

# ROSLIN INSTITUTE (Edinburgh)

(Limited by Guarantee)

Governors' report and consolidated financial  
statements for the Group

31 March 2005

Company registered number: SC 157100



# **ROSLIN INSTITUTE (Edinburgh)**

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

<i>Contents</i>	<i>Page</i>
Company information	1
Governors' report	2
Independent Auditors' report to the Members	5
Consolidated Statement of Financial Activities	6
Consolidated Balance Sheet	7
Balance Sheet	8
Consolidated Cash Flow Statement	9
Notes to the financial statements	10

# **ROSLIN INSTITUTE (Edinburgh)**

## **Company Information**

The members of the Governing Council from 1 April 2004 up to the signing of the accounts were:

		Date Appointed
Governors:	Dr J R Brown (Chairman)	8.10.99
	Dr E Birney	1.11.04
	Professor G Boulnois (Resigned 30.9.04)	16.3.99
	Prof E W Brascamp	1.11.04
	Mr J Cook (Resigned 21.6.05)	1.1.01
	Dr J M Hall (Resigned 28.3.05)	6.10.00
	Professor N D Hastie	26.1.01
	Dr W S Jamieson	6.10.00
	Mr D G McBeath	6.10.00
	Dr H J Marriage	1.10.01
	Prof T O'Shea	8.10.04
	Prof R Pederson	1.11.04
	Dr G S Plastow	1.9.01
	Dr T Shepherd	1.1.04
	Prof A J Teale	1.11.04
	Professor C Tickle	1.9.01

Secretary: Mrs C Neilson

Registered office: Roslin Institute  
Roslin  
Midlothian  
EH25 9PS

Company Registration Number: SC 157100

Charity Recognition Number: 023592

Independent 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

## **Governors' report**

The governors present their annual report and the audited financial statements for the year ended 31 March 2005.

### **Principal activity**

Roslin Institute is one of the world's leading centres for research on farm and other animals. The Institute's primary objective is to deliver world class science and technology in the animal biosciences relevant to applications in both agriculture and biomedicine. It has internationally recognised research programmes in quantitative genetics and genome analysis of farm animal species and pioneered the development of transgenic technologies in farm animals for biomedical applications. The Institute has established a new programme in embryonic stem cells. The Institute also maintains key UK facilities to underpin the above activities.

The Institute's research aims to provide new opportunities for three industry sectors: animal breeding, biotechnology/biomedicine and animal production. Potential benefits to the agricultural industry include improved food safety and quality, improved animal wellbeing, improved efficiency of food production, improved environmental sustainability and improved sustainability of rural communities. Potential benefits in biotechnology and biomedicine include new stem cell therapies for the treatment of degenerative disease, new models for testing the safety and efficacy of new therapies and cost effective approaches to therapeutic protein production. Research at the Institute also informs national and international policy on a variety of issues including animal welfare and conservation of 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.

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.

The Institute has a subsidiary company with a 51% ownership under the name of Roslin BioCentre Ltd (previously Roslin Biotechnology Centre Ltd). The results of this subsidiary are disclosed in Note 8.

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

The results for the year are detailed on page 6 of the Financial Statements.

The Governing Council confirms that on a fund by fund basis, the net assets of £10.139m (2003/04; £11.111m) are adequate to fulfil the principal activities of the Institute.

## **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 2005 of £4.365m is adequate for the Group to manage its finances.

### **Risk statement**

Identifying and controlling the risk to which the Institute is exposed has been an important activity over the last 12 months. The Institute now has an approved Risk Management Policy, a Risk Register and a Risk Control Action Plan that covers the major risks. The Risk Management Framework was reviewed by the Audit Committee of the Governing Council on 13 June 2005 and the Risk Management Section of the Directors Annual Statement on Internal Control (DASIC) Statement to the BBSRC Chief Executive was affirmed as 'positive'. The Institute's approach to management of risk was also reviewed by Research Councils' Internal Audit Service (RCIAS) in March 2005 and the auditors report is expected shortly.

### **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 which the Institute acquired as part of the disposal of Roslin BioMed and a diversified portfolio of other investments.

Diversified portfolio appreciated in value by 12.24% over the year against an increase of 32.9% in the corresponding period last year. Geron Corporation ordinary share price was \$6.11 (2003/04; \$9.40) per share as at 31 March 2005.

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

### **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.

### **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. The subsidiary company (Roslin BioCentre Ltd) is 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 or Acting Director give formal briefings to all staff twice a year.

**Governors' report (continued)**

**Employees (continued)**

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.

**Equal Opportunities**

The Institute is committed to providing full opportunities for the development of the talents of its 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**

The Institute intends later this year, in line with best practice, to invite the existing auditors Scott-Moncrieff, along with other accounting firms to tender for the provision of its audit services for the next three years. The appointment of new auditors will be finalised before the forthcoming Annual General Meeting on 24 October 2005.

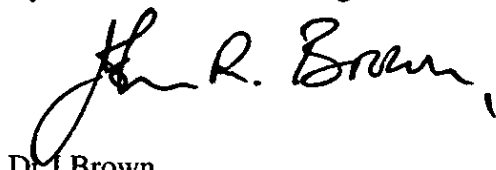
**Statement of governors' responsibilities in relation to the financial statements**

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: 25<sup>th</sup> October 2005

# **ROSLIN INSTITUTE (Edinburgh)**

## **Independent Auditors' Report to the members for the year ended 31 March 2005**

We have audited the financial statements set out on pages 6 to 27. 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 pages 10 to 12.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of 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 group's affairs as at 31 March 2005 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*

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

**17 NOV 2005**

**ROSLIN INSTITUTE (Edinburgh)**

**Consolidated Statement of Financial Activities**

	Notes	2005 Unrestricted Funds Continuing Activities £000	2005 Capital Funds £000	2005 Total £000	2004 Total £000
<b>Incoming resources</b>					
Core grants	2	4078	261	4339	4422
<b>From operating activities</b>					
Activities in furtherance of objectives	2	7773	56	7829	7916
Activities for generating funds	2	893	-	893	847
Investment income	6	186	-	186	134
Others		<u>863</u>	<u>-</u>	<u>863</u>	<u>874</u>
<b>Total incoming resources</b>		<u>13793</u>	<u>317</u>	<u>14110</u>	<u>14193</u>
<b>Resources expended</b>					
Cost of generating funds	3	<u>747</u>	<u>-</u>	<u>747</u>	<u>586</u>
<b>Charitable expenditure:</b>					
Cost of activities in furtherance of the objectives	3	10640	1135	11775	11523
Support costs	3	317	-	317	346
Management and administration	3	<u>1178</u>	<u>-</u>	<u>1178</u>	<u>1399</u>
<b>Total charitable expenditure</b>		<u>12135</u>	<u>1135</u>	<u>13270</u>	<u>13268</u>
<b>Total resources expended</b>	3	<u>12882</u>	<u>1135</u>	<u>14017</u>	<u>13854</u>
<b>Net incoming resources/(resources expended) before exceptional items</b>		<u>911</u>	<u>(818)</u>	<u>93</u>	<u>339</u>
Exceptional (losses)/gains	7(a)	-	(966)	(966)	(245)
<b>Net incoming/(outgoing) resources before gains/(losses) on investment assets</b>		<u>911</u>	<u>(1784)</u>	<u>(873)</u>	<u>94</u>
Net gain/(loss) on investment assets					
- realised		(95)	-	(95)	168
- unrealised		<u>(104)</u>	<u>-</u>	<u>(104)</u>	<u>885</u>
		<u>(199)</u>	<u>-</u>	<u>(199)</u>	<u>1053</u>
Minority Interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Net movement in funds		<u>712</u>	<u>(1784)</u>	<u>(1072)</u>	<u>1146</u>
<b>Fund balances brought forward at 1 April 2004</b>		<u>3653</u>	<u>7428</u>	<u>11081</u>	<u>9935</u>
<b>Fund balances carried forward at 31 March 2005</b>		<u>4365</u>	<u>5644</u>	<u>10009</u>	<u>11081</u>

The notes on pages 10 to 27 form part of these financial statements.

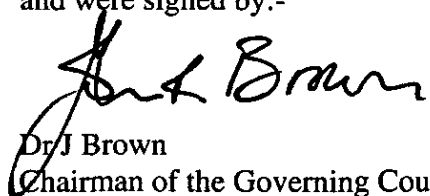


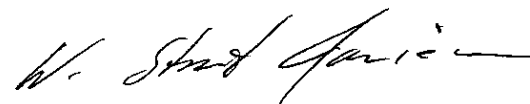
# ROSLIN INSTITUTE (Edinburgh)

## Consolidated Balance sheet as at 31 March 2005

	Notes	2005 £000	2004 £000
<b>Fixed assets</b>			
Intangible assets	21	-	2
Tangible assets	7(a)	7566	8916
Investments	8	<u>2629</u>	<u>3220</u>
		<u>10195</u>	<u>12138</u>
<b>Current assets</b>			
Stocks	9	260	311
Debtors	10	2408	2406
Cash at bank and in hand	20	<u>4499</u>	<u>3161</u>
		7167	5878
<b>Creditors: amounts falling due within one year</b>	11	<u>(5220)</u>	<u>(4932)</u>
<b>Net current assets/(liabilities)</b>		<u>1947</u>	<u>946</u>
<b>Total assets less current liabilities</b>		12142	13084
<b>Creditors: amounts falling due after more than one year</b>	12	(1055)	(1083)
<b>Deferred income: capital grants not yet credited to income</b>		(1031)	(873)
<b>Provisions for liabilities and charges</b>	13	<u>(17)</u>	<u>(17)</u>
<b>Net assets</b>		<u>10039</u>	<u>11111</u>
<b>Reserves</b>			
Restricted	14	5644	7428
Unrestricted		<u>4365</u>	<u>3653</u>
		10009	11081
<b>Minority Interest</b>		<u>30</u>	<u>30</u>
		<u>10039</u>	<u>11111</u>

These financial statements were approved on behalf of the Governing Council on 25<sup>th</sup> October 2005 and were signed by:-

  
Dr J Brown  
Chairman of the Governing Council

  
Dr W S Jamieson  
Member, Governing Council and  
Member of the Audit Committee

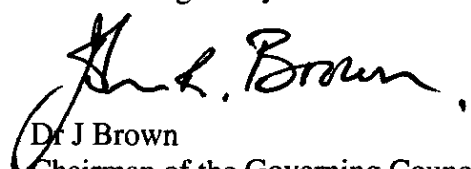
The notes on pages 10 to 27 form part of these financial statements.

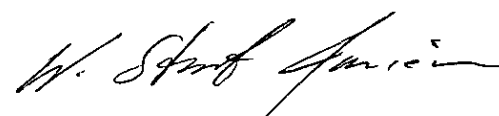
# ROSLIN INSTITUTE (Edinburgh)

## Balance sheet as at 31 March 2005

	Notes	2005 £000	2004 £000
<b>Fixed assets</b>			
Intangible assets	21	-	2
Tangible assets	7(b)	5633	7065
Investments	8	<u>2630</u>	<u>3221</u>
		<u>8263</u>	<u>10288</u>
<b>Current assets</b>			
Stocks	9	260	311
Debtors	10	2380	2471
Cash at bank and in hand	20	<u>4413</u>	<u>3116</u>
		7053	5898
<b>Creditors: amounts falling due within one year</b>	11	<u>(5137)</u>	<u>(4832)</u>
<b>Net current assets/(liabilities)</b>		<u>1916</u>	<u>1066</u>
<b>Total assets less current liabilities</b>		10179	11354
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(200)</u>	<u>(303)</u>
<b>Net assets</b>		<u>9979</u>	<u>11051</u>
<b>Reserves</b>			
Restricted	14	5644	7428
Unrestricted		<u>4335</u>	<u>3623</u>
		<u>9979</u>	<u>11051</u>

These financial statements were approved on behalf of the Governing Council on 25<sup>th</sup> October 2005 and were signed by:-

  
Dr J Brown  
Chairman of the Governing Council

  
Dr W S Jamieson  
Member, Governing Council and  
Member of the Audit Committee

The notes on pages 10 to 27 form part of these financial statements.

**ROSLIN INSTITUTE (Edinburgh)****Consolidated Cash Flow Statement**  
*for the year ended 31 March 2005*

	<b>Notes</b>	<b>2005 £000</b>	<b>2004 £000</b>
<b>Net cash inflow from operating activities</b>	18	1447	1083
<b>Returns on investments and servicing of finance</b>	19	186	134
<b>Net cash inflow/(outflow) from capital expenditure</b>	19	<u>(194)</u>	<u>632</u>
<b>Net cash inflow/(outflow) before financing</b>		1439	1849
<b>Net cash (outflow) from financing</b>	19	<u>(101)</u>	<u>(67)</u>
<b>Increase in cash</b>	20	<u><u>1338</u></u>	<u><u>1782</u></u>

The notes on pages 10 to 27 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.

*Basis of consolidation*

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

Notes (forming part of the financial statements)

1. Accounting policies (continued)

*Incoming resources*

Incoming resources are recognised when they are measurable, the Institute has legal title and there is a reasonable certainty of receipt. 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. Fund-raising 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.

*Fixed assets and depreciation*

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

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

Intangible assets	-	4 to 8 years
Leasehold improvements	-	10 to 50 years
Plant and Machinery	-	10 to 15 years
Fixtures and Fittings	-	3 to 10 years
Motor Vehicles	-	4 years
Assets under Construction	-	not depreciated until brought into use.

Grants receivable for the purchase of Institute assets are recognised as incoming resources then transferred to capital funds. Such funds are then reduced over the useful economic lives of the assets they represent in line with depreciation.

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

*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 Roslin Biotechnology Centre Ltd and Edinburgh Bioparks Ltd are stated at cost less provision for any impairment in value.

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

**1. Accounting policies (continued)**

*Investments (continued)*

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.

*Pension costs*

The company is a member of the Research Councils' Pension Scheme (RCPS), a final salary scheme. The expected costs of providing pensions and other post retirement benefits, as calculated periodically by professionally qualified actuaries, is charged to the SOFA (Statement of Financial Activity) 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.

**Notes (continued)**
**2. Analysis of income received**

	<b>2005</b>		<b>2005</b>	<b>2005</b>	<b>2004</b>
	<b>Unrestricted</b>	<b>Capital</b>	<b>Funds</b>	<b>Total</b>	<b>Total</b>
	<b>Activities</b>			<b>£000</b>	<b>£000</b>
	<b>£000</b>		<b>£000</b>		
<b>BBSRC core grants</b>					
Revenue grants	3906	-		3906	3758
Building grants	-	-		-	250
Minor Works grants	132	25		157	104
Others	40	-		40	40
Capital Equipment grants	-	236		236	270
	<u>4078</u>	<u>261</u>		<u>4339</u>	<u>4422</u>
<b>Furtherance of objectives</b>					
BBSRC co-ordinated programmes	1694	14		1708	1680
DEFRA 'umbrella' contracts	853	23		876	772
DEFRA competitive projects	1326	-		1326	1303
Other government departments	339	1		340	421
Universities	38	-		38	14
European Union	495	2		497	610
Other grants	145	-		145	221
Foundations and trusts	192	-		192	189
Industry research contracts	<u>2691</u>	<u>16</u>		<u>2707</u>	<u>2706</u>
<b>Total</b>	<u>7773</u>	<u>56</u>		<u>7829</u>	<u>7916</u>
<b>Activities in generating funds</b>					
Property activities	454	-		454	280
Rent	150	-		150	136
Sale of produce	<u>289</u>	<u>-</u>		<u>289</u>	<u>431</u>
<b>Total</b>	<u>893</u>	<u>-</u>		<u>893</u>	<u>847</u>

Notes (continued)

3. Analysis of resources expended

	Unrestricted		2005	2005	2004
	Staff	Other	Capital	Total	Total
	Costs		Funds		
	£000	£000	£000	£000	£000
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Property services	259	425	-	684	510
Publications/marketing/advertising/ recruitment	<u>-</u>	<u>63</u>	<u>-</u>	<u>63</u>	<u>76</u>
<b>Total</b>	<u>259</u>	<u>488</u>	<u>-</u>	<u>747</u>	<u>586</u>
<b>Charitable expenditure</b>					
<b>Cost of scientific activities in furtherance of the objectives</b>					
Staff costs	5784	-	-	5784	5742
Laboratory/farm supplies and services	-	2919	-	2919	2657
Travel	-	232	-	232	220
Property maintenance costs	-	983	-	983	918
Central office computing costs	-	370	-	370	338
Redundancy and related costs	-	144	-	144	112
Others	<u>-</u>	<u>208</u>	<u>1135</u>	<u>1343</u>	<u>1536</u>
<b>Total</b>	<u>5784</u>	<u>4856</u>	<u>1135</u>	<u>11775</u>	<u>11523</u>
<b>Support costs</b>					
Library	-	89	-	89	80
Rent rates	-	114	-	114	132
Drainage/Waste disposal	-	83	-	83	111
Training	<u>-</u>	<u>31</u>	<u>-</u>	<u>31</u>	<u>23</u>
<b>Total</b>	<u>-</u>	<u>317</u>	<u>-</u>	<u>317</u>	<u>346</u>
<b>Management and administration</b>					
Staff costs	537	-	-	537	521
Legal and professional	-	629	-	629	863
Governors' expenses	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>	<u>15</u>
<b>Total</b>	<u>537</u>	<u>641</u>	<u>-</u>	<u>1178</u>	<u>1399</u>
<b>Grand total</b>	<u>6580</u>	<u>6302</u>	<u>1135</u>	<u>14017</u>	<u>13854</u>



Notes (continued)

<b>3. Analysis of resources expended (continued)</b>	<b>2005 £000</b>	<b>2004 £000</b>
<i>Direct Charitable and commercial expenditure and Management and Administration costs include</i>		
Auditors' remuneration		
- audit services	22	21
- non audit services	5	-
Other financial services		
- patent services	69	145
- consultancy and legal	471	594
- taxation advice	-	14
Depreciation		
- own assets	1142	1321
- finance lease and hire purchase assets	22	34
Operating lease charges on motor vehicles	11	13

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

The non-executive Governing Council members received £10,246 (2003/04; £15,281) in travel expenses in total from the Institute during the year.

Governing Council members are not paid an honorarium fee.

Remuneration of the executive Governing Council members amounted to £nil (2003/04; £nil) including pension contributions of £nil (2003/04; £nil).

**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:-

	<b>Number of employees 2005</b>	<b>Number of employees 2004</b>
Scientific	126	139
Scientific Services	66	71
Office/Management	28	27
	<u>220</u>	<u>237</u>

The aggregate payroll costs of these persons were as follows:-	<b>2005 £000</b>	<b>2004 £000</b>
--	----------------------	----------------------

Wages and salaries	5622	5540
Social security costs	436	429
Other pension costs (note 16)	522	526
	<u>6580</u>	<u>6495</u>

The number of staff with emoluments greater than £50,000 was:-	<b>2005 No</b>	<b>2004 No</b>
--	--------------------	--------------------

£50,000 - £60,000	6	3
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1

**6. Investment Income**

	<b>2005 £000</b>	<b>2004 £000</b>
Dividend Income	48	49
Interest receivable	152	108
Interest payable	(14)	(23)
	<u>186</u>	<u>134</u>

**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	6433	1327	7628	45	615	16048
Additions	159	-	393	-	295	847
Transfers	343	-	28	-	(371)	-
Disposals	(936)	(100)	(408)	-	-	(1444)
At end of year	<u>5999</u>	<u>1227</u>	<u>7641</u>	<u>45</u>	<u>539</u>	<u>15451</u>
<u>Depreciation</u>						
At beginning of year	(693)	(550)	(5650)	(23)	(216)	(7132)
Charge for year	(199)	(119)	(834)	(9)	-	(1161)
Amortisation	-	-	-	-	(100)	(100)
Disposals	135	36	337	-	-	508
At end of year	<u>(757)</u>	<u>(633)</u>	<u>(6147)</u>	<u>(32)</u>	<u>(316)</u>	<u>(7885)</u>
<u>Net book value</u>						
At 31 March 2005	<u>5242</u>	<u>594</u>	<u>1494</u>	<u>13</u>	<u>223</u>	<u>7566</u>
At 1 April 2004	<u>5740</u>	<u>777</u>	<u>1978</u>	<u>22</u>	<u>399</u>	<u>8916</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 £12,840 (2003/04; £34,611) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year on these assets was £21,772 (2003/04; £58,074).

Assets are held for charitable purposes with the exception of those held in trading subsidiary which comprise of leasehold improvements (net book value £1,929,408), and fixtures and fittings (net book value £3,271).

Included in fixed assets is the cost (£516k) of a feasibility study relating to the construction of a facilities building. As the initial proposals are not now going forward, although the study can be utilised for revised proposals, the Governors had written down the value in total by £316k so that the carrying value is deemed to be reasonable.

In the course of the financial year, Blythbank Farm, which is owned by BBSRC, was sold and leasehold improvements of £866k associated with this site were fully written off in the Institute's accounts.

**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
<u>Cost</u>						
At beginning of year	4329	1322	7623	45	615	13934
Additions	-	-	308	-	394	702
Transfers	358	-	113	-	(471)	-
Disposals	(937)	(100)	(408)	-	-	(1445)
At end of year	<u>3750</u>	<u>1222</u>	<u>7636</u>	<u>45</u>	<u>538</u>	<u>13191</u>
<u>Depreciation</u>						
At beginning of year	(433)	(550)	(5649)	(21)	(216)	(6869)
Charge for year	(136)	(119)	(834)	(9)	-	(1098)
Amortisation	-	-	-	-	(100)	(100)
Disposals	135	36	338	-	-	509
At end of year	<u>(434)</u>	<u>(633)</u>	<u>(6145)</u>	<u>(30)</u>	<u>(316)</u>	<u>(7558)</u>
<u>Net book value</u>						
At 31 March 2005	<u>3316</u>	<u>589</u>	<u>1491</u>	<u>15</u>	<u>222</u>	<u>5633</u>
At 1 April 2004	<u>3896</u>	<u>772</u>	<u>1974</u>	<u>24</u>	<u>399</u>	<u>7065</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 £12,840 (2003/04; £34,611) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year on these assets was £21,772 (2003/04; £58,074).

The replacement cost or valuation of land and buildings occupied by the Institute but owned by the Biotechnology and Biological Research Council (BBSRC) and the Institute was £15,081m.

These values have been made available by the BBSRC from the valuations provided by Powis Hughes & Associates, Chartered Surveyors on 31 December 2000 and 31 March 2001.

Including the assets owned by the BBSRC on the Institute's balance sheet at 31 March 2005, would have increased fixed asset and capital funds by £11.7m. On the basis of these valuations it is not possible to identify the additional depreciation that would have been charged to the capital funds in the Statement of Financial Activities.

This information is included at the request of BBSRC to provide users of these Accounts with a full view of the values of the assets used by the Institute to carry out its research.

Notes (continued)

8. Investments held as fixed assets

	The Group 2005 £000	The Institute 2005 £000
Market value at 1 April 2004	3220	3221
Additions	1028	1028
Disposals at opening market value (proceeds – £1.420m: realised gain - £0.01m)	(1410)	(1410)
Unrealised loss	<u>(209)</u>	<u>(209)</u>
Market value at 31 March 2005	<u>2629</u>	<u>2630</u>

	The Group			The Institute		
	UK	Non-UK	Total	UK	Non-UK	Total
Listed	1497	1131	2628	1497	1131	2628
Unlisted	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>2</u>
	<u>1498</u>	<u>1131</u>	<u>2629</u>	<u>1499</u>	<u>1131</u>	<u>2630</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	484	484
Newton Exempt UK Equity Fund	411	411
Newton Exempt Overseas Equity Fund	643	643
Legal and General UK Index Trust	1088	1087

(a) Listed Investment – Geron Corporation

In the course of the year the Institute sold some of its Geron Corporation shares. It had, at 31 March 2005, a holding of 151,350 (2003/04; 257,350) Geron ordinary stock which had a market value of \$6.11 (2003/04; \$9.40) per share. The Institute and the Group balance sheets show this investment at the market value on 31 March 2005.

(b) 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 £1million of future research funds and also received 100,000 Viragen common stock. In June 2004, the company issued new shares of Viragen Inc, as a result of 1-for-10 reverse stock split. As a result of this, restructuring Institute received 10,000 new Viragen common stock with market value of \$0.68 per share at 31 March 2005.

**Notes (continued)**

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

**(c) Subsidiary Company**

Roslin BioCentre Ltd's unconsolidated turnover for 2004/05 amounted to £0.635m (2003/04; £0.495m). The Company made an unconsolidated profit of £49 (£2003/04; £3102) in the same period and had net assets of £0.061m (2003/04; £0.061m) at 31 March 2005.

**(d) Associated Company**

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. The Company has dormant status as at 31 March 2005.

**(e) Genecom Ltd**

In 2004, Roslin Institute, Moredun Research Institute and the Institute for Animal Health successfully bid for £800k of funding from the DTI's Public Sector Exploitation Competition to create a new business development vehicle. An additional £390k was subsequently secure from ERDF to support business development by the two Scottish based partners in the consortium.

The company was incorporated in July 2004 and the three Institutes within the partnership have equal membership. The company's turnover for 2004/2005 amounted to £106k and the company had net assets of nil at 31 March 2005.

As at 31 March Roslin Institute held £590,345 in a Genecom bank account which after the year end has been transferred to a bank account held by Genecom Limited.

**(f) Genomia Management Ltd**

The company, which is limited by guarantee and does not therefore have share capital, was formed on 16<sup>th</sup> April 2004.

During 2004 Roslin Institute, Moredun Research Institute, the Institute for Animal Health, Rowett Research Institute and the Scottish Agricultural College were successful in securing £1.5 million from the OST with co-funding of £700k from ERDF. This has allowed the creation of a fund to support proof of concept projects and creation of new businesses from developments in food production and advances in bio-medical technologies arising from the five members. The five Institutes within the consortium have equal membership.

The company's turnover for 2004/2005 amounted to £48k and as at 31 March 2005 the company had nil net assets.

Notes (continued)

9. Stocks

	The Group		The Institute	
	2005	2004	2005	2004
	£000	£000	£000	£000
Livestock	211	247	211	247
Raw materials and consumables	<u>49</u>	<u>64</u>	<u>49</u>	<u>64</u>
	<u>260</u>	<u>311</u>	<u>260</u>	<u>311</u>

10. Debtors

	The Group		The Institute	
	2005	2004	2005	2004
	£000	£000	£000	£000
Trade debtors	1051	1215	1022	1185
Due from subsidiary company	-	-	117	103
Customs and Excise	6	-	6	-
Prepayments and other debtors	99	180	99	180
Accrued income	<u>1252</u>	<u>1011</u>	<u>1136</u>	<u>1003</u>
	<u>2408</u>	<u>2406</u>	<u>2380</u>	<u>2471</u>

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

The inter-company debt of £0.117m (2003/04; £0.103m) is due from Roslin BioCentre Ltd. Prior to 2002, interest was payable on amounts owed to the parent company at a rate of 5.5% over 5 years. With effect from 01 April 2002, interest is accrued on the average balance for each financial year at a rate which is the average Bank of Scotland base rate plus 0.5%.

11. Creditors: amounts falling due within one year

	The Group		The Institute	
	2005	2004	2005	2004
	£000	£000	£000	£000
Payments received in advance	3415	3739	3415	3739
Payments received for Genecom Ltd	590	-	590	-
Trade creditors	882	654	819	627
Taxes - Customs and Excise	-	68	-	60
- Inland Revenue	6	6	-	-
Loans	-	49	-	-
Obligations under finance leases and Hire purchase contracts	3	15	3	15
Accruals	<u>324</u>	<u>401</u>	<u>310</u>	<u>391</u>
	<u>5220</u>	<u>4932</u>	<u>5137</u>	<u>4832</u>

**Notes (continued)**

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

	<b>The Group</b>		<b>The Institute</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Obligations under finance leases and Hire purchase contracts	-	3	-	3
Loans	1028	1065	200	300
Others	<u>27</u>	<u>15</u>	<u>-</u>	<u>-</u>
	<u><b>1055</b></u>	<u><b>1083</b></u>	<u><b>200</b></u>	<u><b>303</b></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>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Two to five years	-	3	-	3
After five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>-</b></u>	<u><b>3</b></u>	<u><b>-</b></u>	<u><b>3</b></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>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one to two years	200	36	200	-
Within two to five years	245	541	-	300
After five years	<u>583</u>	<u>488</u>	<u>-</u>	<u>-</u>
	<u><b>1028</b></u>	<u><b>1065</b></u>	<u><b>200</b></u>	<u><b>300</b></u>

The loans outstanding at the year end are from BBSRC Central Office (£0.200m) and other external funders (£0.828m) which (£0.750m capital, £0.078m interest) is secured by a standard security issued by the 51% 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 a facilities building project.

The original SEEL loan of £0.785 is repayable over a period of 30 years based on the following repayment terms:

If settled by 28 March 2004	-	110% of the original loan
If settled by 28 March 2009	-	130% of the original loan
If settled by 28 March 2014	-	140% of the original loan
If settled by 28 March 2029	-	150% of the original loan

A repayment holiday has been granted by SEEL until 2007/08. The loan is secured by a standard security issued in favour of Scottish Enterprise Edinburgh and Lothian (SEEL) by the Company and guaranteed by its parent company. Interest payable has been included in the financial statements.



**Notes (continued)**

**13. Provisions for Liabilities and Charges**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Charge for year	<u>17</u>	<u>17</u>

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

**14. Capital Funds**

	Opening £000	Grant Receipts £000	Depreciation Expenditure £000	Fixed Assets Sold £000	Exceptional (loss) £000	Close £000
Fixed Asset Funds	<u>7428</u>	<u>317</u>	<u>(1100)</u>	<u>(35)</u>	<u>(966)</u>	<u>5644</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.

**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>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Contracted	<u>150</u>	<u>496</u>
Authorised not contracted	<u>415</u>	<u>793</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>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Leases which expire:		
Within one year	11	17
Within two to five years	<u>8</u>	<u>28</u>
	<u>19</u>	<u>45</u>

Notes (*continued*)

**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 2005 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 assessment at 31 March 1997. Following a recent actuarial review, this rate will be increased to 21.3% effective from 1 April 2005.

The pension cost payable by the Institute to the scheme amounted to £0.509m (2003/04; £0.512m).

**17. Insurance**

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

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

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
(Deficit)/Surplus net of investment income	(93)	205
Depreciation charge	1164	1355
Deferred income amortisation	(68)	(38)
Loss/(Gain) on sale of tangible fixed assets	34	(43)
Decrease/(Increase) in stocks	51	81
(Increase)/Decrease in debtors	(2)	(19)
Increase/(Decrease) in creditors	<u>361</u>	<u>(458)</u>
Net cash inflow from operating activities	<u>1447</u>	<u>1083</u>

Notes (continued)

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

	2005 £000	2004 £000
Return on investments and servicing of finance:		
Loan interest paid	(14)	(13)
Bank interest received	152	108
Lease interest paid	-	(10)
Dividend income	48	49
	<u>186</u>	<u>134</u>
Capital Expenditure:	2005 £000	2004 £000
Payments to acquire investments	(1028)	(36)
Payments to acquire tangible fixed assets	(847)	(682)
Receipts from disposal of investments	1420	1207
Receipts from Capital Grants	226	-
Receipts from sales of tangible fixed assets	35	143
	<u>(194)</u>	<u>632</u>
Financing:	2005 £000	2004 £000
Loans received from third parties	14	-
Loans repaid	(100)	(29)
Capital element of finance lease and hire purchase rental payments	(15)	(38)
	<u>(101)</u>	<u>(67)</u>

20. Analysis of Changes in net funds

	2004 £000	Cash Flow Movement	2005 £000
Cash in hand	1	-	1
Cash at Bank:			
Sterling Currency	3158	1312	4470
Dollar Currency	1	-	1
European Currency Unit	<u>1</u>	<u>26</u>	<u>27</u>
	3161	1338	4499
Debt due within one year	(49)	49	-
Debt due after one year	(1065)	37	(1028)
Finance leases	<u>(18)</u>	<u>15</u>	<u>(3)</u>
Net funds	<u>2029</u>	<u>1439</u>	<u>3468</u>

**Notes (continued)**

**20. Reconciliation of net cash flow to movement in net funds**

	<b>2005</b>
	<b>£000</b>
Increase in cash during the period	1338
Cash to repay finance leases and hire purchase	15
Loans repaid	100
Loans received	<u>(14)</u>
Change in net funds resulting from cash flows	1439
New finance lease and hire purchase agreements	<u>-</u>
Change in net funds in the period	1439
Net funds at 1 April 2004	<u>2029</u>
Net funds at 31 March 2005	<u><u>3468</u></u>

**21. Intangible Fixed Assets**

	<b>The Group</b>		<b>The Institute</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At Cost (Milk Quota)</b>				
As at 1 April	29	29	29	29
Additions in year	-	-	-	-
Amortisation	<u>(29)</u>	<u>(27)</u>	<u>(29)</u>	<u>(27)</u>
Total	<u><u>-</u></u>	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>2</u></u>

**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 amounting to £4,339,000 (2003/04; £4,422,000). During the year, the Institute had various material transactions with the Department of Environment, Food and Rural Affairs (DEFRA) 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.

At year-end the Institute owed £200,000 to BBSRC central office (2003/04; £300,000) and owed £30,891 (2003/04; £84,067) to BBSRC. The Institute was owed £202,404 by DEFRA (2003/04; £157,350).

**Notes (continued)**

**22. Related Party Transactions (continued)**

During the year, Sygen International plc was provided with research services at a total value of £20,402. Dr G S Plastow (a member of the Governing Council of the Institute) is a Director of Sygen International plc. Sygen owed £2,960 (2003/04; £58,750) to the Institute at year-end.

During the year, CXR Biosciences Limited was invoiced (as part of a consortium agreement, a total of £150,290. Dr T Shepherd (a member of the Governing Council of the Institute) is a Director of CXR Biosciences Limited. CXR Limited owed £1,194 to the Institute at year end.

During the year, the Institute supplied Geron Incorporation of USA, a company listed on NASDAQ with research services. The Institute holds 151,350 (2003/04; 257,350) 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 £1,574,000 (2003/04; £1,713,000). The amount owed to the Institute at year-end was £3,081 (2003/04; £172,433).

**23. Results 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 £971,726. (2003/04 surplus of £1,174,000).

**24. Contingent liability**

Final judgements in patent interference actions in the USA between Geron Corporation (licence of Roslin Institute's nuclear transfer technology) and Advance Cell Technologies Corporation ("ACT") were granted in Geron's favour in January 2005 and February 2005 respectively. ACT has appealed both decisions to the US District Court for the District of Columbia. Both appeals are ongoing. In terms of an agreement with Start Licensing Inc., that Company has agreed to assume the obligation to meet the Institute's entire legal costs in the first interference appeal incurred after 5<sup>th</sup> July 2005.