



**The Institute of Food Research
(Limited by guarantee)**

**Governors' report and
financial statements**

Registered number 03009972

**Charity registered number
1058499**

31 March 2000

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Charity information

Governors

Dr A Penman
Professor JE Blundell
Professor DC Burke CBE DL
Mr CJ Hart
Professor AM Donald
Professor PJ Fryer
Professor JC Mathers
Professor RK Poole
Mr MJ Samuel
Dr GD Spriegel
Dr JV Stevens
The Rt Hon Baroness Wilcox

Director of the Institute

Professor A Robertson

Secretary

Mr IL Lester

Registered office

Norwich Research Park
Colney
Norwich
NR4 7UA

Auditors

Grant Thornton
Chartered Accountants
Holland Court
The Close
Norwich
Norfolk
NR1 4DY

Bankers

Paymaster (1836) Limited
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

National Westminster Bank Plc
45 London Street
Norwich
NR2 1HX

Solicitors

Eversheds
Holland Court
The Close
Norwich
NR1 4DX

Governors' report

The governors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activity

The principal activity of the charity is the advancement of scientific understanding in food and food related matters. It achieves this by undertaking research and disseminating the results of such research and training research scientists as detailed in its memorandum and articles of association and corporate plan.

The Institute has adopted the following policies to further its objectives:

- An on-going review of the research programme to ensure that it clearly follows the Institute's mission statement;
- Interdisciplinary and inter-site collaborations are pursued to maximise and benefit the aims of the organisation;
- Intellectual alliances are established with major companies and other organisations to facilitate the dissemination of the results of the research;
- Seminars and workshops are frequently held to promote technology interaction;
- Investment in capital equipment takes a high priority to ensure that the Institute remains at the leading edge of science;
- Extension of links with media and participation in Public Understanding of Science events assist in the dissemination of information on the scientific activities of the Institute.

The Governing Body has delegated the day to day management of the charity to the Director of the Institute.

Business review

During 1999/2000 the consolidation of Reading and Norwich laboratories onto the IFR Norwich site has been completed. In order to establish a more efficient operation, structures have been simplified further from those reported last year, particularly those associated with Support Services. Unfortunately the Institute has had to carry the redundancy costs of this division (£130k) and significant extra costs associated with the Reading closure (£180k), neither of which were budgeted for. This has led to a deficit of £2.5k compared with a planned surplus of £100k for the year.

The projects comprising the three research themes; Food Safety, Food Material Properties and Nutrition, Diet and Health have also been rationalised and refined further, many benefiting from the multidisciplinary approach which has been facilitated through the research theme structure. Key senior appointments have been made to strengthen the science base with Drs Jay Hinton and Jerry Wells providing the molecular microbiology input required on salmonella and campylobacter respectively and Dr Claudio Nicoletti building on the area of gut immunology.

Ian Lester took up his appointment in March as Company Secretary and Business Manager and brings to the Institute an experience of the business world at the marketing level and a sound understanding of the operation of the food industry. Ian will be responsible for developing IFR Enterprises.

Last but not least, Professor Alastair Robertson replaced Peter Schroeder in April as the Director of the Institute. Professor Robertson comes with a background in quality science, combined with a deep understanding of research application. He has operated at the senior level with CCFRA as a research provider and for the past eight years as a technical director in a major food retailing operation. He brings with him a deep knowledge of the food supply chain, its research needs and its relationship with policy makers and consumers.

Infrastructure support to our science has been a key priority, with significant investment having been made in state of the art equipment to support new research programmes and people, notably in DNA microarray facilities and the collaborative venture with the John Innes Centre in proteomics. Approximately one third of the laboratory area has been refurbished to meet current and more exacting scientific and legislative demands. This will continue to be a priority.

Governors' report (continued)

Business review (continued)

Finally the Institute continues to be extremely successful in securing EU Framework projects, this year with submissions to Framework V and also for having been selected as a Marie Curie Training Centre for post graduate students across Europe.

Results for the year

The result for the year is detailed on page 7 of the financial statements. The net outgoing resources for the year are £348.9k (1999:outgoing £9,126.0k). The result for the year includes exceptional income in connection with the consolidation on a single site of £102.0k (1999:£180.4k) and exceptional costs of £282.0k (1999:£9,021.8k). Further details are included in note 3 to the accounts.

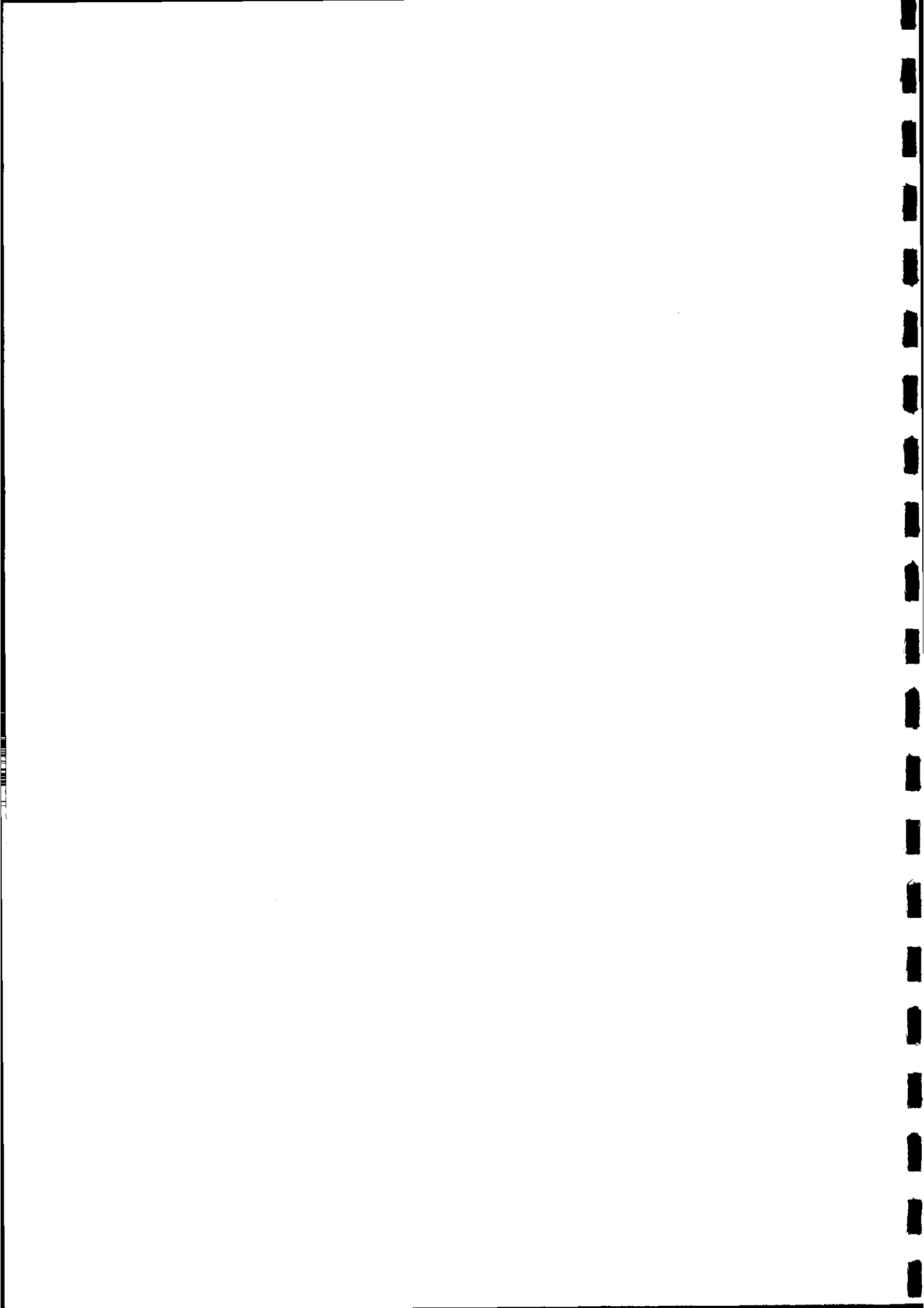
The Governing Council

The members of the Governing Council who act as trustees for the purposes of the Charities Act 1993 and directors for the purposes of the Companies Act 1985 are all guarantors of the charity, of an amount not exceeding £1 each, during the year of their appointment as governor and for a year after resignation.

The members of the Governing Council, including their membership of subcommittees, during the year and changes subsequent to 31 March 2000 are as follows:

Dr A Penman	(Finance and General Purposes)	
Professor JE Blundell	(Science)	
Professor DC Burke CBE DL	(Science)	
Professor AM Donald	(Science)	
Dr J Edelman CBE	(Finance and General Purposes)	(resigned 5 April 2000)
Professor PJ Fryer	(Science)	
Professor RK Poole	(Science)	
Dr GD Spriegel	(Science)	
Dr JV Stevens	(Science)	
The Rt Hon Baroness Wilcox		
Mr MA Young	(Finance and General Purposes)	(resigned 4 November 1999)
Mr CJ Hart	(Finance and General Purposes)	(appointed 21 April 1999)
Professor JC Mathers	(Science)	(appointed 21 April 1999)
Mr MJ Samuel	(Finance and General Purposes)	(appointed 28 June 1999)

The members of the Governing Council are appointed, following nominations by the Biotechnology and Biological Sciences Research Council (BBSRC). The director of the Institute is appointed by a staffing committee which includes members of BBSRC, the Chairman of the Governing Council and other co-opted members.



Governors' report *(continued)*

Employees

Institute staff are BBSRC employees subject to BBSRC terms and conditions of service and appointed by the Institute under delegated powers. Although the legal liability for employment costs rests with the BBSRC, the Institute is expected to meet staff related costs, arising from the normal course of business.

During the year the charity has provided employees with relevant information and has sought their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the charity's position and any significant organisational changes.

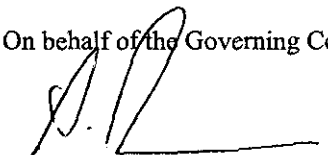
The charity is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the charity, as well as generally through training and career development.

The charity is an equal opportunities employer.

Auditors

On 4 February 2000 KPMG resigned as auditors and Grant Thornton were appointed in their place. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Grant Thornton as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Governing Council



Dr A Penman
Governor

6 November 2000

Norwich Research Park
Colney
Norwich
NR4 7UA

Statement of governors' responsibilities

Company and charity 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 of the group at the end of the year and its financial activities during the year then ended. 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 and statements of recommended practice 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 company and 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 charitable company and 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 charitable company and group and to prevent and detect fraud and other irregularities.



Grant Thornton

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The Close
Norwich
NR1 4DY

Auditors' report to the members of The Institute of Food Research (Limited by guarantee)

We have audited the financial statements on pages 7 to 23 which have been prepared under the accounting policies set out on pages 11 to 12.

Respective responsibilities of governors and auditors

As described on page 5 the charitable company's governors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the charitable company and group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 2000 and of the group's incoming resources and application of resources, including its income and expenditure, for the year ended 31 March 2000 and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditors
Chartered Accountants

4 December 2000



Consolidated statement of financial activities
for the year ended 31 March 2000

	Note	Un- restricted funds £000	Restricted Funds £000	Capital funds £000	2000 Total funds £000	1999 Total funds £000
Incoming resources						
Grants receivable - normal		-	11,528.1	1,351.1	12,879.2	15,432.1
- exceptional	2	-	102.0	-	102.0	180.4
Other income		701.5	-	-	701.5	716.9
(Deferred)/released funds	2	-	(263.2)	57.0	(206.2)	13.0
Net income of trading subsidiary		79.3	-	-	79.3	93.0
Total incoming resources	2	780.8	11,366.9	1,408.1	13,555.8	16,435.4
Resources expended						
Direct charitable expenditure						
- normal		143.6	12,050.1	-	12,193.7	15,159.6
- exceptional	3	-	282.0	-	282.0	8,996.4
Fund-raising and publicity		-	369.4	-	369.4	302.8
Management and administration of the charity - normal		-	1,059.6	-	1,059.6	1,077.2
- exceptional		-	-	-	-	25.4
Total resources expended	3	143.6	13,761.1	-	13,904.7	25,561.4
Net incoming/(outgoing) resources before transfers						
		637.2	(2,394.2)	1,408.1	(348.9)	(9,126.0)
Transfer between funds		(639.7)	639.7	-	-	-
Capital fund release		-	1,754.5	(1,754.5)	-	-
Net (outgoing) resources for the year		(2.5)	-	(346.4)	(348.9)	(9,126.0)
Balances brought forward	17	515.0	-	8,043.9	8,558.9	17,684.9
Balances carried forward	17	512.5	-	7,697.5	8,210.0	8,558.9

All income and expenditure relates to continuing activities.

There are no recognised gains or losses other than those shown above.

Consolidated summary income and expenditure account
for the year ended 31 March 2000

	<i>Note</i>	2000 £000	1999 £000
Gross income of continuing operations - normal		11,966.4	14,971.9
- exceptional	2	102.0	180.4
Non-charitable trading income: net income		79.3	93.0
Capital grant released - normal	1	1,754.5	1,880.6
- exceptional	3	-	8,771.4
Total income of continuing operations		13,902.2	25,897.3
Total expenditure of continuing operations - normal	10	(13,622.7)	(16,539.6)
- exceptional	3,10	(282.0)	(9,021.8)
Net (deficit)/income for the year		(2.5)	335.9

Total income comprises £780.8k (1999:£496.4k) for unrestricted funds and £13,121.4k (1999:£25,400.9k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities and note 2.

Turnover of non-charitable trading activities amounted to £546k (1999:£809k). A detailed analysis of the trading results is shown in note 12.

Detailed analyses of the expenditure are provided in the statement of financial activities and note 3.

The summary income and expenditure account is derived from the statement of financial activities on page 7 which, together with the notes to the accounts on page 11 to 23, provides full information on the movements during the year on all the funds of the group.

Balance sheet
at 31 March 2000

	Note	Group		Charity	
		2000 £000	1999 £000	2000 £000	1999 £000
Fixed assets					
Tangible fixed assets	11	7,446.5	8,043.9	7,425.5	8,018.9
Investment in subsidiary	12	-	-	-	-
		<u>7,446.5</u>	<u>8,043.9</u>	<u>7,425.5</u>	<u>8,018.9</u>
Current assets					
Stocks	13	32.9	37.8	32.9	37.8
Debtors	14	2,120.1	1,653.8	2,107.8	1,639.2
Cash at bank and in hand		1,203.4	932.6	1,161.4	893.6
		<u>3,356.4</u>	<u>2,624.2</u>	<u>3,302.1</u>	<u>2,570.6</u>
Creditors: amounts falling due within one year	15	(2,542.4)	(2,033.5)	(2,467.1)	(1,954.9)
Net current assets		<u>814.0</u>	<u>590.7</u>	<u>835.0</u>	<u>615.7</u>
Total assets less current liabilities		<u>8,260.5</u>	<u>8,634.6</u>	<u>8,260.5</u>	<u>8,634.6</u>
Creditors: amounts falling due after more than one year	16	(50.5)	(75.7)	(50.5)	(75.7)
Net assets		<u>8,210.0</u>	<u>8,558.9</u>	<u>8,210.0</u>	<u>8,558.9</u>
Funds					
<i>Restricted</i>					
General reserve	17	-	-	-	-
Capital fund	17	7,697.5	8,043.9	7,697.5	8,043.9
<i>Unrestricted</i>	17	512.5	515.0	512.5	515.0
		<u>8,210.0</u>	<u>8,558.9</u>	<u>8,210.0</u>	<u>8,558.9</u>

These financial statements were approved by the board of Governing Council on 6 November 2000 and were signed on its behalf by:


Dr A Penman

Governor

Consolidated cash flow statement
for the year ended 31 March 2000

	Note	2000 £000	1999 £000
Net cash inflow/(outflow) from operating Activities	21	86.0	(259.0)
Return on investments and servicing of Finance			
Interest received		56.4	89.2
Interest element of finance lease rental payments		-	(1.0)
Net cash inflow for returns on investment and servicing of finance		56.4	88.2
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,740.0)	(1,218.1)
Grants received in respect of above expenditure		1,408.1	1,190.1
Proceeds of sale of fixed assets		563.7	14.5
Net cash inflow/(outflow) from investing Activities		231.8	(13.5)
Cash inflow/(outflow) before financing		374.2	(184.3)
Financing			
Inception of loans		-	204.4
Repayment of loan		(103.4)	(400.0)
Capital element of finance leases rental payment		-	(4.6)
Net cash (outflow) from financing		(103.4)	(200.2)
Increase/(Decrease) in cash		270.8	(384.5)
<hr/>			
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in the year		270.8	(384.5)
Decrease in loans due within one year		78.2	271.3
Decrease/(Increase) in loans due after one year		25.2	(75.7)
Decrease in lease financing		-	4.6
Increase/(Decrease) in net funds	22	374.2	(184.3)

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting by Charities.

The consolidated accounts comprise those of the charity and its subsidiary undertaking made up to 31 March each year. A separate profit and loss account for the charity has not been presented in accordance with Section 230 of the Companies Act 1985.

Incoming resources

Income represents grants receivable in the year from outside granting bodies and other miscellaneous income.

Restricted funds

Research at the Institute is funded by grants on a project by project basis. All grants have therefore been shown as restricted funds. Individual grants have not been analysed separately because of the large number of projects involved. Capital funds represent capital grants received and receivable together with other funds received and used to purchase fixed assets.

Unrestricted funds

Funds not received for specific purposes have been included in the financial statements as unrestricted.

Transfers between funds

A transfer is made between the capital fund and the general reserve each year amounting to the reduction in value of the capital fund caused by depreciation and other factors affecting the assets represented by the fund.

Transfers from unrestricted funds to restricted funds are made at the discretion of the Governing Body.

Resources expended

Direct charitable expenditure represents the full cost of the research performed. It includes the cost of direct staff, consumable stocks and indirect costs apportioned on the basis of use.

Fund-raising and publicity expenditure represents the cost of obtaining funds for research and promoting the work of the Institute.

Management and administration expenditure represents the necessary cost of compliance with statutory and constitutional requirements, and any other costs which are not direct charitable expenditure.

Fixed assets and depreciation

Depreciation is provided by the group 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:

Leasehold land and buildings	Life of lease
Scientific equipment	5 to 10 years
Computer equipment	3 to 5 years
Photographic equipment	5 to 10 years
Motor vehicles	4 years

Gains and losses on the disposal of fixed assets are taken to the statement of financial activities as incurred.

Notes (continued)

1 Accounting policies (continued)

Research costs

Research costs are written off to the income and expenditure account to the extent that they are matched by grants received/receivable.

Grants

Capital based grants are included within capital funds in the balance sheet and credited to the income and expenditure account over the estimated useful economic lives of the assets to which they relate.

Foreign currency transaction

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.

VAT

Income is stated net of VAT. Expenditure includes VAT where applicable.

Leases

Where the charity 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 with the interest element of the lease payments being allocated to the income and expenditure account under the sum of the digits method. 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.

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.

Stocks

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

Analysis of resources expended

Directly attributable costs are allocated across the expenditure categories, non-directly attributable costs are allocated pro-rata to staff costs.

Notes (continued)

2 Analysis of incoming resources

	Unrestricted £000	Restricted £000	Capital funds £000	Deferred movement £000	2000 Total £000	1999 Total £000
BBSRC						
- Competitive Strategic Grant	-	6,970.0	1,162.0	-	8,132.0	9,365.7
- Competitive Project Grants	-	403.2	-	(155.1)	248.1	462.9
- Minor works	-	-	189.1	57.0	246.1	69.6
- Other grants						
- normal	-	106.0	-	-	106.0	135.1
- exceptional	-	102.0	-	-	102.0	180.4
Total BBSRC	-	7,581.2	1,351.1	(98.1)	8,834.2	10,213.7
MAFF 'Umbrella'						
Contract projects	-	1,522.0	-	(133.6)	1,388.4	1,846.2
MAFF Competitive projects	-	434.3	-	(0.9)	433.4	133.9
Other government departments, public sector (see below)	-	152.4	-	4.6	157.0	142.6
European Union	-	1,285.5	-	22.5	1,308.0	1,828.3
Industry, levy boards	-	545.0	-	(0.7)	544.3	1,334.3
Trusts, foundations, charities	-	-	-	-	-	0.5
Universities	-	109.7	-	-	109.7	102.5
Interest receivable	56.4	-	-	-	56.4	89.2
Miscellaneous income	645.1	-	-	-	645.1	651.2
Net income of trading sub	79.3	-	-	-	79.3	93.0
Total incoming resources	780.8	11,630.1	1,351.1	(206.2)	13,555.8	16,435.4
Government departments/public sector						
Department of Health	-	63.0	-	4.6	67.6	87.8
Medical Research Council	-	-	-	-	-	-
Other Research Councils	-	22.5	-	-	22.5	54.8
Other government departments	-	66.9	-	-	66.9	-
Total	-	152.4	-	4.6	157.0	142.6

Exceptional BBSRC grants receivable of £102.0k in 1999/2000 (1999:£180.4k) represent income received to fund costs (note 3) of staff relocation and payments in lieu of notice as a result of the decision to consolidate the Institute on a single site at Norwich.

Notes (continued)

3 Analysis of resources expended

	Staff costs £000	Other £000	Depreciation £000	2000 Total £000	1999 Total £000
Direct charitable expenditure					
Scientific Research - normal	5,439.1	2,145.7	988.2	8,573.0	10,948.4
- exceptional	-	282.0	-	282.0	8,993.9
Engineering Services	763.6	1,121.7	512.5	2,397.8	2,296.0
Computing Services	226.9	441.8	40.5	709.2	726.9
Safety & Training	67.5	30.2	0.2	97.9	236.6
Other - normal	76.6	256.7	82.5	415.8	951.7
- exceptional	-	-	-	-	2.5
	6,573.7	4,278.1	1,623.9	12,475.7	24,156.0
Fund-raising and publicity					
External Relations	20.0	86.1	1.4	107.5	116.2
Publications	119.6	55.5	7.8	182.9	66.3
Advertising	-	-	-	-	12.3
National & International Liaison	50.4	18.1	10.5	79.0	108.0
	190.0	159.7	19.7	369.4	302.8
Management and administration					
Institute Management - normal	109.1	93.4	11.6	214.1	235.8
- exceptional	-	-	-	-	25.4
Finance	347.2	184.8	19.2	551.2	597.0
Personnel	141.1	148.5	4.7	294.3	244.4
	597.4	426.7	35.5	1,059.6	1,102.6
Total	7,361.1	4,864.5	1,679.1	13,904.7	25,561.4

Exceptional depreciation charged of £8,771.4k in 1999 results from the reduction in the useful economic life of leasehold land and buildings at the Reading site following the decision to consolidate the Institute's activities at Norwich. An equivalent transfer has been made from the capital fund.

In 2000 exceptional costs of £282k are included within scientific research in relation to staff relocation costs and movement and decommissioning of equipment (1999: £180.4k for staff relocation and £70k in relation to additional amounts payable to students at Reading to enable them to complete their research).

Notes (continued)

4 Operating costs

	2000 £000	1999 £000
<i>Operating costs stated after charging/(crediting)</i>		
Auditors' remuneration		
- audit services - group	21.7	15.3
- charity	19.7	13.3
- non-audit services	17.8	22.1
Depreciation - normal	1,695.8	1,906.8
- exceptional (note 3)	-	8,771.4
Capital grant release - normal	(1,754.5)	(1,880.6)
- exceptional (note 3)	-	(8,771.4)
Loss/(gain) on disposal of fixed assets	77.9	(6.1)
Hire of plant and machinery	4.9	18.4

5 Changes in resources available for charity use

	Unrestricted funds £000	Restricted funds £000	Capital fund £000	2000 Total £000	1999 Total £000
Net movement in funds for the year	(2.5)	-	(346.4)	(348.9)	(9,126.0)
Net decrease in tangible fixed assets for:					
Direct charitable purposes	-	-	593.4	593.4	9,468.5
Net movement in funds available for future activities	(2.5)	-	247.0	244.5	342.5

6 Remuneration of the members of the Governing Council

None of the members of the Governing Council received any remuneration from the charity during the year.

Eight members of the Governing Council were reimbursed for travel expenses incurred during the year. The total amount reimbursed was £3.1k.

7 Staff numbers and costs

The average number of persons employed by the Institute (including members of the Governing Council) during the year, analysed by category, was as follows:

	Number of employees 2000	1999
Office, management and services	70	111
Scientific	214	269
	284	380

Notes (continued)

7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	6,338.6	7,827.3
Social security costs	440.7	557.8
Other pension costs (note 19)	581.8	1,107.0
	<u>7,361.1</u>	<u>9,492.1</u>

The number of staff with emoluments greater than £40,000 was:

	2000	1999
£40,000 - £49,999	3	10
£50,000 - £59,999	2	-

8 Other interest receivable and similar income

	2000 £000	1999 £000
Other interest receivable	56.4	89.2

9 Interest payable and similar charges

	2000 £000	1999 £000
Finance leases expiring within one year	-	1.0

10 Note to income and expenditure account - expenditure

	2000 £000	1999 £000
Staff costs	7,361.1	9,395.1
Consumables	1,192.4	1,710.7
Travel and motor expenses	353.2	403.8
Other fees	625.9	339.8
Repairs and maintenance	470.9	533.3
Rent and rates	49.1	256.9
Energy	264.3	254.8
Equipment	119.2	76.5
Depreciation	1,695.8	1,906.8
Student grants and fees	211.1	318.8
Post and telecommunications	117.6	148.8
Stationery, printing etc	111.9	135.3
Other costs	1,050.2	1,059.0
Exceptional costs (see note 3)	282.0	9,021.8
	<u>13,904.7</u>	<u>25,561.4</u>

Notes (continued)

11 Tangible fixed assets

Group	Leasehold land and buildings £000	Plant, machinery and motor vehicles £000	Apparatus and equipment £000	Payments on account £000	Total £000
Cost					
At beginning of year	15,553.1	1,395.6	6,761.2	50.0	23,759.9
Additions	166.9	79.7	902.4	591.0	1,740.0
Disposals	(9,536.4)	(418.4)	(2,462.6)	-	(12,417.4)
Transfers	-	-	50.0	(50.0)	-
At end of year	6,183.6	1,056.9	5,251.0	591.0	13,082.5
Depreciation					
At beginning of year	11,411.0	1,073.6	3,231.4	-	15,716.0
Charge for year					
- normal	573.0	78.1	1,044.7	-	1,695.8
Disposals	(9,476.9)	(321.7)	(1,977.2)	-	(11,775.8)
At end of year	2,507.1	830.0	2,298.9	-	5,636.0
Net book value					
At 31 March 2000	3,676.5	226.9	2,952.1	591.0	7,446.5
At 31 March 1999	4,142.1	322.0	3,529.8	50.0	8,043.9

Notes (continued)

11 Tangible fixed assets (continued)

	Leasehold land and buildings £000	Plant, machinery and motor vehicles £000	Apparatus and equipment £000	Payments on account £000	Total £000
Charity					
<i>Cost</i>					
At beginning of year	15,553.1	1,395.6	6,733.2	50.0	23,731.9
Additions	166.9	79.7	887.4	591.0	1,725.0
Disposals	(9,536.4)	(418.4)	(2,446.6)	-	(12,401.4)
Transfers	-	-	50.0	(50.0)	-
At end of year	6,183.6	1,056.9	5,224.0	591.0	13,055.5
<i>Depreciation</i>					
At beginning of year	11,411.0	1,073.6	3,228.4	-	15,713.0
Charge for year					
- normal	573.0	78.1	1,035.7	-	1,686.8
Disposals	(9,476.9)	(321.7)	(1,971.2)	-	(11,769.8)
At end of year	2,507.1	830.0	2,292.9	-	5,630.0
<i>Net book value</i>					
At 31 March 2000	3,676.5	226.9	2,931.1	591.0	7,425.5
At 31 March 1999	4,142.1	322.0	3,504.8	50.0	8,018.9

The net book value of apparatus and equipment for group and charity includes an amount of £Nil (1999:£Nil) in respect of assets held under finance leases. The depreciation charge for group and charity in respect of these assets for the year was £Nil (1999:£5,642).

Included within leasehold land and buildings for group and charity is £Nil (1999:£3,905.1k) which is held under short term lease.

All of the fixed assets of the charity are used for charitable purposes.

Notes (continued)

12 Investment in subsidiary

The Institute owns 100% of the ordinary share capital of ReNo Limited, a company incorporated in England. The company's results for the year were as follows:

	2000 £000	1999 £000
Turnover	546	809
Cost of sales	(443)	(657)
Gross profit	103	152
Admin expenses	(25)	(64)
Interest receivable	78 1	88 5
Net profit	79	93
Amount covenanted to The Institute of Food Research	(79)	(93)
Retained in subsidiary	-	-

13 Stocks

	2000 £000	1999 £000
<i>Group and charity</i>		
Raw materials and consumables	32.9	37.8

14 Debtors

	2000 £000	1999 £000	2000 £000	1999 £000
	Group		Charity	
Amounts owed by subsidiary undertaking	-	-	129.7	139.5
Trade debtors	351.0	291.0	226.0	233.0
Other debtors	162.4	81.6	162.4	81.6
Prepayments	306.4	229.5	306.4	229.5
Accrued income	1,300.3	1,051.7	1,283.3	955.6
	2,120.1	1,653.8	2,107.8	1,639.2

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Charity	
	2000	1999	2000	1999
	£000	£000	£000	£000
Deferred income	1,033.9	829.7	985.9	779.7
Short term loans - subsidiary	-	-	-	13.2
- other (note 23)	50.5	128.7	50.5	128.7
Trade creditors	520.3	316.3	516.3	298.5
Other creditors	643.9	245.7	643.6	245.7
Taxation and social security	18.0	52.7	-	32.0
Accruals	275.8	460.4	270.8	457.1
	<u>2,542.4</u>	<u>2,033.5</u>	<u>2,467.1</u>	<u>1,954.9</u>

Short term loans are interest free.

16 Creditors: amounts falling due after more than one year

	2000	1999
	£000	£000
<i>Group and charity</i>		
Loan from BBSRC – interest free (note 23)	50.5	75.7

17 Funds

	Balance 1 April 1999 £000	Net outgoing resources £000	Transfer between funds £000	Balance 31 March 2000 £000
<i>Group</i>				
Unrestricted	515.0	637.2	(639.7)	512.5
Restricted	-	(2,394.2)	2,394.2	-
Capital fund	8,043.9	1,408.1	(1,754.5)	7,697.5
	<u>8,558.9</u>	<u>(348.9)</u>	<u>-</u>	<u>8,210.0</u>
<i>Charity</i>				
Unrestricted	515.0	637.2	(639.7)	512.5
Restricted	-	(2,394.2)	2,394.2	-
Capital fund	8,043.9	1,408.1	(1,754.5)	7,697.5
	<u>8,558.9</u>	<u>(348.9)</u>	<u>-</u>	<u>8,210.0</u>

Notes (continued)

17 Funds (continued)

Analysis of net assets between funds

	Tangible fixed assets £000	Net current assets £000	Creditors due after more than one year £000	Total £000
<i>Group</i>				
<i>Restricted funds</i>				
General reserve	-	-	-	-
Capital reserve	7,425.5	272.0	-	7,697.5
<i>Unrestricted funds</i>	21.0	542.0	(50.5)	512.5
	<hr/>	<hr/>	<hr/>	<hr/>
	7,446.5	814.0	(50.5)	8,210.0
	<hr/>	<hr/>	<hr/>	<hr/>

18 Commitments

Group and charity

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

	2000 £000	1999 £000
Contracted	564.4	41.9
	<hr/>	<hr/>

- (b) Other commitments at the end of the financial year for which no provision has been made:

	2000 £000	1999 £000
Contracted	154.9	161.9
	<hr/>	<hr/>

The BBSRC has agreed to fund the capital and other commitments that have been authorised and contracted for.

The group and charity are committed to the following annual charges in respect of:

	2000 £000	1999 £000
<i>Other operating leases – plant and machinery</i>		
Expiring within two to five years	9.6	14.4
	<hr/>	<hr/>

Notes (continued)

19 Pension scheme

The company participates in the Research Council's Pension Scheme (RCPS), which replaced the Agricultural and Food Research Council 1975 Superannuation Scheme (Old Scheme). The RCPS is a defined benefit scheme which is funded partly by employer and member contributions and partly by Grant-in-aid. The Institute is required to contribute employer's contributions although liability for meeting member's benefits rests with the BBSRC, which operate the RCPS on behalf of all research councils. The pension cost represents contributions payable by the charity to the scheme and amounted to £581.8k (1999:£1,107k). No contributions were due to the scheme by the charity at the year end.

20 Insurance

In line with government policy no commercial insurance is effected unless it is required by statute or where it would be cost effective to do so.

21 Reconciliation of change in resource to net cash inflow/(outflow) from operating activities

	2000 £000	1999 £000
Changes in resources	(348.9)	(9,126.0)
Changes in capital funds	346.4	9,461.9
Interest receivable	(56.4)	(89.2)
Interest payable	-	1.0
Depreciation charge	1,695.8	10,678.2
Capital grant release	(1,754.5)	(10,652.0)
Loss/(gain) on disposal of tangible fixed assets	77.9	(6.1)
Decrease in stocks	4.9	8.8
(Increase) in debtors	(466.3)	(134.0)
Increase/(decrease) in creditors	587.1	(401.6)
Net cash inflow/(outflow) from operating activities	<u>86.0</u>	<u>(259.0)</u>

22 Analysis of net funds

	At 1 April 1999 £000	Cash Flow £000	At 31 March 2000 £000
Cash in hand and at bank	932.6	270.8	1,203.4
Debt due within one year	(128.7)	78.2	(50.5)
Debt due after more than one year	(75.7)	25.2	(50.5)
Total	<u>728.2</u>	<u>374.2</u>	<u>1,102.4</u>

Notes (continued)

23 Related party transactions

Biotechnology and Biological Science Research Council (BBSRC)

The Institute of Food Research is affiliated with the BBSRC along with seven other Institutes including the John Innes Centre and The Babraham Institute. During the year, the BBSRC charged the Institute £311.3k (1999:£356.8k) for Computing Centre costs and £263.2k (1999:£58.1k) for other costs. Grants received from BBSRC are detailed in note 2.

At 31 March 2000 £50.5k (1999:£25.3k) was payable to BBSRC in respect of short term loans (note 15) and £50.5k (1999:£75.7k) was payable to BBSRC in respect of loans payable after more than one year (note 16).

The Babraham Institute

The Babraham Institute operates the payroll for the Institute and charged £7.6k (1999:£9.8k) for this service. At 31 March 2000 £Nil (1999:£103.4k) was payable to Babraham Institute in respect of short term loans (note 15).

John Innes Centre

The Institute made sales to John Innes Centre during the year of £35.4k (1999:£38.9k) and purchases of £64.6k (1999:£11.9k). There were no amounts outstanding at either year end.