

Aberdeen University Research and
Industrial Services Limited

Directors' report and financial statements

31 July 1999

Registered number 75913

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COMPANIES HOUSE 28/01/00

Directors' report and financial statements

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Directors and officers

Directors:

Dr H Fullerton (Chairman)
Professor A R Forrester
Professor R Harrison
Professor I Macdonald
Professor J I Prosser
Dr A W Alexander
Dr R Scott-Brown
Mr R Duncan
Mr E A Gillespie
Mr T Kidner
Mr M Ord

**Secretary and
Registered office:**

Dr A W Alexander
King's College
Old Aberdeen
Aberdeen
AB24 3SW

Auditors:

PricewaterhouseCoopers
Chartered Accountants
32 Albyn Place
Aberdeen
AB10 1YL

Bankers:

Clydesdale Bank plc

Chairman's Report

The Group made good progress during the year with turnover increasing from £1.8M to £2.2M. The Group recorded a loss of £1966 compared to a profit of £1090 last year.

Mr Edward Gillespie and Professor Richard Harrison joined the Board. Professor W Mordue, Ms P. Stewart and Mr R. Taylor resigned. Professor Mordue had served for many years on the AURIS Board and his unique contribution is fully acknowledged.

AURIS exceeded the targets set by the University to support academics with their efforts on research applications and awards. The final figures were £82M for applications (target £67M) and £28M for awards (target £26M).

During the year a number of new staff appointments were made. A Consultancy Manager was appointed to co-ordinate and promote the University's consultancy business. The new service has been well received by the academics. A full time Business Executive was appointed to help academics win more European Research funding and especially from Framework 5.

AUPEC enjoyed another successful year. In March, the Company moved to new office premises within the Science Park at Bridge of Don with the cost of the relocation reflected in lower profitability. The move was part of the plan to make Aupec more independent of support from AURIS and to position the Company for external investment.

NCIMB recorded a loss of £29,000. Considerable efforts have been directed at turning the Company around and during the year the process of appointing a Chief Executive was started. Towards the end of the year a contract had been agreed for the post and plans set in motion to take the Company forward for external investment.

Aubec R&D Ltd had not yet attracted an external investor despite considerable efforts. The Board is monitoring the situation very closely and is concerned at the effects of this Company on overall Group performance.

AURIS successfully negotiated the sale of its shareholding of CORDaH.

AURIS took a 19% stake in Remedios Ltd, which is a new company specialising in the bio-remediation of industrial land.

An alliance was established between Grampian Enterprise Ltd, The University of Aberdeen and AURIS. The GEL Chief Executive joined the AURIS Board and GEL and AURIS staff work very closely on commercialisation opportunities. A major boost to AURIS' work was the agreement by GEL to sponsor the appointment of the new post of Company Development Manager to work on developing spin-out companies from the University.

Towards the end of the year a small AURIS Board Working Group was reviewing progress with the new AURIS Business Plan and the future relationship between AURIS and the University.

Hance Fullerton
Chairman

Directors' report

The directors present their report and the audited financial statements of the company and the group for the year ended 31 July 1999.

Results and dividends

The group's loss on ordinary activities after taxation was **£1,966** (1998: profit of £1,090). As there are no distributable reserves at the year end, no dividend is proposed in respect of the year.

Activities

Aberdeen University Research and Industrial Services Limited ("AURIS") is the holding company for the University of Aberdeen's commercial interests.

Wholly owned AURIS companies and divisions provide services in petroleum economics and benchmarking, microbial analysis, patent depository, co-ordination of University consultancy and supporting University academics to win research income.

AURIS is responsible to Sullom Voe Authority Limited for the management of the Shetland Oil Terminal Environmental Advisory Group.

Review of business

A review of the group's activities during the year and since the year end is given in the chairman's report on page 3.

Year 2000 compliance

The efficient operation of the business is dependent in part on its computer software and operating systems. Management believe that most of its current systems are millennium compliant but are undertaking a review to ensure that any non-compliant items are identified and upgraded. Management believe that the costs and risks associated with the Year 2000 have not had, and are not expected to have, a material adverse impact on the financial position of the company or the results of operations.

Directors

The present directors of the company are shown on page 2. Professor R Harrison and Mr E A Gillespie were appointed on 25 May 1999. The other directors served throughout the year ended 31 July 1999. In addition the following also served as directors from 1 August 1998 to their respective dates of resignation as indicated:-

Name	Date of resignation
Ms P Stewart	26 August 1998
Professor W Mordue	9 March 1999
Mr R Taylor	9 March 1999

Directors' report (continued)

None of the directors has any interest in the issued share capital of either the company or its parent undertaking.

Directors' responsibilities

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 the group and of the profit or loss of the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



A W Alexander
Secretary

King's College
Old Aberdeen
Aberdeen
AB24 3SW

Report of the auditors to the members of Aberdeen University Research and Industrial Services Ltd.

We have audited the financial statements on pages 7 to 22, which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including, as described on page 5 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

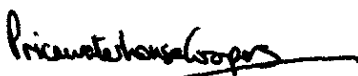
Basis of audit opinion

We conducted our audit in accordance with 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 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 company and the group at 31 July 1999 and of the loss for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen, 10 December 1999

Consolidated profit and loss account
for the year ended 31 July 1999

	Note	1999	1998
		£	£
Turnover	2	2,187,919	1,806,073
Cost of sales		(1,884,551)	(1,497,276)
Gross profit		303,368	308,797
Administrative expenses		(343,208)	(289,411)
Operating (loss)/profit	3-5	(39,840)	19,386
Exceptional item - Gain on sale of fixed asset Investment	3	56,392	-
Interest receivable - short term		3,856	12,626
Interest payable	6	(20,583)	(28,087)
(Loss)/profit on ordinary activities before taxation		(175)	3,925
Tax on results on ordinary activities	7	(1,791)	(2,835)
(Loss)/profit for the financial year after taxation	19	(1,966)	1,090
Profit/(loss) for the year in:			
The company		19,277	(66,514)
Subsidiary undertakings		(21,243)	67,604
		(1,966)	1,090

All amounts relate to continuing activities.


All recognised gains and losses are included in the profit and loss account.

	1999 £	1998 £
Note of historical cost profits and losses		
Reported (loss)/profit on ordinary activities before taxation	(175)	3,925
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>9,308</u>	<u>9,308</u>
Historical cost profit on ordinary activities before taxation	<u>9,133</u>	<u>13,233</u>
Historical cost profit for the year after taxation	<u>7,342</u>	<u>10,398</u>

Consolidated balance sheet
at 31 July 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	8		993,022		970,644
Investments	9		<u>2,867</u>		<u>125,967</u>
			995,889		1,096,611
Current assets					
Stock and work in progress	12	36,143		36,780	
Debtors	13	433,514		385,973	
Cash at bank and in hand		<u>152,135</u>		<u>54,512</u>	
		621,792		477,265	
Creditors: amounts falling due within one year	14	<u>(602,504)</u>		<u>(512,410)</u>	
Net current assets/(liabilities)			<u>19,288</u>		<u>(35,145)</u>
Total assets less current liabilities			1,015,177		1,061,466
Creditors: amounts falling due after more than one year	14	(168,487)		(192,217)	
Provisions for liabilities and charges	15	-		(2,905)	
Deferred income	16	<u>(55,635)</u>		<u>(73,323)</u>	
			<u>(224,122)</u>		<u>(268,445)</u>
Net assets			<u>791,055</u>		<u>793,021</u>
Capital and reserves					
Called up share capital	17		600,000		600,000
Revaluation reserve	19		339,072		348,380
Profit and loss account	19		<u>(148,017)</u>		<u>(155,359)</u>
Equity shareholders' funds	18		<u>791,055</u>		<u>793,021</u>

These financial statements were approved by the board of directors on 1 October 1999 and were signed on its behalf by:


H Fullerton
Director

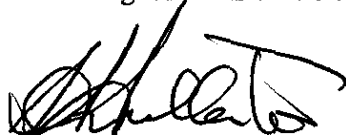
A R Forrester
Director



Company balance sheet
at 31 July 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	8		742,750		771,528
Investments	9		<u>18,869</u>		<u>141,969</u>
			761,619		913,497
Current assets					
Stock and work in progress	12	7,180		2,573	
Debtors	13	218,909		96,703	
Cash at bank and in hand		<u>181,604</u>		<u>23,874</u>	
		407,693		123,150	
Creditors: amounts falling due within one year	14	<u>(389,389)</u>		<u>(255,121)</u>	
Net current assets/(liabilities)			<u>18,304</u>		<u>(131,971)</u>
Total assets less current liabilities			779,923		781,526
Creditors: amounts falling due after more than one year	14		<u>(167,300)</u>		<u>(188,180)</u>
Net assets			<u>612,623</u>		<u>593,346</u>
Capital and reserves					
Called up share capital	17		600,000		600,000
Revaluation reserve	19		339,072		348,380
Profit and loss account	19		<u>(326,449)</u>		<u>(355,034)</u>
Equity shareholders' funds			<u>612,623</u>		<u>593,346</u>

These financial statements were approved by the board of directors on 1 October 1999 and were signed on its behalf by:



H Fullerton
Director

A R Forrester
Director



Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards. Heritable land and buildings are stated at revalued amounts; all other items are stated in the accounts under the historical cost accounting rules.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings, made up to 31 July 1999. In accordance with Section 230 (4) of the Companies Act 1985, the parent company is exempt from the requirement to present its own profit and loss account. The company is a wholly owned subsidiary of the University of Aberdeen and the cash flows of the company are included in the consolidated cash flow statement of the University of Aberdeen. Consequently, the company is exempt under the terms of the Financial Reporting Standard No.1 from publishing a cash flow statement.

Turnover

Turnover represents the invoiced amount of sales made and services provided to non-group companies, net of value added tax.

Depreciation

No depreciation is provided on heritable land. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation of each fixed asset evenly over its estimated useful life as follows:

Heritable buildings	-	30 years
Plant and equipment	-	3 to 7 years

Research and development

Expenditure on research and development is written off against results in the period in which it is incurred.

1 Accounting policies (continued)

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

Grants

Grants towards expenditure on fixed assets are released to the profit and loss account over the expected useful economic lives of the related assets. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far released to profit. Grants of a revenue nature are credited to income in the period to which they relate.

Leasing and hire purchase contracts

Where the company has operating leases the rental charges are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets obtained under hire purchase or finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives or the term of the lease if a shorter period. The interest element of the rental obligations is charged to the profit and loss account over the period of the contract.

Pension costs

The group contributes to two defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

2 Analysis of turnover

The turnover is attributable to one activity, the provision of various consultancy, and scientific services as detailed in the directors' report. A geographical analysis of turnover is as follows:-

	1999 £	1998 £
United Kingdom	1,788,570	1,322,467
Africa	28,669	42,096
America	135,222	138,227
Asia	54,199	104,208
Australasia	22,497	45,071
Europe	<u>158,762</u>	<u>154,004</u>
	<u>2,187,919</u>	<u>1,806,073</u>

3 Operating profit

Operating profit is stated after crediting:

Release from grants account (note 16)	17,688	4,854
Exceptional item - Gain on sale of fixed asset investment	<u>56,392</u>	<u>-</u>

And after charging:

Cost of sales:

Depreciation	51,006	31,332
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Administrative expenses:

Depreciation	45,306	41,393
Auditors' remuneration		
(Company £3,800; 1998 £3,500)	9,900	9,900
Operating lease rentals - plant and machinery	9,950	13,877
- land and buildings	<u>16,997</u>	<u>-</u>

The Exceptional item relates to the gain on sale of Cordah Limited, a fixed asset investment.

4 Employees

	1999 No.	1998 No.
The average number of employees during the year was:		
Scientists and consultants	52	50
Office and management	<u>15</u> <u>67</u>	<u>14</u> <u>64</u>
	£	£
Employee costs:		
Wages and salaries	1,145,835	945,850
Social security costs	96,832	79,247
Other pension costs	<u>79,121</u>	<u>60,098</u>
	<u>1,321,788</u>	<u>1,085,195</u>

5 Directors' remuneration

Employee costs set out above include remuneration as follows:

Aggregate emoluments	65,000	43,476
Company pension contributions to defined contribution scheme	<u>5,500</u>	<u>3,643</u>
	<u>70,500</u>	<u>47,119</u>

Retirement benefits are accruing to one director under a defined contribution scheme.

6 Interest payable

Interest on loan from University of Aberdeen	13,158	13,666
Interest on bank overdraft	6,519	14,191
Hire purchase interest	<u>906</u>	<u>230</u>
	<u>20,583</u>	<u>28,087</u>

7 Tax on results on ordinary activities

Corporation tax payable	4,696	562
Transfer (from)/to deferred taxation	(2,905)	2,905
Prior year adjustments:		
UK corporation tax	<u>-</u>	<u>(632)</u>
Tax charge for the year	<u>1,791</u>	<u>2,835</u>

8 Tangible fixed assets

	Heritable land and buildings £	Plant and equipment £	Total £
Group			
<i>Cost or valuation</i>			
At beginning of year	775,000	508,349	1,283,349
Additions	-	123,765	123,765
Disposals	-	(10,355)	(10,355)
At end of year	<u>775,000</u>	<u>621,759</u>	<u>1,396,759</u>
<i>Depreciation</i>			
At beginning of year	(23,000)	(289,705)	(312,705)
Charge for year	(23,000)	(73,312)	(96,312)
Disposals	-	5,280	5,280
At end of year	<u>(46,000)</u>	<u>(357,737)</u>	<u>(403,737)</u>
<i>Net book value</i>			
At 31 July 1999	<u>729,000</u>	<u>264,022</u>	<u>993,022</u>
At 31 July 1998	<u>752,000</u>	<u>218,644</u>	<u>970,644</u>
Company			
<i>Cost or valuation</i>			
At beginning of year	775,000	70,533	845,533
Additions	-	6,225	6,225
Inter-group transfer	-	(620)	(620)
Disposals	-	(5,184)	(5,184)
At end of year	<u>775,000</u>	<u>70,954</u>	<u>845,954</u>
<i>Depreciation</i>			
At beginning of year	(23,000)	(51,005)	(74,005)
Charge for year	(23,000)	(6,605)	(29,605)
Inter-group transfer	-	297	297
Disposals	-	109	109
At end of year	<u>(46,000)</u>	<u>(57,204)</u>	<u>(103,204)</u>
<i>Net book value</i>			
At 31 July 1999	<u>729,000</u>	<u>13,750</u>	<u>742,750</u>
At 31 July 1998	<u>752,000</u>	<u>19,528</u>	<u>771,528</u>

8 Tangible fixed assets (continued)**Group and Company**

The cost or valuation figures at 31 July 1999 are arrived at as follows:

Heritable land and buildings - valuation in 1997

Plant and equipment - cost

The amount of heritable land and buildings (included above at valuation) determined according to the historical cost accounting rules is as follows:

	1999 £	1998 £
Cost	524,796	524,796
Aggregate depreciation	(134,868)	(121,176)
Net book value	<u>389,928</u>	<u>403,620</u>

9 Investments

	Subsidiary undertakings (note 10) £	Other unlisted investments (note 11) £	Company total £	Group total £
<i>Cost</i>				
At beginning of year	30,405	125,967	156,372	125,967
Additions	-	1,900	1,900	1,900
Disposals	-	(125,000)	(125,000)	(125,000)
At end of year	<u>30,405</u>	<u>2,867</u>	<u>33,272</u>	<u>2,867</u>
<i>Provisions</i>				
At beginning and end of year	<u>(14,403)</u>	<u>-</u>	<u>(14,403)</u>	<u>-</u>
<i>Net book value</i>				
At 31 July 1999	<u>16,002</u>	<u>2,867</u>	<u>18,869</u>	<u>2,867</u>
At 31 July 1998	<u>16,002</u>	<u>125,967</u>	<u>141,969</u>	<u>125,967</u>

10 Subsidiary undertakings

The company has the following wholly owned subsidiaries, all of which are registered in Scotland.

Name of undertaking	Nature of business
NCIMB Limited.	Microbiological & chemical services
Aurora Instruments Limited	Specialist electronic equipment for scientific and medical use.
AUPEC Limited	Petroleum economics consultancy.
National Industrial & Environmental Culture Collection Limited	Maintenance of the National Collection of Industrial, Marine and Food Bacteria
Aubec R&D Ltd.	Development of healthcare products and aids for the disabled.

11 Unlisted investments

Unlisted investments at 31 July 1999 comprise the following:

Name of company	Shares held	Cost £
Unimed Scientific Limited	17 shares of £1 each	17
Auvation Limited	95,000 shares of 1p each	950
Remedios Limited	1,900 ordinary shares of £1 each	<u>1,900</u>
		<u>2,867</u>

All three companies are incorporated in Scotland.

The shareholding in Unimed Scientific Limited represents 17% of the issued share capital. The accounts of the company to 31 December 1998 show capital and reserves of £15,204 and a profit for the period ended on that date of £15,104.

The shareholding in Auvation Limited represents 19% of the issued share capital. The accounts of the company to 31 August 1998 show capital and reserves of £4,779 and a profit for the year ended on that date of £1,489.

The shareholding in Remedios Limited represents 19% of the issued ordinary share capital; the company also has issued preference share capital of £70,000. The company was incorporated shortly before 31 July 1999 and the total issued share capital and share premium account at that date amounted to £147,472.

12 Stock and work in progress

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Work in progress	8,840	16,451	7,180	2,573
Consumables	<u>27,303</u>	<u>20,329</u>	<u>-</u>	<u>-</u>
	<u>36,143</u>	<u>36,780</u>	<u>7,180</u>	<u>2,573</u>

13 Debtors

Trade debtors	384,935	323,305	95,976	32,768
Prepayments and accrued income	48,548	60,020	40,321	49,933
Tax repayable	31	2,648	31	10
Amounts owed by subsidiary undertakings	<u>-</u>	<u>-</u>	<u>82,581</u>	<u>13,992</u>
	<u>433,514</u>	<u>385,973</u>	<u>218,909</u>	<u>96,703</u>

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
14 Creditors				
<i>Falling due within one year</i>				
Bank overdraft	-	105,886	-	38,317
Loan from University of Aberdeen	24,360	20,880	24,360	20,880
Payments received on account	192,745	58,362	192,745	58,362
Trade creditors	112,937	171,338	27,416	62,790
Other creditors	116,239	92,319	26,036	11,829
Obligations under hire purchase contracts	2,850	2,850	-	-
Corporation tax	-	2,575	-	-
Other taxation and social security	68,682	33,229	65,942	32,608
Amounts owed to subsidiary undertakings	-	-	52,890	20,752
Amounts owed to group undertakings	84,691	24,971	-	9,583
	<u>602,504</u>	<u>512,410</u>	<u>389,389</u>	<u>255,121</u>
<i>Falling due after more than one year</i>				
Loan from University of Aberdeen	167,300	188,180	167,300	188,180
Obligations under hire purchase contracts (all payable within 5 years)	1,187	4,037	-	-
	<u>168,487</u>	<u>192,217</u>	<u>167,300</u>	<u>188,180</u>
<i>Loan from University of Aberdeen</i>				
Repayable in monthly instalments as follows:				
Within one year	24,360	20,880	24,360	20,880
Between 1 and 2 years	20,880	20,880	20,880	20,880
Between 2 and 5 years	62,640	62,640	62,640	62,640
Outwith 5 years	83,780	104,660	83,780	104,660
	<u>191,660</u>	<u>209,060</u>	<u>191,660</u>	<u>209,060</u>

The final instalment falls due in July 2008. Interest is payable on the loan at 0.25% above LIBOR.

Secured creditors

The loan from University of Aberdeen and the bank overdraft are secured by a standard security over the company's property. In addition, the bank overdraft is secured by a floating charge over the other assets of the company.

15 Provisions for liabilities and charges

Deferred taxation

The accounting policy for deferred taxation is explained in note 1. The provision made in these financial statements is in respect of accelerated capital allowances. The movement in the provision for deferred taxation is as follows:

	£
At beginning of year	2,905
Transferred to profit and loss account	(2,905)
At end of year	<u>—</u>

The only potential liability which has not been provided for is that which would arise if the heritable land and buildings were sold at the revalued amounts; at 31 July 1999 this amounted to £18,000 (1998 - £18,000).

16 Deferred income

	1999 £	1998 £
Group		
<i>Grants</i>		
At beginning of year	73,323	22,177
Grants received in year	-	56,000
Released to profit and loss account	(17,688)	(4,854)
At end of year	<u>55,635</u>	<u>73,323</u>

17 Share capital

	1999 £	1998 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>

18 Reconciliation of movement in shareholders' funds

	1999	1998
	£	£
(Loss)/profit for the financial year	(1,966)	1,090
Opening shareholders' funds	<u>793,021</u>	<u>791,931</u>
Closing shareholders' funds	<u><u>791,055</u></u>	<u><u>793,021</u></u>

19 Reserves

	Group		Company	
	Revaluation reserve £	Profit and loss account £	Revaluation reserve £	Profit and loss account £
At the beginning of the year	348,380	(155,359)	348,380	(355,034)
(Loss)/profit for the financial year	-	(1,966)	-	19,277
Transfer of realised profits	<u>(9,308)</u>	<u>9,308</u>	<u>(9,308)</u>	<u>9,308</u>
At end of year	<u><u>339,072</u></u>	<u><u>(148,017)</u></u>	<u><u>339,072</u></u>	<u><u>(326,449)</u></u>

20 Capital commitments

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Contracts placed for future capital expenditure	<u>-</u>	<u>703</u>	<u>-</u>	<u>-</u>

21 Operating lease commitments

At the year end the following annual operating lease commitments existed:

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
<i>Land and Buildings</i>				
Expiring within 2 - 5 years	<u>40,549</u>	-	-	-
<i>Equipment</i>				
Expiring within 1 year	971	4,630	-	3,461
Expiring within 2 - 5 years	<u>2,663</u>	<u>2,924</u>	-	-
	<u><u>44,183</u></u>	<u><u>7,554</u></u>	<u><u>-</u></u>	<u><u>3,461</u></u>

22 Pension schemes

The group contributes to two defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £79,121 (1998: £60,098).

23 Ultimate parent undertaking

The company's ultimate parent undertaking and controlling party is the University of Aberdeen, Regent Walk, Aberdeen, Scotland. Copies of the University's annual accounts can be obtained from the above address.

24 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary where 90% or more of its voting rights are controlled within the group, and the consolidated statements of the University of Aberdeen are publicly available.