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THE INTELLECTUAL PROPERTY INSTITUTE
(A company limited by guarantee)

REPORT AND ACCOUNTS

31 March 2004



The Intellectual Property Institute
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Status

The organisation is a charitable company limited by guarantee, incorporated on 22 April 1981 and registered as a charity on 30 September 1981.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, one third of the governors (those longest in office since their last election or appointment) retire from office - and are eligible for re-election - at each AGM.

Governors

Mr Ian Harvey, Chairman
Mr Henry Carr QC
Sir William Castell
Professor William Cornish QC
Mr Michael Flint
Mr Christopher Morcom QC
Mr David Roberts
Dr Stephen C Smith

Secretary

Dr Paul Leonard

Registered office

1st Floor, 36 Great Russell Street
London WC1B 3QB

Reporting accountants

Richard Hewson & Co.
Chartered Accountants
21 Corner Green
Blackheath
London SE3 9JJ

Charity Registration Number

283150

Solicitors

Denton Wilde Sapte
5 Chancery Lane
Cliffords Inn
London EC4A 1BU

**The Intellectual Property Institute
Report of the governors
for the year ended 31 March 2004**

The governors present their report and the financial statements for the year ended 31 March 2004.

Objects and principal activity of the charity

The charity's object and its principal activity continue to be to promote a greater understanding of, education in and research into all legal, social, economic and other matters relating to or connected with the creation, protection, use and exploitation of intellectual property rights throughout the world. The Intellectual Property Institute does this by liaising with its membership and externally to generate a timely and authoritative package of objective research, the results of which are published usually through our own publications. Research findings are also used to inform decision-making bodies in the UK, the EU and overseas. The IP Institute has strong links with related research establishments.

Results

The statement of financial activities shows a deficit for the year of £15,095. Income was up by £88,000 on the previous year due to income from a research project, expenditure was up by £50,000 due mainly to increased spending on the research project.

Report on activities for the year ended 31 March 2004

This year the Institute has carried out a diverse and high quality programme of research and events. Some of the highlights are set out below.

EVENTS

The IP Forum 25th April 2003

The Said Business School was the venue for the year's IP Forum, which asked the question "The Commercial Exploitation of Academic Science – a Contradiction?" The event was hosted with the Oxford IP Research Centre, and our thanks go out to Professor David Vaver, Catherine Ng, Pina D'Agostino, Gillian Brook and Robert Pitkethly for organising a great day.

Over 120 delegates attended (a record attendance for an IP Forum event), which was chaired by IP Institute Chairman, Ian Harvey. The morning session saw excellent contributions from Professor Paul David (Stanford University) and Ann Monotti (Monash University). They addressed the lessons learned from the American experience, and the legal issues regarding patenting and technology transfer, respectively. The afternoon included presentations from Professor John Pethica (Oxford University) and Dr Malcolm Skingle (GlaxoSmithKline), setting out the industrial view, SME and multinational.

The Scope of Copyright in the Internet Age

This seminar was based upon work commissioned by the IP Institute that considered the scope of copyright in light of the digital revolution. It raised issues about the future shape of the law which are worthy of further investigation. In particular, it argued that much of the reform of copyright law that has occurred during the last decade has been driven, understandably perhaps, by the concerns of the entertainment industry (not least addressing the issue of rampant counterfeiting through digital technology). The legal reforms are, however, general in nature, and not confined in their impact to the entertainment industry, or even necessarily to digital products. Relatively little has yet been heard of the impact upon the interests of education and research, and the sectors (public and private) which support them.

Since the 19th century, copyright law has taken account of these interests through exceptions and limitations, but these have been interpreted rather variably in the world's legal systems and they have been under gradually increasing pressure. In the EU, notably, they have been made optional for Member States.

Dr Charlotte Waelde and Professor *Hector MacQueen* (from the SCRIPT Centre, Edinburgh University) concluded from their study that there are now at least three major questions of policy and fact that require further investigation.

- How is policy for digital dissemination being interpreted in sectors not concerned with entertainment?
- What impact is this having on the digital delivery of content?
- Is the policy that has been followed in recent reforms suitable for digital dissemination of works in those sectors outside the entertainment industry?

More specifically, they propose a programme of further empirical research aimed at finding out what is actually happening in the education and research sectors in Europe, with particular focus on the following matters:

- the implementation of the optional copyright exceptions and limitations in the Member States of the EU, and the perceived impact of the choices made on the education and research sectors;
- the use and impact of digital and other technologically-based protective devices with regard to the education and research sectors, including the contractual provisions deployed alongside the use of such devices;
- the interaction between copyright exceptions and limitations, protective devices and associated contracts, and government regulation of the area.

The seminar was held on 29th April, kindly hosted by Slaughter and May, and chaired by The Hon. Mr Justice Laddie.

The Community Patent

On 19th September 2003, Paul Leonard chaired, and Alison Brimelow spoke at a Management Forum event on the Community Patent, in London. The keynote speaker was Erik Nooteboom from the European Commission. The seminar examined all aspects of the then current proposals for a Community Patent. There were representatives from the Presidency of the EU, as well as from the EPO (Eugen Stohr). Christopher Wadlow (Simmons & Simmons) gave an excellent presentation covering enforcement, proposals for a central court, and the provisions for forum shopping. Following an input from Peter Nestler (Ericsson Mobile Platforms) looking at the proposals from an industry perspective, David Rosenberg (GlaxoSmithKline) made a robust critique of the proposals from a business point of view, including aspects of litigation.

The day did not solve the many thorny issues that surround this initiative, but it certainly left the EU representatives in no doubt as to what those issues were, at least from the viewpoint of those that will eventually use the Community Patent.

The Challenge of Valuing Intellectual Property – Experience from Japan and the UK

This seminar, hosted by the Patent Office in London, followed up the IPI publication “Exploiting Patent Rights and a New Climate for Innovation in Japan”, edited by Dr Ruth Taplin, and funded in part by the UK Sasakawa Foundation. Chaired by Dr Taplin, with a welcome from the Economic Minister at the Japanese Embassy, Mr Shigeyuki Hiroki, the event looked at a number of aspects of IP management and valuation, and provided an excellent networking opportunity.

Speakers included Professor Akio Nishizawa (Tohoku University), Mr Takuma Kiso (Public Policy Mizuho Research Institute, Tokyo), Mr Ian Lewis (Miller Insurance Services), and Mr Tony Samuel (PricewaterhouseCoopers). During the networking reception, Steve Van Dulken from the British Library demonstrated a computer-based guide to free Japanese patent applications on the web.

The 2003 Stephen Stewart Memorial Lecture – 10th November 2003

As has now become something of a tradition, the Stephen Stewart Memorial Lecture was hosted by Slaughter and May, at their One Bunhill Row offices. The lecturer was Professor François Dessemontet, Lausanne University Law School. His lecture was entitled “Intellectual Property: the ALI Draft Principles Governing Jurisdiction and Choice of Law.” The territoriality of IP rights prevents most conflicts of law, yet not all of them, while conflicts of jurisdiction are unavoidable at the moment. However, the web, and also the globalisation of trade and the liberalisation directed against non-tariff trade barriers, make necessary, according to Professor Dessemontet, a set of principles allowing for simple and effective dispute resolution mechanisms in international cases. The ALI are looking to establish a clear set of rules on the jurisdiction and law applicable to IP rights, for questions

such as their ownership and transfer, by assignment or licence. The goal is to favour the consolidation of parallel proceedings before one court, and to allow for this court, if need be, to apply foreign laws, e.g. for the protection under foreign IP law statutes, the computation of damages, and for cease-and-desist orders with trans-border effect. The draft Principles attempt to reconcile the US and European legal traditions on conflicts of jurisdiction and law.

The Hon. Mr Justice Laddie chaired the proceedings.

Registerability of Non-Traditional Trade Marks

On 24th February this year we held an extremely interesting and successful event on the registerability of non-traditional trade marks, kindly hosted by Clifford Chance. The Hon. Mr. Justice Pumfrey presided over the proceedings, and the speaker was Allan James, Head of Registry Practice at the UK Patent Office, Allan covered, in great depth, the many entities that may be used as trade marks, including smells, colours and sounds. He also addressed the requirements for graphical representation, the law on distinctiveness, the acquisition of distinctive character and the scope of Section 2(3) of the Act. Allan also managed to put all of this into context with recent case law, and the result was an extremely interesting, informative and expertly delivered analysis of this complex area.

RESEARCH

The Institute completed a wide range of research activities this year. Some highlights are set out below.

The Extent to which Experimental Use, and Other Defences to Patent Infringement, Apply to Differing Types of Research

Trevor Cook (Bird & Bird, and IPI Council Member) submitted a first draft of this comprehensive analysis of the research exemption to the IP Institute. We look forward to publishing a final paper in the near future.

The analysis includes a history of the exemption in the US and UK, an analysis of current statutory defences, remedies, proposals for amendments in various jurisdictions, and the application of the exemption in specific cases.

This work has been eagerly awaited since it addresses an issue of enormous topical interest. Indeed, the issue was highlighted as significant in the recent IP Institute work on gene patents for the DTI.

Business Implications of Business Method Patents

The Institute published this excellent analysis from Dr Robert Pitkethly (Oxford) and Bob Hart (independent consultant). The decision in the US to allow patents for methods of doing

business, affirmed by the crucial State Street Bank decision, is one of the most significant issues in patent law today. It affects businesses all over the world, in just about every sector of activity. As its title suggests, this report examines some of the key business implications of allowing such patents in the US, while excluding these rights elsewhere, including the UK and Europe.

As well as providing valuable insights for industry, this work is of great relevance to policy-makers, as they consider whether we can, (should), maintain this difference in the levels of protection afforded in the US and Europe.

Current UK Law and Practice Regarding Patents for Genetic Sequences

In 2000, the UK amended its patent law in order to implement the EU Directive for the Legal Protection of Biotechnological Inventions. Whenever significant new technological developments emerge, it is necessary to ensure that their control and exploitation are appropriately addressed through the relevant legal and regulatory regimes. In the case of biotechnology, this is perhaps particularly important, given the ethical and moral issues associated with the technology.

The Directive sought to harmonise the provisions for protecting biotechnological inventions across the EU, clarifying the conditions for patentability and establishing guidelines to address the moral issues. Achieving uniformity and clarity in this area of the law has been regarded as a major factor influencing the climate for innovation and competitiveness for the bioscience sector in the region, which is generally research intensive and strongly dependent upon intellectual property protection.

Since 2000, the impact of the Directive has been seen as largely positive. Previous anecdotal evidence indicated few, if any, serious problems.

This study, carried out by the IP Institute on behalf of the Department of Trade and Industry, was undertaken to strengthen the body of evidence in this area, since anecdotal evidence may not always be relied upon. Although the EU Directive addresses intellectual property law for biotechnological inventions in general, this study focused specifically upon patents for genetic sequences: a topic which has been the subject of particular debate; legal, technological and ethical.

The work was carried out by a research team from Oxford (Robert Pitkethly), and Imperial College, London (Graham Christ and Stefan Szymanski). A Steering Group, including Stephen Smith (NuPharm Intellectual Property), Margaret Llewelyn (Sheffield University) and Paul Leonard managed the work.

IP Institute Input to the Patents Bill

John Hornby (Clifford Chance) led an IPI delegation to discuss the Patents Bill with Lord Attlee (Opposition Spokesman) in February 2004, at the House of Lords. Although the Bill was relatively uncontroversial, there was particular discussion concerning sections 9 and 12 of the Bill (those parts dealing with compensation for employee inventions, and opinions by the Patent Office on validity and infringement, respectively) among others.

PEOPLE

In September 2003, the Institute welcomed *Richard Howe*, a Senior Examiner at the Patent Office, as its new Associate Director, working in all areas of the Institute's work, but taking a lead role with the Council and the events programme. The appointment, initially a six-month secondment, has been renewed. The Institute is grateful to the Patent Office for providing support in this way.

The Institute's President, *Sir Robin Jacob*, was appointed to the Court of Appeal in October 2003.

The Institute was sad to lose a key member of its Board (though not a governor), *Alison Brimelow*, who was nominated as a future President of the EPO, following a three-year term of office by former French MEP, Alain Pompidou. The Institute would like to record sincere thanks to Alison for her outstanding contribution to our work during her time as a member of the Board, and we offer her many congratulations on her new appointment.

The former Director of Patents at the Patent Office, *Ron Marchant*, succeeded Alison as Chief Executive. We were delighted to welcome Ron to the Board (though not as a governor) of the IP Institute this year.

After ten years at the helm, *John Reid* stepped down as Chairman of the IP Awareness Group this year. John founded the Group during his time as President of the Chartered Institute of Patent Agents in 1993 (then as the IP Awareness Working Party). It has enjoyed considerable support from CIPA ever since, not least through its Secretary, Mick Ralph. John has steadily raised the profile and influence of IPAG over the years, and it now comprises over forty member representative organisations, each with numerous members themselves.

At the meeting of IPAG held in January this year, it was agreed that *Paul Leonard*, IP Institute Director, should succeed John as Chairman of the Group. Although this will give an informal link to the Institute, the new Chairman and members are keen to retain the Group's independence, and every effort will be made to preserve it. Henceforth, the IP Institute will channel all of its awareness-raising activities through IPAG, and we look forward to working with what has become a most effective body.

Director's assessment of performance for the year

The Institute has enjoyed a very successful year in terms of the quality and diversity of its research and events programmes. Perhaps the most significant development has been the appointment of Richard Howe as Associate Director. This has significantly increased our human resource (a priority for the Institute over the past year and for the future), and we have greatly benefited as a result.

The profile of intellectual property as a major issue for policy makers continues to rise. We have made every effort to present the Institute as an independent, high quality source of research-based advice and expertise in this regard, and we are encouraged that our relationship with government has deepened and become more effective over the past financial year. We look forward to building upon the success we have had in the policy arena this year, particularly the work we carried out in partnership with the DTI on patents for genetic sequences.

A stated aim for the Institute last year was to increase financial resources for research, and to continue to increase revenue from events and publications. Overall, we have had considerable success this year in this regard, with revenue increasing from £17.8K to £104.2K. Our base resource levels have increased considerably with the secondment of our Associate Director from the Patent Office, but our total revenue from subscriptions remains fairly static (a small increase this year).

It is increasing this base level of financial support from subscriptions, driven by new membership, that continues to be the overriding priority for the Institute over the coming year, and for the foreseeable future.

I would like to thank the IPI staff, Board and Council for their work on behalf of the Institute this year and, of course, our members for their crucial financial support and their regular help and advice.

Reserves Policy

The Institute does not have a formal reserves policy which has been discussed and agreed by the governors. However, the management of the Institute recognises the need to maintain an appropriate level of reserve financial resource, with a minimum level equivalent to 3 months' operations (currently £40,000, excluding funded research). At the year end, 31 March 2004, the Institute's free reserves were £52,399 (not including fixed assets). For the coming year, we intend that future research costs will be fully funded and expect our free reserves to be in excess of the £40,000 minimum requirement at year end 31 March 2005.

Governors and trustees

The governors, who are also trustees of the charity, are members of the Executive Committee and all work on a voluntary basis.

The names of the governors are listed on page 1.

Governors' responsibilities

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of the charitable company's affairs at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements the governors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis.

The governors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

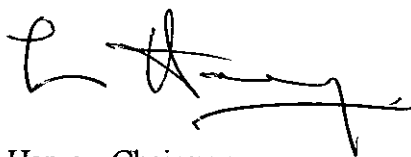
Reporting accountants

Richard Hewson & Co., Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming annual general meeting.

Exemption statement

For the financial year ended 31 March 2004, the company was entitled to exemption from audit under Section 249A(2) of the Companies Act 1985. Under Section 249B(2) each member of the company may give notice requiring the financial statements to be audited. The notice should be in writing and should be given at the Registered Office at least one month before the end of the financial year in question.

By Order of the Board,



Mr Ian Harvey, Chairman
12 October 2004

**Accountants' report to the members
on the unaudited financial statements of
The Intellectual Property Institute**

We report on the financial statements for the year ended 31 March 2004 set out on pages 11 to 17.

Respective responsibilities of governors and reporting accountants

As described on page 9 the company's governors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

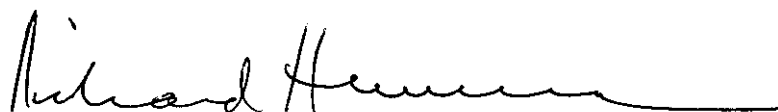
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year as specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



Richard Hewson & Co.
Chartered Accountants
Reporting Accountants

12 October 2004

21 Corner Green
Blackheath
London SE3 9JJ

The Intellectual Property Institute
Statement of financial activities (including Income and Expenditure Account)
for the year ended 31 March 2004

		Unrestricted Funds	
	Notes	2004 £	2003 £
Incoming resources			
Donations and subscriptions		108,811	106,057
Activities to further the charity's objects	2	104,240	17,787
Bank interest		570	2,440
Other income		1,037	-
		<u> </u>	<u> </u>
Total incoming resources		<u>214,658</u>	<u>126,284</u>
 Resources expended			
Charitable expenditure	3	212,960	163,923
Management and administration	3	<u>16,793</u>	<u>16,009</u>
Total resources expended		<u>(229,753)</u>	<u>(179,932)</u>
Net (resources expended)			
- net (deficit) for the year	4	(15,095)	(53,648)
 Total funds at 1 April 2003		<u>72,202</u>	<u>125,850</u>
 Total funds at 31 March 2004		<u><u>57,107</u></u>	<u><u>72,202</u></u>

The notes on pages 13 to 17 form part of these financial statements

The Intellectual Property Institute
Balance Sheet
31 March 2004

		Unrestricted funds		
	Notes	2004	2003	
		£	£	£
Fixed assets				
Tangible fixed assets	7	4,708	6,074	
Current assets				
Debtors	8	13,583	8,712	
Cash at bank and in hand		<u>44,115</u>	<u>63,809</u>	
Total current assets		57,698	72,521	
Creditors				
Amounts falling due within one year	9	<u>(5,299)</u>	<u>(6,393)</u>	
Net current assets		<u>52,399</u>	<u>66,128</u>	
Net assets		<u>57,107</u>	<u>72,202</u>	
Unrestricted funds		<u>57,107</u>	<u>72,202</u>	
Total funds		<u>57,107</u>	<u>72,202</u>	

The governors have taken advantage of the exemption conferred by Section 249A(2) not to have these financial statements audited and confirm that no notice has been deposited under Section 249B(2) of the Companies Act 1985.

The governors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of its result for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Governors on 12 October 2004 and signed on its behalf:



Mr Ian Harvey, Chairman

The notes on pages 13 to 17 form part of these financial statements

1 Accounting policies

- (a) The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities and the Companies Act 1985 and follow the recommendations in "Accounting and Reporting by Charities : Statement of Recommended Practice" issued in October 2000.
- (b) Voluntary income is received by way of donations and subscriptions and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers has not been included.
- (c) Incoming resources from activities to further the charities' objects and in respect of bank interest are included when receivable.
- (d) Resources expended are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered.
Salary costs have been attributed as follows:
Charitable expenditure – 90%
Management and administrative expenditure – 10%
- (e) Rentals payable under operating leases are charged on a time basis over the lease term.
- (f) Depreciation is calculated to write off the cost of each tangible fixed asset at 25% per annum by the reducing balance method.
- (g) Unrestricted funds are donations, subscriptions and other income resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

2 Incoming resources from activities to further the charity's objects (all unrestricted)

	2004	2003
	£	£
Research and study projects	85,290	-
Conference and seminars	3,390	4,045
Publications and sales	<u>15,560</u>	<u>13,742</u>
	<u>104,240</u>	<u>17,787</u>

The Intellectual Property Institute
Notes to the financial statements
31 March 2004

3 Total resources expended

	Charitable expenditure	Management and administrative	2004 Total	2003 Total
	£	£	£	£
Conferences and seminars	2,966	-	2,966	16,559
Research and study costs	79,959	-	79,959	22,782
Publication expenses	8,491	-	8,491	8,024
Staff costs (note 5)	89,120	9,902	99,022	94,037
Rent and rates	19,622	-	19,622	19,045
Insurance	564	-	564	423
Repairs and maintenance	577	-	577	1,189
Other premises expenses	624	-	624	335
Telephone, fax and internet	3,339	-	3,339	3,039
Postage, printing and stationery	3,519	-	3,519	4,037
Sundry expenses	202	-	202	187
Travel and subsistence	2,281	-	2,281	727
Legal and professional	-	15	15	15
Reporting accountants' fees	-	810	810	992
Bookkeeping	-	5,695	5,695	5,385
Office equipment depreciation	1,570	-	1,570	2,215
Bank charges	-	371	371	213
Loss on disposal of fixed assets	-	-	-	563
Subscriptions	126	-	126	165
	<u>212,960</u>	<u>16,793</u>	<u>229,753</u>	<u>179,932</u>

The Intellectual Property Institute
Notes to the financial statements
31 March 2004

	2004	2003
	£	£
4 Net (resources expended) for the year		
This is stated after charging/(crediting):		
Bank deposit interest	(570)	(2,440)
Reporting accountants' fees	810	992
Depreciation of fixed assets	1,570	2,215
	<u> </u>	<u> </u>

5 Staff costs

Staff costs during the year were as follows:

Wages and salaries	88,310	85,087
Social security costs	<u>10,712</u>	<u>8,950</u>
	<u>99,022</u>	<u>94,037</u>

One employee received emoluments in the range £70,001 - £80,000 during the year (2003-1 in the range of £60,000 - £70,000).

The average weekly number of employees (excluding governors) during the year, calculated on the basis of full-time equivalents, was as follows:

	2004	2003
	No.	No.
In activities to further the charity's objects	1	1
In administrative support	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

6 Taxation

The company is exempt from corporation tax on its charitable activities.

The Intellectual Property Institute
Notes to the financial statements
31 March 2004

7 Tangible fixed assets

	Office equipment £
Cost	
At 1 April 2003	30,061
Additions	<u>204</u>
At 31 March 2004	<u>30,265</u>
Depreciation	
At 1 April 2003	23,987
Charge for year	<u>1,570</u>
At 31 March 2004	<u>25,557</u>
Net book values	
At 31 March 2004	<u>4,708</u>
At 31 March 2003	<u>6,074</u>

	2004 £	2003 £
8 Debtors		
Trade debtors	12,592	7,614
Other debtors and prepayments	<u>991</u>	<u>1,098</u>
	<u>13,583</u>	<u>8,712</u>

9 Creditors: amounts falling due within one year

Trade creditors	500	-
Other creditors and accruals	<u>4,799</u>	<u>6,393</u>
	<u>5,299</u>	<u>6,393</u>

10 Commitment under operating lease

The company is committed to make rental payments of £19,000 next year under an operating lease on its premises which expires after more than five years.

11 Transactions with governors

There were no transactions with or for governors during the year.

12 Liability of members

As the company is limited by guarantee (having no share capital), every member is liable to contribute a sum not exceeding £1 in the event of the company being wound up, in accordance with the Memorandum of Association. At March 2004 there were 22 members (2003 - 22).