

The Beatson Institute for Cancer Research

Limited by Guarantee
Company No 84170

A Scottish Charity (No SC006106)

Report and Accounts

Year to 31 March 2001

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The Beatson Institute for Cancer Research

Governors' Report

The Governors of The Beatson Institute for Cancer Research submit their report and accounts for the year ended 31 March 2001.

Principal Activities

The Beatson Institute for Cancer Research undertakes, as a Scottish Charity, medical research with a view to increasing knowledge and improving understanding of the mechanisms and causes of cancer.

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 the Institute playing a key role in the University School for Cancer Studies. 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 Association for International Cancer Research, the Leukaemia Research Fund, the Medical Research Council, the Wellcome Trust and The Cancer Research Endowment Fund of the Royal Beatson Memorial Hospital. The Institute is very grateful for the financial contributions it continues to receive from many individuals and charitable organisations. These funds are being used increasingly to promote new research through the provision of salaries and laboratory expenses.

A wholly owned subsidiary of the Institute, Beatson Technology Limited, was established in January 1999 to undertake any commercial developments arising as a by-product of the Institute's charitable medical research activities. To date the Company has received small amounts of income from such activities – amounts considered to be sufficiently immaterial such that no consolidated accounts have been prepared.

Governors and their interests

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

The Governors holding office during the year were:

Prof. Colin C Bird, CBE, <i>Faculty of Medicine, University of Edinburgh</i>	
Sir David C Carter, <i>The Scottish Executive</i>	(resigned 29 June 2001)
Sir Graeme J Davies, <i>Principal, University of Glasgow</i>	
Dr Diana R Dunstan, OBE, <i>Medical Research Council</i>	
Prof. Charles C Gillis, <i>West of Scotland Cancer Surveillance Unit</i>	
Prof. Nick D Hastie, <i>MRC Human Genetics Unit, Edinburgh</i>	
Dr Trevor Hince, <i>The Cancer Research Campaign</i>	
Mr Archie S Hunter, <i>formerly KPMG, Glasgow</i>	
Prof. Robert B Jack, CBE, <i>formerly McGrigor Donald, Glasgow</i>	
Prof. Rona M MacKie, CBE, <i>Department of Dermatology, University of Glasgow</i>	
Prof. C Roland Wolf, <i>Biomedical Research Centre, Dundee</i>	
Prof. John A Wyke, <i>The Beatson Institute for Cancer Research</i>	

Since March 31, 2000, the following changes of Governors have occurred:

Resignations:	Sir David C Carter (resigned 29 June 2001)
Appointments	Dr E M Armstrong – <i>The Scottish Executive</i> (appointed 29 June 2001)

The Seventeenth Annual General Meeting is to be held on Monday, 17 December 2001. All of the serving Governors will retire as required by the Articles of Association and, being eligible, have indicated their willingness to be re-appointed.

Auditors

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

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



R C McKAIL
Secretary

17 December, 2001

Independent Auditors' Report to the Members of The Beatson Institute for Cancer Research

We have audited the company's accounts for the year ended 31 March 2001 which comprise the Income and Expenditure Account, Statement of Recognised Gains and Losses, Balance Sheet, Statement of Financial Activities, Cash Flow Statement and related notes 1 to 16. These have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the Governor's Responsibilities Statement, 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 in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Governors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding governors' remuneration and transactions with the company is not disclosed

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

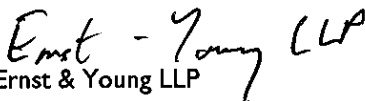
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 company as at 31 March 2001 and of its surplus in the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
GLASGOW

17 December, 2001

The Beatson Institute for Cancer Research
Income and Expenditure Account
for the year ended 31 March 2001

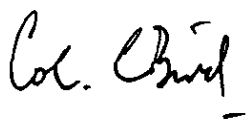
	Note	2001 £	2000 £
Operating income - continuing operations			
Grants receivable		5,792,229	5,209,911
Legacies and donations		87,873	157,052
Training and conference income		-	119,616
Other operating income		285	22,486
Total operating income from continuing operations		5,880,387	5,509,065
Operating expenditure - continuing operations			
Research projects		5,602,684	4,751,637
Training and conference running costs		7,018	98,038
Other expenditure		279,564	259,074
		5,889,266	5,108,749
Operating (deficit)/surplus		(8,879)	400,316
Investment Income		101,411	82,801
Gain/(Loss) on realisation of investments		4,989	(11,066)
Surplus for the year	2	97,521	472,051
Statement of recognised gains and losses for the year ended March 31, 2001			
Surplus for the year		97,521	472,051
Unrealised (losses) on investments		(8,140)	(22,441)
Total recognised gains and losses for year		89,381	449,610
Prior year adjustment	6	-	485,225
Total gains and losses recognised since last annual report		89,381	934,835

The notes on pages 8 to 12 form part of these accounts.

Balance Sheet

at 31 March 2001

	Note	2001 £	2000 £
Fixed assets: Investments	7	<u>375,822</u>	<u>385,814</u>
Current assets:			
Debtors	8	927,090	1,157,040
Cash at Bank	9	<u>1,466,917</u>	<u>1,237,541</u>
		2,394,007	2,394,581
Creditors: amounts falling due within one year	10	<u>1,175,785</u>	<u>1,275,732</u>
Net current assets		<u>1,218,222</u>	<u>1,118,849</u>
Net Assets		<u>1,594,044</u>	<u>1,504,663</u>
Capital funds			
Endowments	12	34,040	36,523
Income funds			
Restricted funds	13	6,983	6,860
Unrestricted funds		<u>1,553,021</u>	<u>1,461,280</u>
		<u>1,594,044</u>	<u>1,504,663</u>



PROFESSOR C BIRD, Governor

17 December, 2001

The notes on pages 8 to 12 form part of these accounts.

The Beatson Institute for Cancer Research
Statement Of Financial Activities
for the year ended 31 March 2001

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2001 £	Total 2000 £
Incoming resources					
Grants receivable	3,921,718	1,870,511	-	5,792,229	5,209,911
Legacies and donations	87,873	-	-	87,873	157,052
Investment income	99,768	1,643	-	101,411	82,801
Other operating income	285	-	-	285	22,486
Training and conference income	-	-	-	-	119,616
Total incoming resources	4,109,644	1,872,154	-	5,981,798	5,591,866
Resources expended					
Direct charitable expenditure:					
Research projects	3,730,653	1,872,031	-	5,602,684	4,751,637
Training and conference running costs	7,018	-	-	7,018	98,038
	3,737,671	1,872,031	-	5,609,702	4,849,675
Other expenditure:					
Management & administration	279,564	-	-	279,564	259,074
Total resources expended	4,017,235	1,872,031	-	5,889,266	5,108,749
Net incoming/(outgoing)resources before transfers	92,409	123	-	92,532	483,117
Transfers between funds	-	-	-	-	-
Net incoming/(outgoing) resources	92,409	123	-	92,532	483,117
Gains/(Losses) on investment assets:					
Realised	4,990	-	-	4,990	(11,066)
Unrealised	(5,658)	-	(2,483)	(8,141)	(22,441)
Net movement in funds	91,741	123	(2,483)	89,381	449,610
Fund balances brought forward at 1 April 2000	1,461,280	6,860	36,523	1,504,663	1,055,053
Fund balances carried forward at 31 March 2001	1,553,021	6,983	34,040	1,594,044	1,504,663

The notes on pages 8 to 12 form part of these accounts.

Cash Flow Statement

for the year ended 31 March 2001

	Notes	2001 £	2000 £
Net cash inflow from operating activities	1	121,124	985,412
Returns on investments and servicing of finance	2	101,411	82,801
Capital expenditure and financial investment	3	<u>6,841</u>	<u>2,876</u>
Increase in cash	4	229,376	1,071,089
Net cash at 1 April 2000		<u>1,237,541</u>	<u>166,452</u>
Net cash at 31 March 2001		<u>1,466,917</u>	<u>1,237,541</u>

Notes to the cash flow statement

Note 1

Reconciliation of operating profit to net cash inflow/(outflow)
from operating activities

	2001 £	2000 £
Operating (deficit)/surplus	(8,879)	400,316
Decrease/(increase) in debtors	229,950	(398,787)
(Decrease)/increase in creditors	<u>(99,947)</u>	<u>983,883</u>
	<u>121,124</u>	<u>985,412</u>

Note 2

Returns on investments and servicing of finance

Investment income	<u>101,411</u>	<u>82,801</u>
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Note 3

Financial investment

Payments to acquire investments	(21,094)	(25,919)
Receipts from sales of investments	<u>27,935</u>	<u>28,795</u>
	<u>6,841</u>	<u>2,876</u>

Note 4

Change in net cash during year

	2001 £	2000 £	Change in year £
Short term deposits	1,448,322	1,224,341	223,981
Cash at bank	<u>18,595</u>	<u>13,200</u>	<u>5,395</u>
	<u>1,466,917</u>	<u>1,237,541</u>	<u>229,376</u>

The notes on pages 8 to 12 form part of these accounts.

Notes to the accounts

at 31 March 2001

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

Restricted income from project grants is recognised on the basis of expenditure incurred on the related projects. Unrestricted income on grants not specified with regard to particular projects or purposes is recognised on the basis of the amount awarded and time-apportioned where appropriate.

Regardless of expenditure restrictions, income from legacies and donations is taken to revenue when received. *Investment and other income is accounted for on an accruals basis.*

Funds

Restricted Income Funds relate to grants receivable in respect of particular research projects whose purpose is defined by or agreed with the awarding body either explicitly in its offer of award or by reference to the application by the Institute upon which the award is based. Restricted Income Funds also relate to other income the purpose of which is similarly defined by or agreed with the awarding body.

Accounts of subsidiary company

In January 2000 the Institute formed a wholly-owned subsidiary company, Beatson Technology Limited, to undertake the ownership of intellectual property arising from the work of the Institute. Subsequently, the Institute transferred all intellectual property rights to this company. Audited accounts to 31 March 2001 have been filed with the Registrar of Companies.

Notes to the accounts at 31 March 2001 (continued)

The Beatson Institute for Cancer Research
Notes to the accounts at 31 March 2001 (continued)

Accounts of subsidiary company (contd)

In the opinion of the Directors the results and balance sheet amounts are not material. Consolidated accounts have not been prepared for this reason, however the following summarises the results and net assets of Beatson Technology Limited to 31 March 2001:

	2001	2000
	£	£
Profit on ordinary activities before and after taxation and retained for year	nil	nil
Net assets	2	2

2. Results

The results are stated after charging:

Auditors' remuneration - audit services	3,850	3,705
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3. Governors' (Directors') emoluments

The Director of the Institute - the Institute's chief executive officer - is the only Governor of the Institute to receive remuneration. In the year ended 31 March 2001 this amounted to £78,457 (1999/2000 - £68,766). Retirement benefits accrued at 31 March 2001 to the Director of the Institute only under a defined benefits scheme.

4. Staff Costs

	2001	2000
	£	£
Wages and salaries	2,825,314	2,619,551
Social security costs	211,517	194,916
Other pension costs	310,389	216,055
	<u>3,347,220</u>	<u>3,030,522</u>

The average number of employees, including the Director during the year was made up as follows:

	Number	Number
Scientific	63	63
Technical	39	40
Secretarial and Administrative	8	9
Supportive	21	18
	<u>131</u>	<u>130</u>

The number of the above employees earning £40,000 or more during the year was:

	Number	Number
£40,000 - £49,999	7	3
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-

5. Analysis of Total Resources Expended

	Staff Costs	Other	Total
	£	£	
Direct charitable expenditure: <i>Research projects</i>	3,171,666	2,438,036	5,609,702
Other expenditure: <i>Management and administration</i>	175,554	104,010	279,564
Total	<u>3,347,220</u>	<u>2,542,046</u>	<u>5,889,266</u>

6. Prior Year Adjustment

In the year ended 31 March 2000 it was decided that grant income would be recognised on the basis of the amount awarded rather than the expenditure incurred. This resulted in an increase in funds brought forward from previous years of £485,225.

7. Investments	2001	2000
	£	£
Market Value at 31 March 2000	385,814	422,197
Additions	21,096	25,919
Revaluations	(8,141)	(22,441)
Disposals (proceeds £27,935; gain £5,114)	<u>(22,947)</u>	<u>(39,861)</u>
Market Value at 31 March 2001	<u>375,822</u>	<u>385,814</u>
All investments are listed on the London Stock Exchange and are split:		
British Government stocks	252,095	110,999
UK Equities	<u>123,727</u>	<u>274,815</u>
	<u>375,822</u>	<u>385,814</u>
Historical cost as at 31 March 2001	<u>287,181</u>	<u>288,907</u>
8. Debtors	2001	2000
	£	£
Other Debtors	14,963	7,923
Grant income	910,900	1,146,515
Tax recoverable	<u>1,227</u>	<u>2,602</u>
	<u>927,090</u>	<u>1,157,040</u>
9. Cash at bank	2001	2000
	£	£
Current accounts	18,595	13,200
Call and term deposits	<u>1,448,322</u>	<u>1,224,341</u>
	<u>1,466,917</u>	<u>1,237,541</u>
10. Creditors	2001	2000
	£	£
amounts falling due within one year		
Trade creditors	306,617	796,091
Grant income in advance	495,052	138,370
Accruals and other creditors	<u>374,116</u>	<u>341,271</u>
	<u>1,175,785</u>	<u>1,275,732</u>

11. Share capital

The company has no share capital and is limited by guarantee.

12. Endowments

	Balance 31 March 2000 £	Incoming Resources £	Movement in Funds Transfers £	Gains/ (Losses) £	Balance 31 March 2001 £
Permanent endowments:					
John Paul	36,523	-	-	(2,483)	34,040

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.

13. Restricted Funds

	Balance 31 March 2000 £	Incoming Resources £	Movement in Funds Expenditure £	Gains/Loss & Transfers £	Balance 31 March 2001 £
Research projects	-	1,870,511	(1,870,511)	-	-
John Paul Revenue Fund	3,272	1,643	(1,520)	-	3,395
Staff Amenities	3,588	-	-	-	3,588
	<u>6,860</u>	<u>1,872,154</u>	<u>(1,872,031)</u>	<u>-</u>	<u>6,983</u>

14. Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total Funds £
Fund Balances at 31 March 2001 are represented by:				
Investments	341,928	-	33,894	375,822
Current assets	1,478,694	915,988	146	2,394,878
Current liabilities	(267,601)	(909,005)	-	(1,176,606)
Total Net Assets	<u>1,553,021</u>	<u>6,983</u>	<u>34,040</u>	<u>1,594,044</u>

Unrealised gains/(losses) included above:

On investment assets (see note, below)	84,592	-	4,008	88,600
Total unrealised gains at 31 March	<u>84,592</u>	<u>-</u>	<u>4,008</u>	<u>88,600</u>

*Reconciliation of Movements in Unrealised
Gains on Investment Assets:*

Unrealised gains at 31 March 2000	90,377	-	6,491	96,868
Deduct in respect of disposals in year	(127)	-	-	(127)
	<u>90,250</u>	<u>-</u>	<u>6,491</u>	<u>96,741</u>
Add: Net gains/(losses) arising on revaluations in year	(5,658)	-	(2,483)	(8,141)
Unrealised Gains at 31 March 2001	<u>84,592</u>	<u>-</u>	<u>4,008</u>	<u>88,600</u>

15. Leasing commitments

At 31 March, 2001, the company had no annual commitments under non-cancellable operating leases (2000 - nil).

16. Pensions

The Institute participates in the Universities' Superannuation Scheme (USS), a defined benefit scheme 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 scheme is a multi-employer scheme and the Institute is unable to identify its share of the underlying assets and liabilities.

The latest actuarial valuation of the Scheme was at 31 March, 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.6% per annum and pensions would increase by 2.6% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 5.5% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.5% per annum and pensions would increase by 2.5% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £18,870 million (including an estimated £55 million in respect of outstanding bulk transfer payments due) and the value of the past service liabilities was £17,427 million. The assets therefore were 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 £198,112 (1999/2000 - £170,484). 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 1999 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 certain 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. The scheme is a multi-employer scheme and, being notionally funded, it is not possible to identify underlying assets and liabilities. 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 £44,351 (1999/2000 - £40,002) 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 other Support Staff who are ineligible for entry to either the Universities Superannuation Scheme or 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 £4,903 (1999/2000 - £5,570).

The Beatson Institute for Cancer Research
Income and Expenditure Account
For the year ended 31 March 2000

	2001 £	2000 £
Grants and other income:		
The Cancer Research Campaign	4,655,756	4,294,189
University of Glasgow	432,608	262,542
Association for International Cancer Research	289,338	296,185
Leukaemia Research Fund	64,644	96,122
Greater Glasgow Health Board - Royal Beatson Endowments	120,060	104,820
Medical Research Council	31,362	46,944
Training and conference income		119,616
Others	198,746	131,595
	<u>5,792,514</u>	<u>5,352,013</u>
Donations and Legacies	87,873	157,052
Operating Income	<u>5,880,387</u>	<u>5,509,065</u>
Research Costs		
Chemicals	799,743	676,595
Tissue culture media	54,034	63,819
Glass and plasticware	170,012	155,904
Animal purchase and care	29,221	28,102
Small laboratory implements	74,945	74,610
Other laboratory costs	96,584	121,846
	<u>1,224,538</u>	<u>1,120,876</u>
Staff costs		
Scientists	1,884,467	1,561,752
Technical staff	1,000,752	958,509
Secretarial and administrative staff	175,554	203,459
Support staff	339,542	306,802
	<u>3,400,315</u>	<u>3,030,522</u>
Equipment costs		
New and replacement equipment	545,798	227,981
Repairs maintenance and insurance	246,828	209,616
Motor expenses	310	1,213
	<u>792,935</u>	<u>438,810</u>
Overheads		
Heat, light and power	103,336	91,419
Telephone and postage	22,847	19,641
Cleaning and building maintenance	152,281	132,376
Travel and subsistence	83,960	55,202
Professional fees	20,131	45,955
Training, conference and seminar expenses	7,018	98,038
Office overheads	24,138	33,296
Library and publication costs	50,386	36,601
Other overheads	7,381	6,013
	<u>471,477</u>	<u>518,541</u>
Operating costs	<u>5,889,266</u>	<u>5,108,749</u>
Operating (deficit)/surplus	<u>(8,879)</u>	<u>400,316</u>