity for the Foundation to base its headquarters in purpose built space in one of the world's leading research universities, allowing considerable scope for enhancement of the field of vaccinology in the UK. During the year under review, the Medical Research Council paid £250,000 direct to the University in lieu of a grant to the Jenner Foundation and the Foundation paid a tranche of £110,435 to the University. The remaining commitment of £639,565 is due within the next 12 months.

Decommissioning provision

The Foundation owns a Gamma irradiation facility at the Compton site and whilst there are no plans to decommission this facility a provision has been made against the cost of this work.

7 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £	Designated funds £	Total funds £
Tangible fixed assets	112,303	-	112,303
Current assets and investments	2,163,156	781,232	2,944,388
Current liabilities	(200,232)	-	(200,232)
	<u>2,075,227</u>	<u>781,232</u>	<u>2,856,459</u>

8 STAFF COSTS AND NUMBERS	2007 £	2006 £
Salaries, wages and student stipends	-	1,245,160
Social security payments	-	135,743
Other pension costs (note 16)	-	158,552
Severance payments	-	815,463
Other staff costs	-	27,821
	<u>-</u>	<u>2,382,739</u>

There are no directly employed staff after 1 November 2005.

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

8	STAFF COSTS AND NUMBERS (continued)	2007 No	2006 No
	The average number of persons employed (excluding trustees) and postgraduate students at the Foundation's laboratory during the year was:		
	Scientific research – employees	-	30
	Scientific research – students	-	3
	Management and administration	-	2
		<u>-</u>	<u>35</u>
		<u>-</u>	<u>35</u>
	The numbers of employees in receipt of remuneration in excess of £60,000 during the year was:		
	£60,000 to £69,999	-	3
	£70,000 to £79,999	-	3
	£90,000 to £99,999	-	1
	£100,000 to £109,999	-	1
	£140,000 to £149,999	-	1

All ex employees earning over £60,000 participate in the pension scheme and have retirement benefits accruing under the scheme.

9	GENERAL COSTS	2007 £	2006 £
	General costs include the following:		
	Auditor's remuneration		
	- statutory audit	14,185	12,500
	- other services	-	-
	Depreciation	47,008	49,984
		<u>47,008</u>	<u>49,984</u>

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

10 TANGIBLE ASSETS

	<i>Works of art</i> £	<i>Plant and machinery</i> £	<i>Short leasehold buildings</i> £	<i>Total</i> £
Cost:				
At 1 April 2006	11,750	2,061,460	6,815,099	8,888,309
Additions	-	-	-	-
	<u>11,750</u>	<u>2,061,460</u>	<u>6,815,099</u>	<u>8,888,309</u>
At 31 March 2007	11,750	2,061,460	6,815,099	8,888,309
Depreciation:				
At 1 April 2006	-	1,913,899	6,815,099	8,728,998
Charge for the year	-	47,008	-	47,008
	<u>-</u>	<u>1,960,907</u>	<u>6,815,099</u>	<u>8,776,006</u>
At 31 March 2007	-	1,960,907	6,815,099	8,776,006
Net book value				
At 31 March 2007	<u>11,750</u>	<u>100,553</u>	<u>-</u>	<u>112,303</u>
At 31 March 2006	<u>11,750</u>	<u>147,561</u>	<u>-</u>	<u>159,311</u>

11 INVESTMENTS

These investments are held primarily to provide investment returns for the charity. Foundation policy is to invest sufficient funds in such a way as to guarantee preservation of their capital value to cover any potential liabilities. Additional funds will be retained on short-term deposit to cover timing differences between receipts and expenditure. Remaining funds will be invested in such a way as to maximise growth.

	2007 £	2006 £
Fixed interest – UK Gilts	323,002	632,448
Other fixed interest	303,702	607,082
Equities – UK	1,063,542	1,279,797
Equities – Other	777,566	-
	<u>2,467,812</u>	<u>2,519,327</u>

All investments are listed on a recognised stock exchange or ones valued by reference to such investments.

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

11	INVESTMENTS (continued)	% value of portfolio 2007	% value of portfolio 2006
	Treasury 4% 2009	-	8.9
	Treasury 5% 2012	13.1	10.0
	Ishares FTSE 100	31.9	30.0
	Ishares FTSE 250 Fund	7.0	5.4
	Paragon Asset Management	7.6	-
	Charities Prop Property Fund	5.6	-
	Legg Mason Inv Fds US Equity	5.2	-

	Fixed interest		Equities		Total
	UK Gilts	Other	UK	World	
	£	£	£	£	£
Value at 1 April 2006	632,448	607,082	1,279,797	-	2,519,327
Purchased at cost	-	-	-	893,747	893,747
Sale proceeds	(296,502)	(301,912)	(332,336)	(132,898)	(1,063,648)
Change in market value	(12,945)	(1,468)	116,082	16,717	118,386
	<u>632,448</u>	<u>607,082</u>	<u>1,279,797</u>	<u>893,747</u>	<u>2,519,327</u>
Value at 31 March 2007	323,001	303,702	1,063,543	777,566	2,467,812
	<u>323,001</u>	<u>303,702</u>	<u>1,063,543</u>	<u>777,566</u>	<u>2,467,812</u>

The original cost of the investments at 31 March 2007 was: 2,142,751

12	DEBTORS	2007 £	2006 £
	Trade debtor	325	-
	Other debtors	-	12,260
	Prepayments and accrued income	5,783	15,818
		<u>6,108</u>	<u>28,078</u>

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

13	CREDITORS: Amounts falling due within one year	2007 £	2006 £
	Trade creditors	7,702	214,147
	Amounts owed to group undertakings:		
	Institute for Animal Health	59,231	-
	University of Oxford	121,549	-
	Accruals and deferred income	11,750	165,592
		<u>200,232</u>	<u>379,739</u>
14	RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2007 £	2006 £
	Net outgoing resources before transfers	(713,560)	(1,155,970)
	Interest receivable	(3,215)	(31,906)
	Investment income receivable	(105,672)	(143,947)
	Depreciation charged	47,008	49,984
	Investment management costs	28,863	31,827
	Decrease in debtors	21,970	130,885
	Decrease in creditors	(179,507)	(213,580)
		<u>(904,113)</u>	<u>(1,332,707)</u>
15	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS AND ANALYSIS OF CHANGES IN NET FUNDS	2007 £	2006 £
	Decrease in cash	(200,897)	(945,361)
	Cash release as a result of changes in short term deposits	(453,291)	(440,677)
		<u>(654,188)</u>	<u>(1,386,038)</u>
	Decrease in net funds	(654,188)	(1,386,038)
	Net funds at 1 April 2007	1,124,656	2,510,694
		<u>470,468</u>	<u>1,124,656</u>
	Net funds at 31 March 2007	<u>470,468</u>	<u>1,124,656</u>

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS AND ANALYSIS OF CHANGES IN NET FUNDS (continued)

	<i>At 1 April</i> 2006 £	<i>Cash flows</i> £	<i>At 31 March</i> 2007 £
Cash at bank and in hand	297,606	(200,897)	96,709
Short term deposits	827,050	(453,291)	373,759
	<u>1,124,656</u>	<u>(654,188)</u>	<u>470,468</u>

16 STAFF PENSIONS

For the year to 31 March 2006, employees were given the opportunity to participate in group personal pension plans. The Foundation contributed towards personal pension plans established under the group scheme at fixed rates based on the employee's age and salary. The plans constitute defined contribution schemes and the Foundation's liability is limited to the amount of the fixed contribution due each year.

	2007 £	2006 £
Contributions payable	-	158,552
Amounts included in creditors at the year end in respect of contributions due but not yet paid to the scheme provider	-	-

17 RELATED PARTY TRANSACTIONS

The Foundation has close working relationships with the Institute for Animal Health and the University of Oxford. Since the change in membership of the Foundation on 1 November 2005 these bodies nominate the trustees. The Foundation occupies premises at the Institute for Animal Health's Compton site. The following is a summary of purchases and recharges from these entities.

	2007 £	2006 £
Institute for Animal Health:		
Purchases	5,788	864,643
Recharges	(30,280)	-
University of Oxford:		
Payments	725,670	388,086
	<u>701,178</u>	<u>1,252,729</u>

The amounts due to these entities at 31 March 2007 are shown within note 13.

Jenner Vaccine Foundation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

18 **CONTINGENT LIABILITIES**

Under current VAT legislation a proportion of the VAT from which the Foundation was relieved on the construction costs of the new laboratory is payable in the event that there is material business use of the building during the first ten years of its life. This proportion is time related so that 8 years 8 months after the relief was granted the maximum potential liability is 13% of the original amount relieved.

The estimated value of the VAT payable if this contingency is realised is £116,667. Funds have been designated in this amount and are held on deposit such that capital security and access without penalty are assured.

19	CAPITAL COMMITMENTS	2007 £	2006 £
	Contracted for but not provided	-	-
		<u> </u>	<u> </u>