

# ROSLIN INSTITUTE (Edinburgh)

(Limited by Guarantee)

Governors' report and consolidated financial  
statements for the Group

31 March 2002

Compny registered number: SC 157100



# **ROSLIN INSTITUTE (Edinburgh)**

## **Governors' report and financial statements**

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# **ROSLIN INSTITUTE (Edinburgh)**

## **Company Information**

**Governors:** Dr J R Brown (Chairman)  
Professor G Bulfield CBE (Chief Executive)  
Professor W G Hill (Deputy Chairman)  
Professor G Boulnois  
Mr J Cook  
Dr J M Hall  
Professor N D Hastie  
Dr W S Jamieson  
Mr I Kent  
Dr R Lovell-Badge  
Dr D G McBeath  
Dr H J Marriage  
Professor H Moore  
Dr G S Plastow  
Professor C Tickle

**Secretary:** Mr J W Withers

**Registered office:** Roslin Institute  
Roslin  
Midlothian  
EH25 9PS

**Company Registration Number:** SC 157100

**Charity Recognition Number:** 023592

**Auditors:** Scott-Moncrieff  
Chartered Accountants  
17 Melville Street  
EDINBURGH  
EH3 7PH

**Bankers:** Bank of Scotland  
Head Office  
PO Box No. 5  
The Mound  
EDINBURGH  
EH1 1YZ

**Solicitors:** Wright, Johnston & Mackenzie  
12 St Vincent Place  
GLASGOW G1 2EQ

**Investment Advisers:** Hymans Robertson  
221 West George Street  
GLASGOW G2 2ND

# **ROSLIN INSTITUTE (Edinburgh)**

## **Governors' report**

The governors present their annual report and the audited financial statements for the year ended 31 March 2002.

## **Principal activity**

Roslin Institute is one of the world's leading centres for research on farm and other animals. It has internationally recognised programmes on molecular and quantitative genetics, genomics, early development, reproduction, animal behaviour and welfare and has pioneered methods for the genetic modification and cloning of farm animals.

The Institute's research aims to provide new opportunities for three industry sectors: animal breeding, biotechnology and animal production. It also informs national and international policy on animal welfare and genetic diversity.

There have been no changes in principal activities since the last annual report.

## **Business review**

The Institute obtains the majority of its income from a variety of Government Departments although a significant element of income is also derived from industry and the European Union. The latter sources of funding are being developed and it is anticipated that the customer base will continue to expand.

On the formation of the Institute in 1995 an agreement was reached with the Biotechnology and Biological Sciences Research Council (BBSRC) to transfer all patents filed at that time by the Institute but held in the name of BBSRC to the Institute. It is anticipated that the patents will generate significant revenue streams in future years.

A 100% subsidiary company Roslin Nutrition Limited was formed in March 1997. A 100% subsidiary company Roslin BioCentre Ltd (previously Roslin Biotechnology Centre Ltd) started trading in January 1999. The Institute sold all its interest in Roslin Nutrition Limited on 7 February 2002. The results of these subsidiaries and undertakings are disclosed in Note 8.

## **Results for the year of the Group**

The results for the year are detailed on page 7 of the Financial Statements.

The Governing Council confirms that on a fund by fund basis, the net assets of £11.829m (£12.006m) are adequate to fulfil the principal activities of the Institute.

## **ROSLIN INSTITUTE (Edinburgh)**

### **Governors' report (continued)**

#### **Reserves policy**

The Governors have reviewed the reserves of the Group. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that the level of unrestricted reserves as at 31 March 2002 of £3.722m is expected to decline further in the following financial year but still remain adequate for the Group to manage its finances.

#### **Risk statement**

The Audit Committee have acknowledged the need to undertake a major analysis of the risks to which the charity is exposed, in particular those related to the operations and finances of the Institute.

As a first step, the Institute re-assessed its insurance risks by seeking independent advice.

Other risks are being assessed using the internal resources of the Institute.

#### **Investment policy and performance**

In accordance with the Institute's Memorandum and Articles of Association, the Governors have the power to invest in stocks, shares and investments. The investment portfolio of the Institute is split into two categories; Geron Corporation ordinary stock and a diversified portfolio of other investments.

The Governors engaged Hymans Robertson, Actuaries and Consultants, to give advice on diversified portfolio of investments.

The liquidation of the Institute's holding in Geron Corporation is constrained by policy guidelines set by the Chief Executive of the Biotechnology and Biological Sciences Research Council (BBSRC).

The investment objective for the diversified portfolio is to maximise the long-term return subject to an acceptable degree of risk, which is agreed from time to time by the Governing Council Members.

The Governing Council set a 6% per annum overall target return from the diversified portfolio. During the current year this target was not achieved due to poor market conditions.

## **ROSLIN INSTITUTE (Edinburgh)**

### **Governors' report (continued)**

#### **The Governing Council**

The members of the Governing Council, who act as trustees and directors, are all guarantors of the Institute, of an amount not exceeding £1, during the period of their appointment as governor and for a year after resignation. The Governing Council is appointed in accordance with the Memorandum and Articles of Association and approved by the BBSRC.

The members of the Governing Council during the year were:

	Date Appointed
Dr J R Brown (Chairman)	8.10.99
Professor G Bulfield CBE (Chief Executive)	1.4.95
Professor W G Hill (Deputy Chairman)	1.4.95
Professor R J Andrew (Resigned September 2001)	25.9.95
Professor G Boulnois	16.3.99
Mr J Cook	1.1.01
Dr J M Hall	6.10.00
Professor N D Hastie	26.1.01
Dr W S Jamieson	6.10.00
Mr I Kent	25.9.97
Dr R Lovell-Badge	16.3.99
Dr D G McBeath	6.10.00
Dr H J Marriage	1.10.01
Professor H Moore	25.9.97
Dr G S Plastow	1.9.01
Professor E Simpson (Resigned September 2001)	25.9.95
Professor C Tickle	1.9.01
Professor C T Whittemore (Resigned September 2001)	25.9.95

#### **Employees**

Institute staff are BBSRC employees who are subject to BBSRC terms and conditions of service and are appointed by the Institute under delegated powers. Although the legal liability for employment rests with the BBSRC, the Institute is expected to meet all staff costs arising from normal activities. Subsidiary companies are not subject to this arrangement. The Institute makes every effort to ensure effective communication between all members of staff.

In addition to informal Divisional and Departmental meetings, the Institute Director (Professor Bulfield) gives formal briefings to all staff twice a year.

The Institute Negotiating and Consultative Committee provides a formal body comprising of Management and Trade Union representation which meets regularly to exchange views and debate matters of importance; records of the meetings are circulated to all staff.

**Governors' report (continued)**

**Equal Opportunities**

The Institute is committed to providing full opportunities for the development of the talents of his staff. It is further committed to eliminate discrimination on grounds of gender, marital status, race, colour, ethnic or national origins, age, religious belief, sexual orientation or disability.

**Independent Auditors**

A resolution to re-appoint Scott-Moncrieff as independent auditors to the Institute will be proposed at the forthcoming Annual General Meeting to be held on 28<sup>th</sup> June 2002.

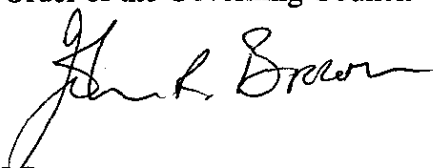
**Statement of governors' responsibilities in relation to the financial statements**

Company law requires the governors 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 the group and of the surplus or deficit of income over expenditure of the group for that period. 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 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 group will continue its activities.

The governors 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By Order of the Governing Council

  
Dr J Brown  
Chairman of the Governing Council

Date

11 / 11 / 02

## **ROSLIN INSTITUTE (Edinburgh)**

### **Independent Auditors' Report to the members of Roslin Institute (Edinburgh) for the year ended 31 March 2002**

We have audited the financial statements of Roslin Institute for the year ended 31 March 2002 set out on pages 7 to 29. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 11 to 13.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the charitable company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 directors' remuneration and transactions with the charitable company is not disclosed.

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

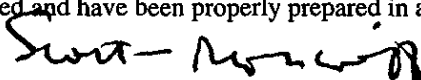
#### **Basis of opinion**

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 the charitable company's affairs as at 31 March 2002 and of its 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.



**SCOTT-MONCRIEFF**  
Chartered Accountants  
Registered Auditor  
17 Melville Street  
Edinburgh  
EH3 7PH

11 - Name 2002



# ROSLIN INSTITUTE (Edinburgh)

## Consolidated Statement of Financial Activities

	Notes	2002 Unrestricted Funds Continuing Activities £000	2002 Unrestricted Funds Discontinued Activities £000	2002 Restricted Funds £000	2002 Total £000	2001 Total Restated £000
<b>Incoming resources</b>						
Core grants	2	3151	-	651	3802	3371
<b>From operating activities</b>						
Activities in furtherance of objectives	2	7288	-	1045	8333	9401
Activities for generating funds	2	1254	418	-	1672	1287
Investment income	6	147	-	-	147	215
Others	2	<u>754</u>	<u>-</u>	<u>-</u>	<u>754</u>	<u>825</u>
<b>Total incoming resources</b>		<u>12594</u>	<u>418</u>	<u>1696</u>	<u>14708</u>	<u>15099</u>
<b>Resources expended</b>						
Cost of generating funds	3	<u>538</u>	<u>554</u>	<u>-</u>	<u>1092</u>	<u>1093</u>
<b>Charitable expenditure:</b>						
Cost of activities in furtherance of the objectives	3	10593	-	909	11502	10833
Support costs	3	347	-	-	347	323
Management and administration	3	<u>1153</u>	<u>-</u>	<u>-</u>	<u>1153</u>	<u>1010</u>
<b>Total charitable expenditure</b>		<u>12093</u>	<u>-</u>	<u>909</u>	<u>13002</u>	<u>12166</u>
<b>Total resources expended</b>	3	<u>12631</u>	<u>554</u>	<u>909</u>	<u>14094</u>	<u>13259</u>
<b>Net incoming resources/(resources expended) before transfers and tax</b>		<u>(37)</u>	<u>(136)</u>	<u>787</u>	<u>614</u>	<u>1840</u>
Extraordinary (losses)/gains	8(d)	(117)	33	-	(84)	-
Taxation		-	-	-	-	5
Transfers between funds		<u>(1835)</u>	<u>68</u>	<u>1767</u>	<u>-</u>	<u>-</u>
<b>Net incoming resources/(resources expended)</b>		<u>(1989)</u>	<u>(35)</u>	<u>2554</u>	<u>530</u>	<u>1845</u>
Net (loss)/gains on investment assets		<u>(707)</u>	<u>-</u>	<u>-</u>	<u>(707)</u>	<u>2009</u>
Net movement in funds		<u>(2696)</u>	<u>(35)</u>	<u>2554</u>	<u>(177)</u>	<u>3854</u>
<b>Adjusted Fund balances brought forward at 1 April</b>		<u>6418</u>	<u>35</u>	<u>5553</u>	<u>12006</u>	<u>8152</u>
<b>Fund balances carried forward at 31 March 2002</b>		<u>3722</u>	<u>-</u>	<u>8107</u>	<u>11829</u>	<u>12006</u>

The notes on pages 11 to 29 form part of these financial statements.

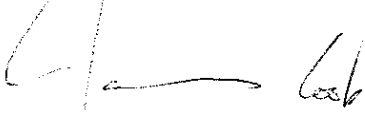
# ROSLIN INSTITUTE (Edinburgh)

## Consolidated Balance sheet as at 31 March 2002

	Note	2002 £000	2001 £000 (Restated)
<b>Fixed assets</b>			
Intangible assets	21	16	23
Tangible assets	7	10033	7793
Investments	8	<u>4671</u>	<u>5329</u>
		<u>14720</u>	<u>13145</u>
<b>Current assets</b>			
Stocks	9	606	512
Debtors	10	2292	2331
Cash at bank and in hand	20	<u>893</u>	<u>3428</u>
		3791	6271
<b>Creditors: amounts falling due within one year</b>	11	<u>(4617)</u>	<u>(5728)</u>
Net current (liabilities)/assets		<u>(826)</u>	<u>543</u>
<b>Total assets less current liabilities</b>		13894	13688
<b>Creditors: amounts falling due after more than one year</b>	12	(1156)	(833)
<b>Deferred income: capital grants not yet credited to income</b>		(902)	(842)
<b>Provisions for liabilities and charges</b>	13	<u>(7)</u>	<u>(7)</u>
<b>Net assets</b>		<u>11829</u>	<u>12006</u>
<b>Reserves</b>			
Restricted	14	8107	5553
Unrestricted		<u>3722</u>	<u>6453</u>
		<u>11829</u>	<u>12006</u>

These financial statements were approved on behalf of the Governing Council on 11.11.02. and were signed by:-

  
Dr J Brown  
Chairman of the Governing Council

  
Mr J Cook  
Member, Governing Council and  
Chairman of the Audit Committee

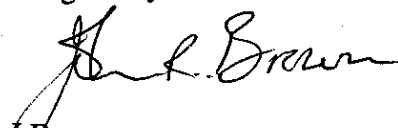
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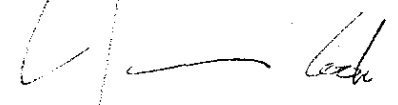
# ROSLIN INSTITUTE (Edinburgh)

## Balance sheet as at 31 March 2002

	Note	2002 £000	2001 £000 (Restated)
<b>Fixed assets</b>			
Intangible assets	21	16	23
Tangible assets	7	8091	5530
Investments	8	<u>4672</u>	<u>5330</u>
		<u>12779</u>	<u>10883</u>
<b>Current assets</b>			
Stocks	9	606	455
Debtors	10	2456	3016
Cash at bank and in hand		<u>797</u>	<u>3279</u>
		3859	6750
<b>Creditors: amounts falling due within one year</b>	11	<u>(4542)</u>	<u>(5549)</u>
<b>Net current assets</b>		<u>(683)</u>	<u>1201</u>
<b>Total assets less current liabilities</b>		12096	12084
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(336)</u>	<u>(105)</u>
<b>Net assets</b>		<u>11760</u>	<u>11979</u>
<b>Reserves</b>			
Restricted	14	8107	5553
Unrestricted		<u>3653</u>	<u>6426</u>
		<u>11760</u>	<u>11979</u>

These financial statements were approved on behalf of the Governing Council on 11.11.02 and were signed by:-

  
Dr J Brown  
Chairman of the Governing Council

  
Mr J Cook  
Member, Governing Council and  
Chairman of the Audit Committee

The notes on pages 11 to 29 form part of these financial statements.

**ROSLIN INSTITUTE (Edinburgh)****Consolidated Cash Flow Statement  
for the year ended 31 March 2002**

	Note	2002 £000	2001 £000 (Restated)
<b>Net cash inflow from operating activities</b>	<b>18</b>	<b>420</b>	<b>3439</b>
<b>Returns on investments and servicing of finance</b>	<b>19</b>	<b>147</b>	<b>215</b>
<b>Net cash inflow/(outflow) from capital expenditure</b>	<b>19</b>	<b><u>(3283)</u></b>	<b><u>(4606)</u></b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(2716)</b>	<b>(952)</b>
<b>Net cash inflow/(outflow) from financing</b>	<b>19</b>	<b><u>181</u></b>	<b><u>(156)</u></b>
<b>Decrease in cash</b>	<b>20</b>	<b><u>(2535)</u></b>	<b><u>(1108)</u></b>

The notes on pages 11 to 29 form part of these financial statements.

**Notes (forming part of the financial statements)**

**1. Accounting policies**

*Status*

The Institute is a Company limited by Guarantee and does not have a share capital. The liability of the members who constitute the Institute is limited to £1 per member.

The Institute is a registered charity and company limited by guarantee. The members of the Governing Council are detailed on page 1 of the accounts. Members of the Governing Council act as trustees for the purposes of charities legislation and supervision in Scotland and directors for the purposes of the Companies Act 1985. Members of the Governing Council are appointed in accordance with the Memorandum and Articles of Association following nominations by the BBSRC.

The BBSRC is the principal sponsor of the activities of the Institute which is funded principally by the public sector. Under the Institute's Memorandum and Articles, and a Conditions of Grant Agreement between the Institute and BBSRC, certain powers and authorities are subject to BBSRC approval. In practice, therefore, the members of the Governing Council share some responsibilities with the BBSRC which, in effect, acts as a shadow director for Companies Act purposes.

The day to day activities of the Institute are managed by an Executive Director whose primary reporting relationship is to the Chief Executive of the BBSRC.

BBSRC acknowledges the limitations placed on members of the Governing Council and has agreed to indemnify individual members who act honestly, reasonably, in good faith and without negligence. Under the indemnity members of the Governing Council will not be required to meet from their own personal resources any personal civil liability which is incurred in the execution of their duties.

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

*Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Charities" (SORP 2000) issued in October 2000.

Comparative figures in the statement of financial activities have been restated to ensure comparability.

*Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Institute and its subsidiaries drawn up to 31 March each year.

## ROSLIN INSTITUTE (Edinburgh)

### Notes (forming part of the financial statements)

#### 1. Accounting policies (continued)

##### *Income*

Income represents BBSRC core grants receivable in the year, other research income receivable from outside bodies and other miscellaneous income. All core BBSRC grants are recognised as revenue in the year they are received. Other funds received of a revenue nature are credited to deferred revenue income and credited to the Income and Expenditure Account as the related research costs are incurred.

##### *Resources expended and funds*

Direct charitable expenditure represents the full cost of the research performed. It includes the cost of direct staff, consumable stocks and indirect costs. Fundraising and publicity expenditure represents the cost of obtaining funds for research, promoting the work of the Institute and recruitment of staff. Management and administration expenditure represents the necessity of compliance with statutory and constitutional requirements, and any other costs which are not direct charitable expenditure or fundraising and publicity expenditure.

Funds held under restricted reserves are represented in investments made in intangible and tangible assets.

##### *Intangible fixed assets*

Intangible fixed assets are stated at cost less any provision required for impairment.

##### *Fixed assets and depreciation*

Depreciation is provided by the Institute to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:-

Intangible assets	-	over 5 years
Leasehold improvements	-	40 to 50 years
Plant and Machinery	-	10 to 15 years
Agricultural Machinery, Scientific Equipment, Fixtures and Fittings	-	5 to 10 years
Office and Computing Equipment	-	5 years
Personal Computers	-	3 years
Motor Vehicles	-	4 years
Assets under Construction	-	not depreciated until brought into use.

Grants receivable for the purchase of Institute assets are recorded as income into profit and loss account and then transferred to restricted funds category. Such fund values are then reduced over the useful economic lives of the asset in line with its depreciation.

Grants received for the purchase of subsidiaries assets are credited to deferred income and reduced over the useful economic lives of the asset in line with its depreciation.

## **ROSLIN INSTITUTE (Edinburgh)**

### **Notes (forming part of the financial statements)**

#### **1. Accounting policies (continued)**

##### *Investments*

UK and USA listed investments are stated at market value at year-end. Gains and losses arising are recognised in the year in which they arise.

The investments in Rosgen Limited has been stated at nil value due to the voluntary liquidation of this Company in the year to 31 March 2001.

The investments in Roslin Nutrition Limited, Roslin Biotechnology Centre Ltd, Edinburgh Bioparks Ltd and IASP 2000 (Scotland) Ltd are stated at cost less provision for any impairment in value.

Investment in associated companies are not material and therefore shares in these companies are not consolidated.

##### *Stocks*

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

##### *Foreign currency transactions*

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

##### *Taxation*

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

The Institute is a registered charity and therefore no provision for corporation tax is required on the results for the year.

The group's financial statements include the relevant corporation tax in respect of consolidated subsidiaries where material.

##### *Leases*

Where the Institute enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

## **ROSLIN INSTITUTE (Edinburgh)**

### **Notes** *(forming part of the financial statements)*

#### **1. Accounting policies** (continued)

##### *Pension costs*

The expected costs of providing pensions and other post retirement benefits, as calculated periodically by professionally qualified actuaries, is charged to the income and expenditure account so as to spread the cost over the service lives of employees in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.



# ROSLIN INSTITUTE (Edinburgh)

## Notes (continued)

### 2. Analysis of income received

	2002 Unrestricted Continuing Activities £000	2002 Unrestricted Discontinued Activities £000	2002 Restricted £000	2002 Total £000	2001 Total Restated £000
<b>BBSRC core grants</b>					
Revenue grants	3151	-	-	3151	2906
Building grants	-	-	100	100	120
Minor Works grants	-	-	149	149	164
Capital Equipment grants	-	-	402	402	181
	<u>3151</u>	<u>-</u>	<u>651</u>	<u>3802</u>	<u>3371</u>
<b>Furtherance of objectives</b>					
BBSRC co-ordinated programmes	1292	-	346	1638	1866
DEFRA 'umbrella' contracts	1330	-	-	1330	1838
DEFRA competitive projects	1444	-	3	1447	1894
Other government departments	224	-	-	224	203
Universities	162	-	1	163	84
European Union	522	-	-	522	862
European Regional Dev Grants	-	-	495	495	29
Other grants	-	-	189	189	56
Foundations and trusts	93	-	-	93	73
Industry research contracts	<u>2221</u>	<u>-</u>	<u>11</u>	<u>2232</u>	<u>2496</u>
<b>Total</b>	<u>7288</u>	<u>-</u>	<u>1045</u>	<u>8333</u>	<u>9401</u>
<b>Activities in generating funds</b>					
Feed production and evaluation activities	-	418	-	418	417
Property activities	271	-	-	271	271
Rent	45	-	-	45	65
Sale of produce	828	-	-	828	428
Royalties	<u>110</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>106</u>
<b>Total</b>	<u>1254</u>	<u>418</u>	<u>-</u>	<u>1672</u>	<u>1287</u>
<b>Others</b>					
Staff canteen	57	-	-	57	58
Subsidies	44	-	-	44	51
Nursery	121	-	-	121	95
Bench fees	19	-	-	19	25
Others	<u>513</u>	<u>-</u>	<u>-</u>	<u>513</u>	<u>596</u>
<b>Total</b>	<u>754</u>	<u>-</u>	<u>-</u>	<u>754</u>	<u>825</u>

Notes (continued)

3. Analysis of resources expended

	Unrestricted Continuing		Unrestricted Discontinued		2002 Restricted £000	2002 Total £000	2001 Total Restated £000
	Staff Costs £000	Other £000	Staff Costs £000	Other £000			
<b>Resources expended</b>							
<b>Costs of generating funds</b>							
Feed production and evaluation activities	-	-	180	374	-	554	538
Property services	176	271	-	-	-	447	458
Publications/marketing/advertising/recruitment	-	91	-	-	-	91	97
<b>Total</b>	<u>176</u>	<u>362</u>	<u>180</u>	<u>374</u>	<u>-</u>	<u>1092</u>	<u>1093</u>
<b>Charitable expenditure</b>							
<b>Cost of scientific activities in furtherance of the objectives</b>							
Staff costs	6153	-	-	-	-	6153	6076
Laboratory/farm supplies and services	-	2337	-	-	-	2337	2018
Travel	-	319	-	-	-	319	301
Property maintenance costs	-	875	-	-	-	875	987
Central office computing costs	-	267	-	-	-	267	255
Others	-	642	-	-	909	1551	1196
<b>Total</b>	<u>6153</u>	<u>4440</u>	<u>-</u>	<u>-</u>	<u>909</u>	<u>11502</u>	<u>10833</u>
<b>Support costs</b>							
Library	-	95	-	-	-	95	90
Rent rates	-	113	-	-	-	113	93
Drainage/Waste disposal	-	100	-	-	-	100	111
Training	-	39	-	-	-	39	29
<b>Total</b>	<u>-</u>	<u>347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347</u>	<u>323</u>
<b>Management and administration</b>							
Staff costs	484	-	-	-	-	484	471
Legal and professional	-	642	-	-	-	642	523
Governors' expenses	-	27	-	-	-	27	16
<b>Total</b>	<u>484</u>	<u>669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1153</u>	<u>1010</u>
<b>Grand total</b>	<u>6813</u>	<u>5818</u>	<u>180</u>	<u>374</u>	<u>909</u>	<u>14094</u>	<u>13259</u>

# ROSLIN INSTITUTE (Edinburgh)

## Notes (continued)

3. Analysis of resources expended (continued)	2002 £000	2001 £000
<i>Direct Charitable and commercial expenditure and Management and Administration costs include</i>		
Auditors' remuneration		
- audit services	27	18
- non audit services	20	9
Other financial services		
- patent services	158	139
- consultancy and legal	310	221
- taxation advice	11	3
Depreciation		
- own assets	897	640
- finance lease and hire purchase assets	105	109
Operating lease charges on motor vehicles	17	17

## 4. Remuneration of the members of the Governing Council

The non-executive Governing Council members received £27,573 (£16,247, 2000/01) remuneration, in the form of honorariums and travel expenses, in total from the Institute during the year.

Governing Council members were paid an honorarium fee of £126 per meeting.

Remuneration of the executive Governing Council member amounted to £87,694 (2000/01, £85,985) including pension contributions of £7,789 (2000/01, £7,411).

# **ROSLIN INSTITUTE (Edinburgh)**

## **Notes (continued)**

### **5. Staff numbers and costs**

All staff working at the Institute are employees of the BBSRC. The average number of Group employees during the year, analysed by category, was as follows:-

	Number of employees 2002	Number of employees 2001
Scientific	150	150
Scientific Services	99	117
Office/Management	34	34
	<u>283</u>	<u>301</u>

The aggregate payroll costs of these persons were as follows:-

	2002 £000	2001 £000
Wages and salaries	6031	5938
Social security costs	419	429
Other pension costs (note 16)	543	529
	<u>6993</u>	<u>6896</u>

The number of staff with emoluments greater than £50,000 was:-

	2002 No	2000 No
£50,000 - £60,000	2	-
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-

### **6. Investment Income**

	2002 £000	2001 £000
Dividend Income	61	14
Interest receivable	100	214
Interest payable	(14)	(13)
	<u>147</u>	<u>215</u>

# ROSLIN INSTITUTE (Edinburgh)

## Notes (continued)

### 7. Tangible fixed assets

#### (a) The Group

	Leasehold Improve- ments £000	Plant and Machinery £000	Scientific Equipment, Fixtures and fittings £000	Motor Vehicles £000	Assets in course of construction £000	Total £000
<u>Cost</u>						
At beginning of year	4001	1495	5915	52	679	12142
Additions	122	323	1077	14	2086	3622
Transfers	2182	-	-	-	(2182)	-
Disposals	(9)	(471)	(306)	(5)	-	(791)
At end of year	<u>6296</u>	<u>1347</u>	<u>6686</u>	<u>61</u>	<u>583</u>	<u>14973</u>
<u>Depreciation</u>						
At beginning of year	(200)	(528)	(3572)	(49)	-	(4349)
Charge for year	(102)	(135)	(758)	(1)	-	(996)
Disposals	1	185	214	5	-	405
At end of year	<u>(301)</u>	<u>(478)</u>	<u>(4116)</u>	<u>(45)</u>	<u>-</u>	<u>(4940)</u>
<u>Net book value</u>						
At 31 March 2002	<u>5995</u>	<u>869</u>	<u>2570</u>	<u>16</u>	<u>583</u>	<u>10033</u>
At 1 April 2001	<u>3801</u>	<u>967</u>	<u>2343</u>	<u>3</u>	<u>679</u>	<u>7793</u>

The Institute has entered into an operating lease agreement for the main Institute site with BBSRC (commenced with effect from 1 April 1995) expiring on 31 March 2007 for its use of the freehold land and buildings which belong to BBSRC, at a rent of £1 per year.

The net book value of the Institute's assets includes £120,406 (£226,000, 2000/01) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year on these assets was £105,322 (£109,155, 2000/01).

Assets are held for charitable purposes with the exception of those held in trading subsidiaries which comprise of leasehold improvements (net book value £1,940,000), and plant and machinery (net book value £2,000).

# ROSLIN INSTITUTE (Edinburgh)

## Notes (continued)

### 7. Tangible fixed assets (continued)

#### (b) The Institute

	Leasehold Improve- ments £000	Plant and Machinery £000	Equipment, Fixtures and fittings £000	Motor Vehicles £000	Assets in course of construction £000	Total £000
<b>Cost</b>						
At beginning of year	1952	1040	5881	47	679	9599
Additions	69	301	1077	14	2086	3547
Transfers	2182	-	-	-	(2182)	-
Disposals	-	-	(273)	-	-	(273)
At end of year	<u>4203</u>	<u>1341</u>	<u>6685</u>	<u>61</u>	<u>583</u>	<u>12873</u>
<b>Depreciation</b>						
At beginning of year	(95)	(378)	(3553)	(43)	-	(4069)
Charge for year	(49)	(100)	(753)	(1)	-	(903)
Disposals	-	-	190	-	-	190
At end of year	<u>(144)</u>	<u>(478)</u>	<u>(4116)</u>	<u>(44)</u>	<u>-</u>	<u>(4782)</u>
<b>Net book value</b>						
At 31 March 2002	<u>4059</u>	<u>863</u>	<u>2569</u>	<u>17</u>	<u>583</u>	<u>8091</u>
At 1 April 2001	<u>1857</u>	<u>662</u>	<u>2328</u>	<u>4</u>	<u>679</u>	<u>5530</u>

The Institute has entered into an operating lease agreement for the main Institute site with BBSRC (commenced with effect from 1 April 1995) expiring on 31 March 2007 for its use of the freehold land and buildings which belong to BBSRC, at a rent of £1 per year.

The net book value of the Institute's assets includes £120,406 (£220,000, 2000/01) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year on these assets was £105,322 (£107,655, 2000/01).

Notes (continued)

8. Investments held as fixed assets

	The Group 2002 £	The Institute 2002 £
Cost value at 1 April 2001	5,329	5,330
Additions	107	107
Unrealised losses	(765)	(765)
Market value at 31 March 2002	<u>4671</u>	<u>4672</u>

	The Group			The Institute		
	UK	Non-UK	Total	UK	Non-UK	Total
Listed	1895	2775	4670	1895	2775	4670
Unlisted	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>2</u>
	<u>1896</u>	<u>2775</u>	<u>4671</u>	<u>1897</u>	<u>2775</u>	<u>4672</u>

Assets comprising more than 5% total investments for the Group and the Institute were as follows:

	The Group £000	The Institute £000
Geron Corporation	1841	1841
Henderson UK High Equity Fund	820	820
Henderson Corporate Bond Fund	693	693
Newton Exempt UK Equity Fund	383	383
Newton Exempt Overseas Equity Fund	877	877
Viragen Inc	57	57

(a) Listed Investments - UK and Overseas

The Institute did not invest any extra funds into UK and overseas equity and bonds in 2001/2002. Hymans Robertson, Actuaries and Consultants, continued to give advice on investment matters.

(b) Listed Investment - Geron Corporation

As at 3 May 1999, the Institute sold its total shareholding in Roslin Bio-Med Limited (45.3% of issued share capital) to Geron Corporation a Company listed on NASDAQ in the USA, and in return received 400,000 shares in Geron Corporation. Geron Corporation entered into a Research Agreement with the Institute, which should provide approximately £12.5m of research funding between 1999 and 2005.

**Notes (continued)****8. Investments held as fixed assets (continued)**

In the course of the year the Institute did not sell any of its Geron Corporation shares. It had, at 31 March 2002, a holding of 345,500 Geron ordinary stock which had a market value of \$7.61 (\$10.04) per share. The Institute and the Group balance sheets show this investment at the market value on 31 March 2002.

**(c) Listed Investment – Viragen Inc**

The Institute entered into a research, licence and collaboration agreement with Viragen on 20 October 2000. As part of this agreement, the Institute secured £1 million of future research funds and also received 100,000 Viragen common stock with a market value of \$0.81 per share at 31 March 2002.

**(d) Subsidiary Companies**

In 1997, the Institute formed Roslin Nutrition Limited, a 100% owned subsidiary company registered in Scotland; the main activities of Roslin Nutrition Limited are the production and evaluation of feed products for farm animals.

Roslin Nutrition Limited was sold on 7 February 2002 as a going concern to its management with the following overall outcome:

	<b>£000</b>
Consideration received for the business	50
Transfer of Feedmill plant to the Company	243
Cancellation of Inter-Company loan with subsidiary	(410)
Write back of consolidated losses on discontinued activities	<u>33</u>
<b>Net loss on disposal of subsidiary</b>	<b><u>(84)</u></b>

Roslin Nutrition Limited's unconsolidated turnover for the period prior to disposal in 2001/2002 amounted to £0.543m. The Company made an unconsolidated loss in the period prior to disposal of £0.068m in the same period and had a net liability of (£0.046m) at 7 February 2002.

In 1997, the Institute formed a 100% owned non trading property company, Roslin Biotechnology Centre Limited, registered in Scotland. The Company started trading in 1999. The name of the Company was changed to Roslin BioCentre Limited on 4<sup>th</sup> November 1999.

Roslin BioCentre Ltd's unconsolidated turnover for 2001/02 amounted to £0.479m. The Company made an unconsolidated profit of £0.075m in the same period and had net assets of £0.070m at 31 March 2002.



**Notes (continued)**

**8. Investments held as fixed assets (continued)**

**(e) Associated Companies**

IASP 2000 (Scotland) Limited was formed as an associated company on 12 August 1998, registered in Scotland, with the purpose of organising the year 2000 International Science Parks conference in Edinburgh. The Institute, through its subsidiary company Roslin BioCentre Ltd, held 33% of the issued share capital in this company. The shareholding was stated at cost, which was equal to the group's share of the company's net assets. This Company was wound up on 17 May 2002.

Edinburgh Bioparks Ltd. was formed as an associated company on 11 December 1996 and started trading on 1 April 1998 in a joint venture with Moredun Foundation with the aim of marketing the concept of Science Parks in Edinburgh. The Institute holds 50% of the issued share capital in this company. The shareholding is stated at cost, which is equal to the group's share of the company's net assets.

9. Stocks	The Group		The Institute	
	2002	2001	2002	2001
	£000	£000	£000	£000
Livestock	462	337	462	337
Raw materials and consumables	<u>144</u>	<u>175</u>	<u>144</u>	<u>118</u>
	<u>606</u>	<u>512</u>	<u>606</u>	<u>455</u>
10. Debtors	2002	2001	2002	2001
	£000	£000	£000	£000
Trade debtors	1226	1097	1129	987
Due by associated company	-	-	-	-
Due from subsidiary company	-	-	292	817
Taxes	103	36	103	35
Prepayments and other debtors	189	108	183	100
Accrued income	<u>774</u>	<u>1090</u>	<u>749</u>	<u>1077</u>
	<u>2292</u>	<u>2331</u>	<u>2456</u>	<u>3016</u>

All debtors with the exception of amounts due from subsidiary companies are due within one year from the balance sheet date.

The inter-company debt of £0.292m is due from Roslin BioCentre Ltd. Amounts recoverable over 1 year is £0.168m for Roslin BioCentre Ltd. 1.1% annual interest is charged on Roslin BioCentre Ltd debts.

Notes (continued)

**11. Creditors: amounts falling due within one year**

**The Group**

**The Institute**

	<b>2001</b>		<b>2001</b>	
	<b>2002</b>	<b>Restated</b>	<b>2002</b>	<b>Restated</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payments received in advance	3385	3550	3355	3526
Trade creditors	667	1222	636	1180
Taxes	8	16	-	-
Loans	10	139	10	80
Obligations under finance leases and Hire purchase contracts	67	51	67	50
Accruals	480	750	474	713
	<u>4617</u>	<u>5728</u>	<u>4542</u>	<u>5549</u>

**12. Creditors: amounts falling due after more than one year**

**The Group**

**The Institute**

	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Obligations under finance leases and Hire purchase contracts	36	100	36	95
Loans	<u>1120</u>	<u>733</u>	<u>300</u>	<u>10</u>
	<u>1156</u>	<u>833</u>	<u>336</u>	<u>105</u>

Within obligations under finance leases and hire purchase contracts due after more than one year the following amounts are payable:-

	<b>The Group</b>		<b>The Institute</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Two to five years	36	100	36	95
After five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>36</u>	<u>100</u>	<u>36</u>	<u>95</u>

Obligations under finance leases and hire purchase contracts are secured by related leased assets.

Within loans outstanding at the year end due after more than one year, the following amounts are payable:-

	<b>The Group</b>		<b>The Institute</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one to two years	48	56	-	10
Within two to five years	494	138	300	-
After five years	<u>578</u>	<u>539</u>	<u>-</u>	<u>-</u>
	<u>1120</u>	<u>733</u>	<u>300</u>	<u>10</u>

## ROSLIN INSTITUTE (Edinburgh)

### Notes (continued)

#### 12. Creditors: amounts falling due after more than one year (continued)

The loans outstanding at the year end are from BBSRC Central Office (£0.300m) and other external funders (£0.830m) of which £0.820m (£0.781m capital, £0.039m interest) is secured by a standard security issued by the 100% owned subsidiary "Roslin Biotechnology Limited" over that Company's interest in the lease between itself and BBSRC, and guaranteed by Roslin Institute (Edinburgh) in favour of Scottish Enterprise Edinburgh and Lothian (SEEL). The rest of the loans are unsecured and interest free.

BBSRC loan was advanced to fund facilities building project and will be converted to a capital grant when external matching funds are secured for the project.

The SEEL loan is repayable over a period of 30 years based on the following repayment terms:

If settled within 5 years	-	110% of the original loan
If settled within 6 to 10 years	-	130% of the original loan
If settled within 11 to 15 years	-	140% of the original loan
If settled within 16 to 30 years	-	150% of the original loan

The loan is secured by a standard security issued in favour of Scottish Enterprise Edinburgh and Lothian (SEEL) by Roslin BioCentre Ltd and guaranteed by the parent company.

#### 13. Provisions for Liabilities and Charges

	2002 £000	2001 £000
Charge for year	<u>7</u>	<u>7</u>

This provision relates to Roslin BioCentre Ltd which is a subsidiary of the Institute.

#### 14. Restricted Funds

	Opening	Grant Receipts	Depreciation Expenditure	Transfers From Unrestricted Funds	Close
	£000	£000	£000	£000	£000
Fixed Asset Funds	<u>5553</u>	<u>1696</u>	<u>(909)</u>	<u>1767</u>	<u>8107</u>

The financial statements have been prepared in accordance with SORP 2000. Prior to compliance with SORP 2000, capital grants were deferred and released over the life of the assets for which they were received. These grants are now recognised as restricted income in the year in which they are received and the depreciation is recognised as an expense against the restricted fund. The effect of this is to increase the prior period opening reserves by £5.553m to recognise the restricted fund and reduce the capital grants not yet credited to income liability account by the same amount.

**Notes (continued)**

**15. Commitments**  
**The Group only**

- (i) Capital and revenue commitments at the end of the financial year for which no provision has been made:-

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Contracted	<u>117</u>	<u>903</u>
Authorised not contracted	<u>470</u>	<u>977</u>

- (ii) The Institute has entered into a number of operating leases which commit the Institute to pay the following rentals during the next year in respect of:

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Leases which expire:		
Within one year	-	-
Within two to five years	17	17
After five years	<u>-</u>	<u>-</u>

**16. Pension scheme**

Employees of the Institute are members of the Research Councils' Pension Schemes defined benefits schemes, which are funded on a pay-as-you-go basis principally through employer and employee contributions and annual Grant-in-aid. The Institute is unable to identify its share of the underlying assets of these schemes. The pension schemes are by analogy to the Principal Civil Service Pension Scheme (PCSPS), except that while the schemes which are defined benefits schemes and provide retirement and related benefits on final emoluments, redundancy and injury benefits are administered by the BBSRC and funded by the Institute or the BBSRC by agreement. The pension schemes are administered by the Research Councils' Joint Superannuation Services and the schemes' finances are administered by the BBSRC. A separate Research Councils' Pensions Schemes Account was published for the year ended 31 March 2002 and contains the further disclosure of information required under the relevant accounting standard.

The Institute pays employers' contributions, at a percentage of scheme members' pensionable pay and emoluments assessed by the Government Actuary's Department on a periodical basis. The rate from 1 April 1999 was 10.1% which was established following Government Actuary's Department's most recent assessment at 31 March 1997.

The pension cost payable by the Institute to the scheme amounted to £0.539m (2000/01 £0.520m).

**17. Insurance**

The Institute has taken on insurance cover where it is cost effective to do so.

Notes (continued)

**18. Reconciliation of operating surplus/(deficit) of income over expenditure to net cash inflow from operating activities**

	2002	2001
	£000	£000
Surplus net of investment income	383	1625
Depreciation charge	1002	749
Deferred income amortisation	(19)	(18)
Loss/(Gain) on sale of tangible fixed assets	107	12
(Increase)/Decrease in stocks	(94)	(58)
Decrease/(Increase) in debtors	39	(367)
(Decrease)/Increase in creditors	(998)	1496
Net cash inflow from operating activities	<u>420</u>	<u>3439</u>

**19. Analysis of Gross Cashflows for headings netted in the Cashflow Statement**

	2002	2001
	£000	£000
<b>Return on investments and servicing of finance:</b>		
Loan interest paid	(14)	(13)
Bank interest received	111	228
Lease interest paid	(11)	(14)
Dividend income	<u>61</u>	<u>14</u>
	<u>147</u>	<u>215</u>
<b>Capital Expenditure:</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Payments to acquire investments	(51)	(3199)
Payments to acquire tangible fixed assets	(3347)	(2762)
Receipts from disposal of investments	-	1187
Receipts from Capital Grants	81	151
Receipts from sales of tangible fixed assets	<u>34</u>	<u>17</u>
	<u>(3283)</u>	<u>(4606)</u>
<b>Financing:</b>	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Loans received from third parties	339	-
Loans repaid	(80)	(75)
Capital element of finance lease and hire purchase rental payments	<u>(78)</u>	<u>(81)</u>
	<u>181</u>	<u>(156)</u>

# ROSLIN INSTITUTE (Edinburgh)

## Notes (continued)

### 20. Analysis of Changes in net funds

	2001 £000	Cash Flow Movement	Other Changes	2002 £000
Cash in hand	1	-	-	1
Cash at Bank:				
Sterling Currency	2522	(1753)	-	769
Dollar Currency	109	(31)	-	78
European Currency Unit	<u>796</u>	<u>(751)</u>	-	<u>45</u>
	3428	(2535)		893
Debt due within one year	(139)	129	-	(10)
Debt due after one year	(733)	(387)		(1120)
Finance leases	<u>(151)</u>	<u>78</u>	<u>(30)</u>	<u>(103)</u>
Net funds	<u>2405</u>	<u>(2715)</u>	<u>(30)</u>	<u>(340)</u>

### Reconciliation of net cash flow to movement in net funds

	2002 £000
Decrease in cash during the period	(2535)
Cash to repay finance leases and hire purchase	78
Loans received	<u>(258)</u>
Change in net funds resulting from cash flows	(2715)
New finance lease and hire purchase agreements	<u>(30)</u>
Change in net funds in the period	(2745)
Net funds at 1 April 2001	<u>2405</u>
Net funds at 31 March 2002	<u>(340)</u>

### 21. Intangible Fixed Assets

	The Group		The Institute	
	2002 £000	2001 £000	2002 £000	2001 £000
At Cost (Milk Quota)				
As at 1 April	29	29	29	29
Additions in year	-	-	-	-
Amortisation	<u>(13)</u>	<u>(6)</u>	<u>(13)</u>	<u>(6)</u>
Total	<u>16</u>	<u>23</u>	<u>16</u>	<u>23</u>

**Notes (*continued*)**

**22. Related Party Transactions**

Roslin Institute (Edinburgh) is a company limited by guarantee. It was formed to take over the assets and liabilities associated with operations at the Roslin site which had previously operated under the BBSRC. BBSRC is regarded as a related party and sponsor and fund the Institute by annual grant. During the year, the Institute had various material transactions with the Department of Environment, Food and Rural Affairs and has had a small number of material transactions with other Government Departments and other Central Government bodies as detailed in note 2 to the financial statements.

During the year, the Institute supplied Geron Incorporation of USA, a company listed on NASDAQ with research services. The Institute holds 345,550 (2000/01, 345,550) shares in this Company as a result of disposal of its share-holdings in Roslin Bio-Med Limited to this Company on 3 May 1999. The total amount invoiced in the year was £1,643,000 (2000/01; £2,005,000).

**23. Profit of parent Company**

As permitted by Section 230 of the Companies Act, the Profit and Loss Account of the parent Company is not presented as part of these accounts. The parent Company's (deficit) for the financial year amounted to £218,870 (2000/01 surplus of £3,036,640).

**24. Contingent liability**

Legal action has been commenced against the Institute in connection with its scientific research activities. The directors refute the allegations and the action is being defended vigorously. The extent of the Institute's potential liability is not yet known but is not expected to be material and accordingly no provision has been made.