

THE BEATSON INSTITUTE FOR CANCER RESEARCH

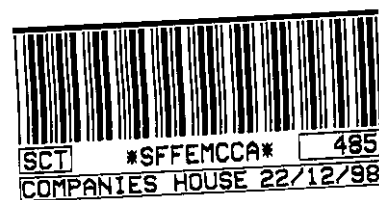
( Limited by Guarantee )

*REPORT AND ACCOUNTS*

*March 31, 1998*

Company No 84170

*1/2*



## **THE BEATSON INSTITUTE FOR CANCER RESEARCH** **(Limited by Guarantee)**

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### **GOVERNORS' REPORT**

The Governors of the Beatson Institute for Cancer Research submit their report and accounts for the year ended March 31, 1998.

#### **Review of operations**

During this past year, the Institute continued to pursue research into the causes and mechanisms of cancer, using the techniques of genetics and cell and molecular biology. This work has led to the publication of numerous scientific reports and its quality is attested by the attention generated by these reports and the success of staff in winning competitive research grant funding. Relationships with the University of Glasgow grow ever closer, with senior academic staff receiving University titles and the Institute playing a key role in the newly established University School of Cancer Studies. Shifts in the balance of the work continue to occur, with an increasing proportion of our activities offering the hope of exploitation in the management of cancer. Collaborations with clinical colleagues in the Cancer Research Campaign Beatson Laboratories and elsewhere therefore continue to grow in importance.

The income for the provision of salaries in support of research is provided mainly in the form of Grants from the Cancer Research Campaign. Some of these Grants are held jointly with our collaborators in the CRC Beatson Laboratories. There is an increasing incentive and tendency to generate income from other sources, which include the Leukaemia Research Fund, the Medical Research Council, the Wellcome Trust, the Ministry of Agriculture, Fisheries and Food, The British Council, NATO Scientific Affairs Division and the Association for International Cancer Research. The Cancer Research Endowment Fund of the Royal Beatson Memorial Hospital and the Endowment Income Fund of the Beatson Institute for Cancer Research also continued to provide a channel for financial contributions from many individuals and charitable organisations. This Endowment Fund is being used increasingly to promote new research through the provision of salaries and laboratory expenses.

#### **Year 2000 Compliance**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting business disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

We have therefore undertaken a programme to determine the impact of the Year 2000 Compliance issue on all of our activities at the Beatson Institute.

Much of the cost of implementing our plans for compliance will be subsumed into the annual recurring costs for contracted maintenance of equipment and software programmes. Our suppliers have confirmed that, as far as possible, they are also making the necessary arrangements to ensure that the Year 2000 Compliance issue will be addressed so that their equipment, services and customer-based

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**GOVERNORS' REPORT**  
**(Continued)**

operations remain unaffected. The total cost of modifications to our computer hardware and software is difficult to estimate but is being handled under the usual programmed updates and replacement of old and redundant systems.

Any equipment containing microchips that is date activated will be monitored with our daily checks to alarm systems and out of hours Security checks.

**Governors and their interests**

None of the Governors, who are listed below, has a financial interest in the company.

The Governors in post during the year to which the accounts relate were:

Prof Colin C Bird, Faculty of Medicine, University of Edinburgh  
 Sir David C Carter, The Scottish Office  
 Sir Graeme J Davies, Principal, University of Glasgow  
 Dr Diana R Dunstan, Medical Research Council  
 Sir Robin G Duthie, CBE, R G Duthie & Co Ltd  
 Prof H John Evans, CBE, formerly MRC Human Genetics Unit, Edinburgh  
 Prof Charles R Gillis, West of Scotland Cancer Surveillance Unit  
 Dr Trevor A Hince, Cancer Research Campaign  
 Prof Robert B Jack, CBE, formerly Messrs McGrigor Donald, Glasgow  
 Dr Robert E Kendell, CBE, President, Royal College of Psychiatrists  
 Prof Rona M MacKie, Department of Dermatology, University of Glasgow

Since March 31, 1998 the following changes of Governors have occurred:

**Appointments**

Prof C Roland Wolf, Biomedical Research Centre, Dundee (from 11 June 1998)

**Resignations**

Dr Robert E Kendell, CBE, President, Royal College of Psychiatrists (resigned 11 June 1998)

The Thirteenth Annual General Meeting was held in the Institute on Thursday, 27 November 1997. All of the serving Governors retired, as required by the Articles of Association, and were duly re-elected.

**Auditors**

A resolution to reappoint Ernst and Young as auditors will be put to the members at the Annual General Meeting.

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**GOVERNORS' REPORT**  
**(Continued)**


**Governors Responsibilities Statement**

Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the results of the Company for that period. In preparing those accounts, the Governors are required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

BY ORDER OF THE BOARD

  
PROFESSOR J WYKE  
Secretary

18 December, 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
THE BEATSON INSTITUTE FOR CANCER RESEARCH  
(Limited by Guarantee)**

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We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of Directors and Auditors**

As described on page 3 the Company Governors, who are also the directors of the Beatson Institute for Cancer Research for the purposes of company law, are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion to you.

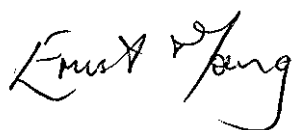
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the judgements made by the directors in the preparation of the accounts, 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 as to whether the accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the charitable company as at 31 March 1998 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.



ERNST & YOUNG  
Registered Auditor  
GLASGOW

18 December, 1998

**THE BEATSON INSTITUTE FOR CANCER RESEARCH**  
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**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED MARCH 31, 1998**

|   | Notes | 1998<br>£        | 1997<br>£        |
|---|-------|------------------|------------------|
| <b>Operating Income</b>   |       |                  |                  |
| Grants receivable   |       | 4,430,863        | 4,414,163        |
| Legacies and donations  |       | 159,494          | 92,469           |
| Fees, Sales & Services  |       | <u>14,158</u>    | <u>40,354</u>    |
|   |       | <u>4,604,515</u> | <u>4,546,986</u> |
| <br><b>Operating Expenditure</b>  |       |                  |                  |
| Research projects   |       | 4,069,604        | 4,170,680        |
| Grant for new Building  |       | 30,000           | 400,000          |
| Other Expenditure   |       | <u>451,756</u>   | <u>401,664</u>   |
|   |       | <u>4,551,360</u> | <u>4,972,344</u> |
| <br>Operating surplus/(deficit)   |       | 53,155           | (425,358)        |
| Investment Income   |       | 26,934           | 27,917           |
| (Loss) on realisation of investments  |       | <u>(604)</u>     | <u>(1,010)</u>   |
| <br>Surplus/(Deficit) for the year  | 3     | <u>79,485</u>    | <u>(398,451)</u> |
| <br><b>Statement of Recognised Gains and Losses</b><br><b>for the year ended March 31, 1998</b> |       |                  |                  |
| Surplus/(Deficit) for the year  |       | 79,485           | (398,451)        |
| Donations to Endowment Fund   |       | -                | 5,720            |
| Unrealised gains on investments   |       | <u>78,182</u>    | <u>12,971</u>    |
| <br>Total gains/(losses) for the year   |       | <u>157,667</u>   | <u>(379,760)</u> |

The notes on pages 9 to 13 form part of these accounts.

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**BALANCE SHEET**  
**at MARCH 31, 1998**

|   | Notes | £              | 1998<br>£      | 1997<br>£        |
|---|-------|----------------|----------------|------------------|
| Fixed assets: Investments                         | 5     |                | 426,344        | <u>279,157</u>   |
| Current assets:                                   |       |                |                |                  |
| Debtors   | 6     | 677,194        |                | 1,119,580        |
| Cash at Bank                                      | 7     | <u>188,201</u> |                | <u>183,331</u>   |
|   |       | 865,395        |                | 1,302,911        |
| Creditors: amounts falling<br>due within one year | 8     | <u>692,123</u> |                | <u>1,140,119</u> |
| Net current assets                                |       |                | <u>173,272</u> | <u>162,792</u>   |
| Net Assets  |       |                | <u>599,616</u> | <u>441,949</u>   |
| <b>Capital Funds</b>                              |       |                |                |                  |
| Endowments  | 10    |                | 36,924         | 29,371           |
| <b>Income Funds</b>                               |       |                |                |                  |
| Restricted funds                                  | 11    |                | 6,333          | 4,288            |
| Unrestricted funds                                |       |                | <u>556,359</u> | <u>408,290</u>   |
|   |       |                | <u>599,616</u> | <u>441,949</u>   |

PROF ROBERT B JACK, CBE

*R.B. Jack*

Governor

DR TREVOR HINCE

*T.A. Hince*

Governor

18 December, 1998

The notes on pages 9 to 13 form part of these accounts.

**THE BEATSON INSTITUTE FOR CANCER RESEARCH**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 1998**

|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>1998<br>£ | Total<br>1997<br>£ |
|---|----------------------------|--------------------------|-------------------------|--------------------|--------------------|
| <b>INCOMING RESOURCES</b>                                     |                            |                          |                         |                    |                    |
| Grants receivable   | 3,153,488                  | 1,277,375                | -                       | 4,430,863          | 4,414,163          |
| Legacies and donations  | 158,676                    | 818                      | -                       | 159,494            | 98,189             |
| Investment income   | 25,495                     | 1,439                    | -                       | 26,934             | 27,917             |
| Fees, Sales & Services  | <u>14,158</u>              | <u>-</u>                 | <u>-</u>                | <u>14,158</u>      | <u>40,354</u>      |
| <b>Total Incoming Resources</b>                               | <u>3,351,817</u>           | <u>1,279,632</u>         | <u>-</u>                | <u>4,631,449</u>   | <u>4,580,623</u>   |
| <b>RESOURCES EXPENDED</b>                                     |                            |                          |                         |                    |                    |
| Direct charitable expenditure:                                |                            |                          |                         |                    |                    |
| Research projects   | 2,855,615                  | 1,213,989                | -                       | 4,069,604          | 4,170,680          |
| Grant for new Building  | <u>30,000</u>              | <u>-</u>                 | <u>-</u>                | <u>30,000</u>      | <u>400,000</u>     |
|   | <u>2,885,615</u>           | <u>1,213,989</u>         | <u>-</u>                | <u>4,099,604</u>   | <u>4,570,680</u>   |
| Other expenditure:  |                            |                          |                         |                    |                    |
| Management and administration                                 | 388,158                    | 63,598                   | -                       | 451,756            | 399,008            |
| Staff amenities   | <u>-</u>                   | <u>-</u>                 | <u>-</u>                | <u>-</u>           | <u>2,656</u>       |
|   | <u>388,158</u>             | <u>63,598</u>            | <u>-</u>                | <u>451,756</u>     | <u>401,664</u>     |
| <b>Total Resources Expended</b>                               | <u>3,273,773</u>           | <u>1,277,587</u>         | <u>-</u>                | <u>4,551,360</u>   | <u>4,972,344</u>   |
| <b>Net Incoming/(Outgoing)<br/>Resources before Transfers</b> | <u>78,044</u>              | <u>2,045</u>             | <u>-</u>                | <u>80,089</u>      | <u>(391,721)</u>   |
| Transfers between funds                                       | <u>-</u>                   | <u>-</u>                 | <u>-</u>                | <u>-</u>           | <u>-</u>           |
| <b>Net Incoming/(Outgoing)<br/>Resources</b>                  | <u>78,044</u>              | <u>2,045</u>             | <u>-</u>                | <u>80,089</u>      | <u>(391,721)</u>   |
| Gains/(losses) on investment assets:                          |                            |                          |                         |                    |                    |
| Realised  | (604)                      | -                        | -                       | (604)              | (1,010)            |
| Unrealised  | <u>70,629</u>              | <u>-</u>                 | <u>7,553</u>            | <u>78,182</u>      | <u>12,971</u>      |
| <b>Net Movement in Funds</b>                                  | 148,069                    | 2,045                    | 7,553                   | 157,667            | (379,760)          |
| Fund balances brought<br>forward at 1 April 1997              | <u>408,290</u>             | <u>4,288</u>             | <u>29,371</u>           | <u>441,949</u>     | <u>821,709</u>     |
| <b>Fund balances carried<br/>forward at 31 March 1998</b>     | <u>556,359</u>             | <u>6,333</u>             | <u>36,924</u>           | <u>599,616</u>     | <u>441,949</u>     |

The notes on pages 9 to 13 form part of these accounts.



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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED MARCH 31, 1998**

|   | Notes | 1998<br>£      | 1997<br>£        |
|---|-------|----------------|------------------|
| Net cash inflow/(outflow) from operating activities | 1     | 47,545         | (417,016)        |
| Returns on investments and servicing of finance     | 2     | 26,934         | 27,917           |
| Capital expenditure and financial investment        | 3     | (69,609)       | (3,414)          |
| Financing - Donations to endowment fund             |       | <u>-</u>       | <u>5,720</u>     |
| Increase/(Decrease) in cash                         |       | <u>4,870</u>   | <u>(386,793)</u> |
| Movement in net funds                               |       |                |                  |
| Increase/(Decrease) in cash                         |       | 4,870          | (386,793)        |
| Cash at 1 April 1997                                |       | <u>183,331</u> | <u>570,124</u>   |
| Cash at 31 March 1998                               |       | <u>188,201</u> | <u>183,331</u>   |

**NOTES TO THE CASH FLOW STATEMENT**

|   | 1998<br>£        | 1997<br>£        |
|---|------------------|------------------|
| Note 1  |                  |                  |
| Reconciliation of operating profit to net cash inflow/(outflow) from operating activities |                  |                  |
| Operating surplus/(deficit)   | 53,155           | (425,358)        |
| Decrease/(Increase) in debtors  | 442,386          | (379,488)        |
| (Decrease)/Increase in creditors  | <u>(447,996)</u> | <u>387,830</u>   |
| Net cash inflow/(outflow) from operating activities                                       | <u>47,545</u>    | <u>(417,016)</u> |
| Note 2  |                  |                  |
| Returns on investments and servicing of finance   |                  |                  |
| Investment income   | <u>26,934</u>    | <u>27,917</u>    |
| Note 3  |                  |                  |
| Financial investment  |                  |                  |
| Payments to acquire investments   | (122,761)        | (26,157)         |
| Receipts from sales of investments  | <u>53,152</u>    | <u>22,743</u>    |
|   | <u>(69,609)</u>  | <u>(3,414)</u>   |

**THE BEATSON INSTITUTE FOR CANCER RESEARCH**  
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**NOTES TO THE ACCOUNTS AT MARCH 31, 1998**

**1. Basis of accounting**

The financial statements have been prepared under the historical cost convention with the exception of investments which are shown at market value, and in compliance with the Statement of Recommended Practice (Accounting by Charities).

**Going concern**

A Memorandum of Understanding with the Cancer Research Campaign endorses the Campaign's intention to provide the Company with major long term financial support. On this assumption, the Accounts are prepared on a going concern basis.

**Employees**

Staff are employed by the Company. Their employment costs are paid by the Company and are funded by grants.

**Research**

All research expenditure is written off in the year in which it is incurred.

**Fixed assets**

All fixed assets are fully funded by grants and as such are capitalised at nil.

**Premises**

Premises are leased by the Company from the University of Glasgow at a nominal rent. The University assumes responsibility for rates and also for the maintenance of the external fabric of the Wolfson Building.

The Company shares in the maintenance of the external fabric of the remaining premises and is responsible for all internal maintenance and running costs of the total floor space occupied.

**Stocks**

The value of stock held for research purposes is not considered material and any purchases are charged to revenue in the year in which the expenditure takes place.

**Leasing commitments**

Rentals paid under operating leases are charged in the year in which they occur.

**Income**

Income is accounted for on an accruals basis, except for legacies and donations which are accounted for when received.

**THE BEATSON INSTITUTE FOR CANCER RESEARCH**  
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**NOTES TO THE ACCOUNTS AT MARCH 31, 1998**

|  |   |                    |                  |                  |                  |
|--|---|--------------------|------------------|------------------|------------------|
| 2.   | <b>Staff Costs</b>                          | <b>1998</b>        | <b>1997</b>      |                  |                  |
|  |   | <b>£</b>           | <b>£</b>         |                  |                  |
|  | Wages and salaries                          | 2,377,218          | 2,339,287        |                  |                  |
|  | Social security costs                       | 174,680            | 173,772          |                  |                  |
|  | Other pension costs                         | <u>198,878</u>     | <u>220,037</u>   |                  |                  |
|  |   | <u>2,750,776</u>   | <u>2,733,096</u> |                  |                  |
| The average weekly number of employees during the year was made up as follows: |   |                    |                  |                  |                  |
|  |   | <b>No.</b>         | <b>No.</b>       |                  |                  |
|  | Scientific                                  | 59                 | 62               |                  |                  |
|  | Technical                                   | 34                 | 34               |                  |                  |
|  | Secretarial and Administrative              | 9                  | 8                |                  |                  |
|  | Supportive                                  | <u>17</u>          | <u>17</u>        |                  |                  |
|  |   | <u>119</u>         | <u>121</u>       |                  |                  |
| 3.   | <b>Results</b>                              | <b>1998</b>        | <b>1997</b>      |                  |                  |
|  |   | <b>£</b>           | <b>£</b>         |                  |                  |
|  | The results are stated after charging:      |                    |                  |                  |                  |
|  | Auditors' remuneration                      | 4,230              | 2,938            |                  |                  |
|  | Governors' remuneration                     | <u>-</u>           | <u>-</u>         |                  |                  |
| 4.   | <b>Analysis of Total Resources Expended</b> | <b>Staff Costs</b> | <b>Grant</b>     | <b>Other</b>     | <b>Total</b>     |
|  |   | <b>£</b>           | <b>£</b>         | <b>£</b>         | <b>£</b>         |
|  | Direct charitable expenditure:              |                    |                  |                  |                  |
|  | Research projects                           | 2,588,070          | -                | 1,481,534        | 4,069,604        |
|  | Grant for new laboratory block              | <u>-</u>           | <u>30,000</u>    | <u>-</u>         | <u>30,000</u>    |
|  |   | 2,588,070          | 30,000           | 1,481,534        | 4,099,604        |
|  | Other expenditure:                          |                    |                  |                  |                  |
|  | Management and administration               | <u>162,706</u>     | <u>-</u>         | <u>289,050</u>   | <u>451,756</u>   |
|  | Total                                       | <u>2,750,776</u>   | <u>30,000</u>    | <u>1,770,584</u> | <u>4,551,360</u> |
| 5.   | <b>Investments</b>                          | <b>1998</b>        | <b>1997</b>      |                  |                  |
|  |   | <b>£</b>           | <b>£</b>         |                  |                  |
|  | Market Value at 31 March 1997               | 279,157            | 263,782          |                  |                  |
|  | Additions                                   | 122,761            | 26,157           |                  |                  |
|  | Revaluations                                | 78,182             | 12,971           |                  |                  |
|  | Disposals (proceeds £53,152; loss £604)     | <u>(53,756)</u>    | <u>(23,753)</u>  |                  |                  |
|  | Market Value at 31 March 1998               | <u>426,344</u>     | <u>279,157</u>   |                  |                  |
| All investments are listed on the London Stock Exchange and are split:         |   |                    |                  |                  |                  |
|  | British Government stocks                   | 117,236            | 107,387          |                  |                  |
|  | UK Equities                                 | <u>309,108</u>     | <u>171,770</u>   |                  |                  |
|  |   | <u>426,344</u>     | <u>279,157</u>   |                  |                  |
|  | Historical cost as at 31 March 1998         | <u>299,568</u>     | <u>230,378</u>   |                  |                  |

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**NOTES TO THE ACCOUNTS AT MARCH 31, 1998**  
**(Continued)**

| 6. | Debtors   | 1998           | 1997           |
|----|---|----------------|----------------|
|    |   | £              | £              |
|    | Grant income  | 675,321        | 1,117,313      |
|    | Tax recoverable   | <u>1,873</u>   | <u>2,267</u>   |
|    |   | 677,194        | 1,119,580      |
|    |   | <hr/>          | <hr/>          |
|    |   |                |                |
| 7. | Cash at bank  | 1998           | 1997           |
|    |   | £              | £              |
|    | Current accounts  | 22,201         | 24,331         |
|    | Call and term deposits  | <u>166,000</u> | <u>159,000</u> |
|    |   | 188,201        | 183,331        |
|    |   | <hr/>          | <hr/>          |
|    |   |                |                |
| 8. | Creditors: amounts falling due within one year                | 1998           | 1997           |
|    |   | £              | £              |
|    | Trade creditors   | 101,425        | 697,798        |
|    | Grant income in advance                                       | 368,596        | 38,530         |
|    | Accruals  | <u>222,102</u> | <u>403,791</u> |
|    |   | 692,123        | 1,140,119      |
|    |   | <hr/>          | <hr/>          |
|    |   |                |                |
| 9. | Share capital   |                |                |
|    | The company has no share capital and is limited by guarantee. |                |                |

**THE BEATSON INSTITUTE FOR CANCER RESEARCH**  
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**NOTES TO THE ACCOUNTS AT MARCH 31, 1998**  
**(Continued)**

|     |   |                                  |   |          |  |                |                         |                                  |
|-----|---|----------------------------------|---|----------|--|----------------|-------------------------|----------------------------------|
| 10. | <b>Endowments</b>   | Balance<br>31 March<br>1997<br>£ | Movement in Funds<br>Incoming<br>Resources<br>£ |          |  | Transfers<br>£ | Gains/<br>(Losses)<br>£ | Balance<br>31 March<br>1998<br>£ |
|     | Permanent endowments:   |                                  |   |          |  |                |                         |                                  |
|     | John Paul   | <u>29,371</u>                    | <u>-</u>  | <u>-</u> |  | <u>7,553</u>   |                         | <u>36,924</u>                    |
|     | This Fund was established in memory of the former Director of the Institute. The income generated will provide annually a career development scholarship for the most promising final year PhD student. |                                  |   |          |  |                |                         |                                  |

|     |                         |                                  |   |                    |   |                  |                                  |                                  |
|-----|-------------------------|----------------------------------|---|--------------------|---|------------------|----------------------------------|----------------------------------|
| 11. | <b>Restricted Funds</b> | Balance<br>31 March<br>1997<br>£ | Movement in Funds<br>Incoming<br>Resources<br>£ |                    |   | Expenditure<br>£ | Gains/Losses<br>& Transfers<br>£ | Balance<br>31 March<br>1998<br>£ |
|     | Research projects       | -                                | 1,277,375                                       | (1,277,375)        | - | -                | -                                | -                                |
|     | John Paul Revenue Fund  | 700                              | 1,439   | (212)              | - | -                | -                                | 1,927                            |
|     | Staff Amenities         | 3,588                            | -   | -                  | - | -                | -                                | 3,588                            |
|     | EMBO Fellowship         | -                                | 818   | -                  | - | -                | -                                | 818                              |
|     |                         | <u>4,288</u>                     | <u>1,279,632</u>                                | <u>(1,277,587)</u> |   | <u>-</u>         |                                  | <u>6,333</u>                     |

|     |   |                            |                          |                        |                     |
|-----|---|----------------------------|--------------------------|------------------------|---------------------|
| 12. | <b>Analysis of Group Net Assets<br/>between Funds</b>                 | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Fund<br>£ | Total<br>Funds<br>£ |
|     | Fund Balances at 31 March 1998 are represented by:                    |                            |                          |                        |                     |
|     | Investments   | 389,491                    | -                        | 36,853                 | 426,344             |
|     | Current assets  | 216,628                    | 648,797                  | (30)                   | 865,395             |
|     | Current liabilities   | <u>(49,760)</u>            | <u>(642,464)</u>         | <u>101</u>             | <u>(692,123)</u>    |
|     | Total Net Assets  | <u>556,359</u>             | <u>6,333</u>             | <u>36,924</u>          | <u>599,616</u>      |
|     | Unrealised gains/(losses) included above:                             |                            |                          |                        |                     |
|     | On investment assets (see note, below)                                | <u>119,856</u>             | <u>-</u>                 | <u>6,924</u>           | <u>126,780</u>      |
|     | Total Unrealised Gains at 31 March                                    | <u>119,856</u>             | <u>-</u>                 | <u>6,924</u>           | <u>126,780</u>      |
|     | Reconciliation of Movements in Unrealised Gains on Investment Assets: |                            |                          |                        |                     |
|     | Unrealised gains at 31 March 1997                                     | 49,408                     | -                        | (629)                  | 48,779              |
|     | Deduct in respect of disposals in year                                | <u>(181)</u>               | <u>-</u>                 | <u>-</u>               | <u>(181)</u>        |
|     |   | 49,227                     | -                        | (629)                  | 48,598              |
|     | Add: Net gains arising on revaluations in year                        | <u>70,629</u>              | <u>-</u>                 | <u>7,553</u>           | <u>78,182</u>       |
|     | Unrealised Gains at 31 March 1998                                     | <u>119,856</u>             | <u>-</u>                 | <u>6,924</u>           | <u>126,780</u>      |

|     |   |
|-----|---|
| 13. | <b>Leasing commitments</b>  |
|     | At 31 March, 1998, the company had no annual commitments under non-cancellable operating leases (1997 - nil). |

**THE BEATSON INSTITUTE FOR CANCER RESEARCH**  
**(Limited by Guarantee)**

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**NOTES TO THE ACCOUNTS AT MARCH 31, 1998**  
**(Continued)**

**14. Pensions**

The Institute, on behalf of its Scientific Staff, participates in the Universities' Superannuation Scheme (USS), a defined benefit scheme for employees of all UK universities and some other employers which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the Scheme are held in a separate Trustee-administered fund.

The last actuarial valuation of the Scheme was at 31 March, 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salary and pensions. It was assumed that the investment return would be 8½% per annum, that salary increases would be 6½% per annum and that pensions would increase by 5% per annum. At the date of the valuation, the market value of the assets of the Scheme was £12,087 million and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The total pension cost for the Institute in respect of USS was £156,122 (1996/97 - £179,121). The contribution rate payable by the Institute was 14% of pensionable salaries. The actuary to the Universities Superannuation Scheme has confirmed that it is appropriate to take the pensions costs in the Institute's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 1996 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread surplus in a prudent manner over the future working lifetime of current scheme members.

The Institute, on behalf of its Support Staff, also participates in the Scottish National Health Service Superannuation Scheme. This Scheme is notionally funded, guaranteed by statute, and provides members with defined benefits based on final pensionable salary. It is also contracted out of the State Earnings-Related Pension Scheme. The employer's contributions are assessed every five years by an actuary, the current employer's rate being 4%.

The total pension cost in respect of this scheme for the Institute was £41,160 (1996/97 - £40,594) and represents a fair estimate of the annual pension cost as defined by SSAP 24 and, accordingly, this is the amount charged in the accounts.

The Institute, on behalf of the Support Staff who are ineligible for entry to the Scottish National Health Service Superannuation Scheme, also participates in a CRC Beatson Personal Pension Plan. The current employer's rate is 9% and the total pension cost for the Institute was £1,596 (1996/97 - £323).