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**INSTITUTE FOR ANIMAL HEALTH  
(LIMITED BY GUARANTEE)**  
TRUSTEES' REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2010

## For the year ended 31 March 2010

Solicitors	Charles Russell LLP Buryfields House Bury Fields Guildford Surrey GU2 4AZ	Manches LLP 3 Worcester Street Oxford OX1 2PZ
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# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **REPORT OF THE TRUSTEES**

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# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **REPORT OF THE TRUSTEE BOARD**

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The Trustee Board has pleasure in submitting its annual report together with the financial statements for the year ended 31 March 2010

### **Structure, Governance and Management**

#### ***Status of the Institute***

The Institute is a company limited by guarantee (registered number 559784) and a registered charity (number 228824), with statutory directors (Trustee Directors) who form the Trustee Board. Members of the Institute shall be those persons from time to time appointed by the Trustee Directors.

#### ***The Trustee Board and its interests***

The directors of the Trustee Board during the year were

The Biotechnology and Biological Sciences Research Council  
Mr T M T Key DL, MA, FRICS

Trustee Directors are appointed by the members for a period of up to three years, when they are eligible for re-appointment.

The Trustee Board operates through the Institute's Memorandum and Articles and the Conditions of Grant agreement signed by the Institute and its sponsoring body, BBSRC.

BBSRC fulfils its role as Corporate Trustee Director through a team of individual representatives appointed by BBSRC Council.

#### ***Trustee induction and training***

The Institute continually reviews its practices for induction and Trustee training. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

#### ***Organisation of the Institute***

The Institute is organised into three strategic Science Programmes spanning two sites, supported by an Operations Division, headed by the Director of Operations and several support service groups. Each Science Programme is managed by a Head of Programme who reports to the Director of Science of the Institute. The Director of Science and Director of Operations both report to the Director of the Institute (the Director).

An Institute Executive Board comprising the Institute Director, the Director of Science, Director of Operations and certain other key managers, meets monthly to review progress towards the Institute's objectives and to take corporate managerial and operational decisions within the annual strategy and objectives set by the Trustee Board and agreed with the BBSRC.

The Trustee Board and its committee structure work closely with the Director and senior management of the Institute and are responsible for corporate governance and for the Institute's scientific strategy and strategic plans.

#### ***Employee consultation***

The Institute recognises all appropriate Trade Unions representing staff employed at its laboratories. However, the Unions recognised for collective bargaining are Prospect (formerly known as IPMS) and PCS (Public and Commercial Services). An Institute Negotiating and Consultative Committee (INCC) is in place, with membership drawn equally from the management and Trade Union sides. This provides the necessary machinery for dealing with the consultation and negotiation of the terms and conditions of service agreed by the BBSRC Joint Negotiating and Consultative Committee (JNCC), which at a national level represents all staff within the Research Council and other JNCC organisations.

# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **REPORT OF THE TRUSTEE BOARD**

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### ***Disabled persons***

The Institute has an established policy of encouraging the employment of disabled persons wherever this is practicable and makes reasonable adjustments to working conditions or to physical features of its premises without which disabled persons would be placed at a substantial disadvantage in comparison with people who are not disabled. The Institute specifically has detailed policies to ensure

- full and fair consideration of applications
- equal access to progression within the Institute, training and career development

### ***Policy and practice on payment of suppliers***

It is the Institute's policy and practice to settle undisputed sums due to suppliers within the suppliers' standard or specifically agreed credit terms. The average credit period taken during the year was 43 days (2009 31 days)

### ***Risk management***

The Institute conducts its own review of the major risks to which it is exposed and systems have been established to mitigate those risks. These systems fall within an ISO 9001 certified quality system that not only assures the appropriate standards of the established procedures but also allows periodic review and where appropriate audit through the Institute's ISO 9001 compliant internal audit process and external audit by BSI, to ensure that they are being followed and are fit-for-purpose.

The Institute continues to improve and extend the current system of managing its risks through a risk register database, maintained by the Institute's Risk Manager, which allows risks to be managed more efficiently.

The Trustee Board's Finance and General Purpose Committee is responsible for reviewing the Institute's systems of internal control and financial and other monitoring systems, reviewing the external and internal audit programmes, considering the major findings of investigations and management's response, reviewing the Institute's statement on internal control systems prior to endorsement by the Trustee Board, and generally focusing on the management of risk and contingency plans for all business critical projects.

### ***Trustees' indemnity insurance***

The Institute maintains liability insurance for its Trustee Directors, with an annual aggregate cover limit for all claims against them in that capacity. The Trustees have also been granted a qualifying third party provision under section 233 of the Companies Act 2006. Neither the Institute's indemnity nor insurance provides cover in the event that a Trustee Director is proved to have acted fraudulently or dishonestly.

### ***Objectives and activities***

#### ***Objective and Mission of the Institute***

The primary objective of the Institute is "to conduct and promote scientific research on infectious diseases of farm animals, including exotic diseases and to develop appropriate methods for their control, and on matters concerned with animal health and ancillary thereto, and to publish the results of such research"

The mission of the Institute, for the benefit of the public at large, is "to deliver high quality fundamental, strategic and applied science into infectious animal diseases that currently affect or threaten the UK and, from that knowledge, to advance veterinary and medical science, enhance the sustainability of livestock farming, improve animal welfare, safeguard the supply and safety of food, and protect public health and the environment"

# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **REPORT OF THE TRUSTEE BOARD**

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### ***Public interest activities of the Institute during the year***

The Trustee Board has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Institute's objectives and mission and planning its scientific activities for the year

Research at the Institute is focused on understanding the intimate interactions between pathogens and their hosts, with a view to developing improved strategies to control, prevent or limit infections. Linked to this goal are practical advances in the rapid and accurate diagnosis of infections, differentiation between infected and vaccinated animals, improvement in current vaccines, development of new control methods, expansion of surveillance and Reference Laboratory capacities, and the further development and improvement of epidemiology and modelling capabilities. As such, the Institute occupies a unique niche within the United Kingdom for basic, strategic and applied research into infectious diseases of large animals and poultry with the ability to integrate cutting-edge laboratory studies, at the molecular and cellular level, with work in host species at the whole animal and population levels.

Research at the Institute is undertaken through four strategic Science Programmes that bring together shared interests in pathogens or themes. The four Science Programmes are in the areas of Avian Infectious Diseases, Foot and Mouth Disease and Vector-Borne Diseases.

In the year, the Institute began 39 new fundamental and strategic research projects with a total value of approximately £14,700,000 supported by funders from the United Kingdom (principally BBSRC and Defra) and overseas (principally the European Union and the Food and Agriculture Organisation).

Thirteen (13) of the 39 projects involve collaborations with other UK research institutions, 7 with overseas laboratories and 8 with industrial partners. Five of the 39 awards are annually renewable grants from Defra, EU and FAO for the support of the Reference Laboratories at the Institute's Pirbright laboratory with a total value of approximately £2,700,000.

### **Financial review**

The Statement of Financial Activities on page 11 and the Balance Sheet on page 13 have been prepared in accordance with the Statement of Recommended practice (SORP) 2005.

### ***Results for the year***

Total incoming resources, before fund transfers, amounted to £63,738,000 (2009 £47,602,000). Investment in tangible fixed assets in the year totalled £24,260,000 (2009 £12,333,000). This was substantially funded by grants from BBSRC, Defra and other grant awarding bodies.

### ***Review of key developments and activities of the Institute during the year***

Subsequent to the announcement by Government on 27 July 2009 that over £100m of investment would be made by the Department for Business, Innovation and Skills in the redevelopment of the UK's world leading animal disease research laboratories at the Institute's site at Pirbright, the construction contract with the main contractor was finalised in May 2010 and substantive work has now begun on the site, with a planned completion date of 2013.

With the planned closure of the Institute's site at Compton in 2013, in conjunction with the changes to its science strategy, announced in September 2009, a plan was drawn up in February 2010 for the exit from science activities at Compton that are not within the new science strategy. That plan commenced in October 2010 and is being implemented over several months.

The Compton site currently accommodates the Institute's avian research activities which are very much part of the new, future science strategy. The over £100m investment at Pirbright, referred to above, does not, however, include facilities for avian research and therefore the Institute is currently undertaking activities to determine how best to deliver its avian research after 2013, when the Compton site closes.

The three year programme of infrastructure works with respect to compliance and health & safety and business continuity, that needed to be carried out as a consequence of the various regulatory investigations conducted during late 2007 and early 2008, is nearing completion and the major science facilities affected by the works, particularly at the Pirbright site, are being re-commissioned for use.

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## REPORT OF THE TRUSTEE BOARD

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### *Review of key developments and activities of the Institute during the year (continued)*

Professor Martin Shirley, who was awarded a CBE for Services to Science in the 2010 Queen's Birthday Honours, retired as Director of the Institute on 31 October 2010. The Institute, together with BBSRC, have engaged with professional advisors to recruit a new Director. The recruitment process will necessarily take some time and in the interim, Professor David Paton (previously Director of Science) has been appointed as Acting Director from 1 November 2010.

### *Reserves*

Unrestricted general fund balances are allowed to accumulate only to such a level as is required to enable the Institute to respond to anticipated year on year variations in funding without exposing the Institute to undue financial risk. At 31 March 2010 unrestricted general funds showed a deficit of £6,809,000 (2009 £5,210,000).

### *Financial risk management objectives and policies*

In common with other businesses, the Institute aims to minimise financial risk. The measures used by the Trustees to minimise this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Costs are carefully monitored to ensure they remain within the constraints of the budget.

### *Key performance indicators*

The Institute continues to consider and determine the most appropriate Key Performance Indicators by which the development, performance or position of the various elements of its operations can be effectively measured.

The following are considered to be among the Key Performance Indicators:

	2010	2009
Grant and contract income (excludes restricted) (£'000)	24,996	23,506
Cost of scientific research (£'000)	38,426	33,736
Staff costs (£'000)	15,618	14,928
Average number of staff (number)	369	356

### *Subsidiary undertaking*

The Institute's subsidiary undertaking, Avrigo Limited, last traded in 2003 and is currently dormant. Avrigo Limited was formed as part of the Institute's role in the 2001 UK Foot and Mouth outbreak and provided diagnostic and testing services to Defra.

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## REPORT OF THE TRUSTEE BOARD

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### Statement of responsibilities of the Trustee Board

The Trustee Directors (who are also directors of Institute for Animal Health for the purposes of company law) are responsible for preparing the Report of the Trustee Board and the financial statements in accordance with applicable law and regulations

Company law requires the Trustee Directors to prepare financial statements for each financial year. Under that law, the Trustee Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Trustee Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as each of the Trustee Directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the Trustee Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

In addition to its specific statutory responsibilities, the Trustee Board plays an important role in the corporate governance of the Institute. Working through the Director, it reviews and challenges strategic aspects of the Institute's sustainable capital investment programme, estate management strategy, human resource policies and information management systems

### Auditor

A resolution for the re-appointment of Grant Thornton UK LLP as auditor of the Institute is to be proposed at the forthcoming Annual General Meeting

BY ORDER OF THE TRUSTEE BOARD



R S Shaw  
Secretary

13 December 2010



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

We have audited the financial statements of Institute for Animal Health (Limited by Guarantee) for the year ended 31 March 2010 which comprise the principal accounting policies, the statement of financial activities, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Trustee Directors and auditor**

The Trustee Directors (who are also the directors of Institute for Animal Health for the purposes of company law) responsibilities for preparing the Report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the responsibilities of the trustee board.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether the information given in the Report of the trustee board is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because records in relation to research contracts at 31 March 2005 were based upon the scientists' estimate of work done in the absence of time and costs records. These balances form the opening balances for the year ended 31 March 2006, and therefore form part of the calculation of the income recognised from continuing research projects in the years ended 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009. There were no other satisfactory audit procedures that could be adopted to confirm that the amounts recorded as at 31 March 2005, and hence the project income in relation to ongoing contracts that started before 31 March 2005 was properly recorded in the years ended 31 March 2009, 31 March 2008, 31 March 2007, 31 March 2006 and 31 March 2005.

In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE) (CONTINUED)****Qualified opinion arising from limitation in audit scope**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the amount of work done on research projects in previous years to 31 March 2009, in our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been properly prepared in accordance with the Companies Act 2006

In respect alone of the limitation on our work relating to project balances in previous years

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether proper accounting records in earlier years had been maintained

In our opinion the information given in the Report of the trustee board is consistent with the financial statements



**NIGEL SAVORY**  
**SENIOR STATUTORY AUDITOR**  
**FOR AND ON BEHALF OF GRANT THORNTON UK LLP**  
**STATUTORY AUDITOR, CHARTERED ACCOUNTANTS**  
**NORWICH**

20 December 2010 .

# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **PRINCIPAL ACCOUNTING POLICIES**

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

### **BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention, subject to the revaluation of investments and fixed assets which meet certain conditions. The financial statements meet with the requirements of the Companies Act 2006 and have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities 2005. The financial statements comply with applicable United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), so far as these requirements are appropriate. Significant departures from applicable United Kingdom Accounting Standards are disclosed below.

### **GROUP FINANCIAL STATEMENTS**

The Institute is exempt from the requirement to prepare consolidated financial statements by virtue of section 405(2) of the Companies Act 2006 as the result of its dormant subsidiary undertaking, Avrico Limited, not being material for the purposes of providing a true and fair view. Accordingly, these financial statements present information about the Institute as an individual entity and not its group.

The associated companies, as detailed in note 13, have also been excluded from the consolidation on the grounds of these being immaterial to the Institute's financial statements.

### **GOING CONCERN**

The financial statements are prepared on a going concern basis. This is considered appropriate in the light of continuing financial support expected to be provided by BBSRC.

### **FIXED ASSETS**

Fixed assets with a cost of £3,000 or more are depreciated to their estimated residual values basis as set out below. Plant and machinery, fixtures and fittings with a cost of less than £3,000 are expensed in year of purchase.

Leasehold land		over the term of the lease on a straight line basis
Leasehold buildings *	Compton	over the term of the lease on a straight line basis
	Pirbright	5 - 60 years on a straight line basis
Plant and machinery		5 years on a straight line basis
Fixtures, fittings, tools and equipment		5 years on a straight line basis

No depreciation is provided on assets in course of construction.

Fixed assets other than land and buildings are stated at cost. Only land and buildings in which the Institute has a substantive formal legal interest are periodically revalued with any revaluation surplus or deficit taken to the appropriate fund. Buildings occupied and maintained by the Institute in which the Institute has no formal legal interest or only a very restricted one are stated at cost.

Revaluations of buildings were carried out by Powis Hughes and Associates as follows:

Compton site - January 2006, Pirbright site - January 2006

These valuations were carried out on the basis of depreciated replacement cost/value in use. External valuations are carried out every five years with interim informal valuations being carried out after three years (subject to the comment below).

\* As a consequence of the decision to close the Compton site and transfer all the Institute's operations to Pirbright, the depreciation on the leasehold land and buildings at Compton has now been accelerated to write down the remaining leasehold land and buildings to their anticipated net book value of £Nil at 31 March 2014 (being the current anticipated date of closure of the Compton site). As a result of this change in accounting estimate, an additional depreciation charge of £6,822,000 (2009: £Nil) has been included in the Statement of Financial Activities on page 11.

# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **INCOMING RESOURCES**

Income comprises unencumbered grants received from research councils, contract income from collaborative, commissioned and competitively awarded research projects, sales of produce from research farm operations, income from miscellaneous charitable activities, commercial and residential rents from the letting of Institute controlled property, and interest earned on the temporary investment of surplus funds

Income is recognised when the Institute becomes legally entitled to the income and the amount can be quantified with reasonable accuracy. All core BBSRC grants are recognised as revenue in the year they are received. Other grant income of a revenue nature is credited to income as the related research costs are incurred. Grant income received in advance of conditions being met is deferred until those conditions are fully satisfied.

### **UNRESTRICTED FUNDS**

Income received which is not designated by the provider to be applied for specific purposes to an extent which exceeds the constraints of the Institute's constitution is accounted for within unrestricted general funds.

### **RESTRICTED AND DESIGNATED FUNDS**

Income received by way of grants, sponsorship, donation or legacy which is designated by the provider as to be applied for specific purposes is accounted for within restricted funds. Awards applied within the terms dictated by the awarding authority on the acquisition or improvement of tangible fixed assets are also accounted for within restricted funds when the balance of such funds is reduced by the transfer of amounts to unrestricted funds equivalent to any depreciation or amortisation charges over the expected useful life of the asset. The current accounting treatment is not in accordance with Statement of Standard Accounting Practice 4 but the departure is made in order to give a true and fair view.

Unrestricted designated funds comprise sums set aside for specific purposes including the acquisition and improvement of tangible fixed assets, the presentation of scientific conferences, and contributions towards capital to be replaced using the fully economic costing policy adopted by the Institute. Funds applied in support of investment in tangible fixed assets are transferred to restricted funds.

### **TRANSFERS BETWEEN FUNDS**

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

### **RESOURCES EXPENDED**

Costs of charitable activities comprises costs incurred directly or in support of scientific research whether carried out in the Institute's own facilities or in other laboratories.

Costs of generating funds represents the costs associated with trading and raising income including the Institute's rental activities and tenant services and investments.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Institute and include the audit fees, legal advice for trustees, annual report costs and costs linked to the strategic management of the Institute.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs, representing the staffing and associated costs of finance, personnel and general administration in supporting the operations of the Institute, are apportioned on an appropriate basis.

### **STOCK**

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

Research stocks are carried forward as stock as required by Statement of Standard Accounting Practice 9.

# **INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **LEASED ASSETS**

Rentals payable under operating leases are charged to the income and expenditure account evenly over the lease term

Assets acquired under finance leases are capitalised as tangible fixed assets and depreciated over their useful lives. Finance charges and interest are taken to the income and expenditure account in proportion to the remaining balance of capital repayments or net obligations outstanding.

### **FOREIGN CURRENCY TRANSLATION**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

### **RESERVES**

Unrestricted general fund balances are allowed to accumulate only to such a level as is required to enable the Institute to respond to anticipated year-on-year variations in funding without exposing the Institute to undue financial risk. The target for such balances has accordingly been set at 2.5% of recurrent annual income and a ceiling has been set at 10% of recurrent annual income.

### **INVESTMENTS**

The policy of the Institute is to write down investments where a permanent diminution in value is deemed to have occurred. In this instance, the amount will be written off against the income and expenditure account.

### **PENSION COSTS**

The cost of providing pension and related benefits is charged to the statement of financial activities as directed by the BBSRC. The scheme is a defined benefit scheme as explained in note 10 but there are no separately identifiable assets and the actuarial cost to the Institute is not known. Consequently it is not possible to supply the information referred to in Financial Reporting Standard 17 and the Institute has accounted for the scheme as though it were a money purchase scheme.

### **FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

### **TAXATION**

Institute for Animal Health is a registered charity within the meaning of the taxes acts and is, therefore, eligible to claim exemptions to income tax and capital gains tax.

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2010

	Note	General funds £'000	Unrestricted Designated funds £'000	Restricted funds £'000	2010 Total Funds £'000	2009 Total Funds £'000
<b>Incoming resources</b>						
<b><i>Incoming resources from generated funds</i></b>	1					
<i>Activities for generating funds</i>						
Rental income and tenant services		300	-	-	300	337
Investment income		66	-	-	66	228
<b><i>Incoming resources from charitable activities</i></b>	2					
Grants and contracts		22,295	2,701	33,724	58,720	42,102
Research farm operation		1,430	-	-	1,430	1,541
Rental income and tenant services - science		1,373	-	-	1,373	1,961
Staff restaurant and nursery		138	-	-	138	178
Other charitable income	3	1,632	-	79	1,711	1,255
<b>Total incoming resources</b>		<b>27,234</b>	<b>2,701</b>	<b>33,803</b>	<b>63,738</b>	<b>47,602</b>
<b>Resources expended</b>						
<b><i>Costs of generating funds</i></b>	4					
Fundraising trading costs of goods sold and other costs		399	-	375	774	852
Investment management costs		10	-	-	10	20
<b><i>Charitable activities</i></b>	4					
Grants and contracts for scientific research		24,208	-	14,218	38,426	33,736
Research farm operation		2,079	-	710	2,789	2,751
Other charitable activities		1,764	-	1,353	3,117	2,745
<b><i>Governance costs</i></b>	6	<b>370</b>	<b>-</b>	<b>-</b>	<b>370</b>	<b>441</b>
<b>Total resources expended</b>		<b>28,830</b>	<b>-</b>	<b>16,656</b>	<b>45,486</b>	<b>40,545</b>
<b>Net (outgoing)/incoming resources before revaluation of fixed assets and transfers</b>						
		(1,596)	2,701	17,147	18,252	7,057
Profit/(loss) on revaluation of fixed asset investments for charity's use	13	18	-	-	18	(33)
Transfers	19	(21)	-	21	-	-
<b>Net movement in funds</b>		<b>(1,599)</b>	<b>2,701</b>	<b>17,168</b>	<b>18,270</b>	<b>7,024</b>
Balances brought forward		(5,210)	6,166	130,707	131,663	124,639
<b>Balances carried forward</b>		<b>(6,809)</b>	<b>8,867</b>	<b>147,875</b>	<b>149,933</b>	<b>131,663</b>

The accompanying accounting policies and notes form an integral part of these financial statements

**INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)****INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Income</b>			
Gross income		28,454	27,106
Other operating income		1,481	1,738
Capital grant release		16,656	10,952
		<u>46,591</u>	<u>39,796</u>
<b>Less Expenditure</b>			
Staff costs	10	(15,618)	(14,928)
Other expenditure		(29,868)	(25,617)
		<u>(45,486)</u>	<u>(40,545)</u>
<b>Net surplus/(deficit) for the financial year</b>		<u>1,105</u>	<u>(749)</u>
<b>Note of historical cost surplus</b>			
Reported surplus/(deficit) for the year		1,105	(749)
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	12	5,275	2,139
<b>Historical cost surplus for the year</b>		<u>6,380</u>	<u>1,390</u>

A detailed analysis of income and expenditure by source is included in the Statement of Financial Activities

The above results relate to continuing activities

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Net surplus/(deficit) for the financial year		1,105	(749)
Unrealised profit/(loss) on investments	13	18	(33)
<b>Total recognised gains and losses for year</b>		<u>1,123</u>	<u>(782)</u>

The accompanying accounting policies and notes form an integral part of these financial statements

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

BALANCE SHEET AT 31 MARCH 2010

Company number 559784

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible fixed assets	12	140,487	128,527
Investments	13	70	52
		<u>140,557</u>	<u>128,579</u>
<b>Current assets</b>			
Stocks	14	1,229	1,190
Debtors	15	7,736	5,735
Cash at bank and in hand	16	14,590	7,831
		<u>23,555</u>	<u>14,756</u>
<b>Creditors amounts falling due within one year</b>	17	<u>(14,134)</u>	<u>(10,594)</u>
<b>Net current assets</b>		<u>9,421</u>	<u>4,162</u>
<b>Total assets less current liabilities</b>		<u>149,978</u>	<u>132,741</u>
<b>Creditors: amounts falling due after more than one year</b>	18	-	(336)
<b>Provision for liabilities</b>		<u>(45)</u>	<u>(742)</u>
<b>Net assets</b>		<u>149,933</u>	<u>131,663</u>
<b>Financed by</b>			
<i>Unrestricted</i>			
General funds	19	(6,809)	(5,210)
Designated funds	19	8,867	6,166
<i>Restricted</i>			
General funds	19	114,379	92,011
Revaluation reserve	19	33,230	38,505
Other restricted reserve	19	266	191
<b>Total funds</b>	19	<u>149,933</u>	<u>131,663</u>

These financial statements were approved by the board of Governing Council and authorised for issue on

13<sup>th</sup> December 2010

Professor J Brownlie

For and on behalf of the Biotechnology and Biological Sciences Research Council

Mr T M T Key

Trustee Director

The accompanying accounting policies and notes form an integral part of these financial statements



**INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)****CASH FLOW STATEMENT**

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Net cash outflow from operating activities</b>	22	(2,205)	(4,383)
<b>Return on investments and servicing of finance</b>			
Interest received		66	228
<b>Net cash inflow for returns on investment and servicing of finance</b>		66	228
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(24,260)	(12,632)
Proceeds from sale of tangible fixed assets		34	25
<b>Net cash outflow for capital expenditure</b>		(24,226)	(12,607)
<b>Net cash outflow before financing</b>		(26,365)	(16,762)
<b>Financing</b>			
Capital grants		33,724	18,396
Repayment of loans from BBSRC		(600)	-
<b>Net cash inflow from financing</b>		33,124	18,396
<b>Increase in cash in the year</b>	23,24	6,759	1,634

The accompanying accounting policies and notes form an integral part of these financial statements

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 1 INCOMING RESOURCES FROM GENERATED FUNDS

	2010 £'000	2009 £'000
Rental income and services to tenants	300	337
Investment income - bank interest receivable (note 11)	66	228
	<u>366</u>	<u>565</u>

### 2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2010 £'000	2009 £'000
<b>Grant income</b>		
Recurrent grant from UK research councils	10,119	10,269
Contract income	54,781	35,998
	<u>64,900</u>	<u>46,267</u>
Less Deferred income (note 17)	(6,180)	(4,165)
	<u>58,720</u>	<u>42,102</u>
Research farm operation	1,430	1,541
Rental income and tenant services - science	1,373	1,961
Staff restaurant and nursery	138	178
Other charitable income (note 3)	1,711	1,255
	<u>63,372</u>	<u>47,037</u>

The analysis by region is set out below

	2010 £'000	2009 £'000
United Kingdom	61,761	45,081
Europe EEC Commission	1,381	1,125
Other	51	350
North America	113	173
Others	66	308
	<u>63,372</u>	<u>47,037</u>

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### INCOMING RESOURCES FROM CHARITABLE ACTIVITIES (CONTINUED)

#### Analysis of grant income

	Unrestricted £'000	Restricted £'000	2010 Total £'000	2009 Total £'000
<b>BBSRC</b>				
- Core Strategic Grant	10,119	-	10,119	10,269
- Competitive Project Grant	5,139	-	5,139	4,346
- Compliance works	-	4,033	4,033	5,899
- Other grants	113	29,691	29,804	12,729
<b>Total BBSRC</b>	<b>15,371</b>	<b>33,724</b>	<b>49,095</b>	<b>33,243</b>
Defra "Umbrella" contract commission projects	4,577	-	4,577	4,061
Defra competitive projects	144	-	144	74
Defra Surveillance	2,196	-	2,196	2,077
Other government departments, public sector (see below)	713	-	713	514
European Union	1,381	-	1,381	1,064
Industry, levy boards	121	-	121	416
Trusts, foundations, charities	156	-	156	104
Universities	61	-	61	323
Other grant income	276	-	276	226
<b>Total incoming resources - grants and contracts</b>	<b>24,996</b>	<b>33,724</b>	<b>58,720</b>	<b>42,102</b>
<b>Other government departments, public sector</b>				
Veterinary Laboratories Agency	520	-	520	387
Other	193	-	193	127
	<b>713</b>	<b>-</b>	<b>713</b>	<b>514</b>
<b>Other operating income</b>				
Rents receivable			1,415	1,510
Interest receivable			66	228
			<b>1,481</b>	<b>1,738</b>

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 3 OTHER CHARITABLE INCOME

	Unrestricted £'000	Restricted £'000	Total 2010 £'000	Total 2009 £'000
<b>Ancillary trades and activities</b>				
Royalties	136	-	136	173
Diagnostic kits	531	-	531	360
Consultancy	305	-	305	285
Other	660	79	739	437
	<u>1,632</u>	<u>79</u>	<u>1,711</u>	<u>1,255</u>

### 4 ANALYSIS OF RESOURCES EXPENDED

	Staff costs £'000	Other direct costs £'000	Allocated support costs £'000	Total 2010 £'000	Total 2009 £'000
<b>Unrestricted funds</b>					
<i>Costs of generating funds</i>					
Rental income and tenant services	-	153	246	399	676
Investment management costs	-	4	6	10	20
<i>Charitable expenditure</i>					
Grants and contracts for scientific research	10,754	4,723	8,731	24,208	24,334
Research farm operation	454	1,395	230	2,079	2,260
Rental income and tenant services - science	123	230	745	1,098	1,113
Staff restaurant and nursery	-	522	106	628	703
Other charitable activities	-	-	38	38	46
<i>Governance costs</i>	103	104	163	370	441
<b>Total unrestricted resources expended</b>	<u>11,434</u>	<u>7,131</u>	<u>10,265</u>	<u>28,830</u>	<u>29,593</u>
<b>Restricted funds</b>					
<i>Charitable expenditure</i>	-	117	16,539	16,656	10,952
<b>Total restricted resources expended</b>	<u>-</u>	<u>117</u>	<u>16,539</u>	<u>16,656</u>	<u>10,952</u>
<b>Total resources expended</b>	<u>11,434</u>	<u>7,248</u>	<u>26,804</u>	<u>45,486</u>	<u>40,545</u>
<i>Total resources expended - 2009</i>	<u>11,107</u>	<u>7,098</u>	<u>22,340</u>	<u>40,545</u>	

Included in allocated support costs are normal staff costs of £4,186,000 (2009 £3,821,100)

**NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2010

**5 ANALYSIS OF SUPPORT COSTS**

	Housing rental income and tenant services £'000	Investment management £'000	Grants for scientific research £'000	Research farm operation £'000	Science rental income and tenant services £'000	Staff restaurant and nursery £'000	Other charitable £'000	Governance £'000	Total 2010 £'000	Total 2009 £'000	Basis of allocation
<b>Unrestricted</b>											
Premises	138	-	5,931	69	688	52	-	-	6,878	7,285	% of floor area
Financial costs	16	6	363	44	28	16	16	66	555	519	time spent
Management	22	-	529	22	9	10	6	26	624	1,598	time spent
Human resources	62	-	450	25	-	18	-	62	617	580	time spent
Information technology	6	-	1,323	57	15	7	15	-	1,423	1,389	time spent
Purchasing and procurement	2	-	135	13	5	3	1	9	168	190	time spent
	<u>246</u>	<u>6</u>	<u>8,731</u>	<u>230</u>	<u>745</u>	<u>106</u>	<u>38</u>	<u>163</u>	<u>10,265</u>	<u>11,561</u>	
<b>Restricted</b>											
Depreciation	350	-	9,872	467	934	59	-	-	11,682	4,880	
Repairs / compliance	25	-	4,346	243	243	-	-	-	4,857	5,899	
	<u>375</u>	<u>-</u>	<u>14,218</u>	<u>710</u>	<u>1,177</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>16,539</u>	<u>10,779</u>	
	<u>621</u>	<u>6</u>	<u>22,949</u>	<u>940</u>	<u>1,922</u>	<u>165</u>	<u>38</u>	<u>163</u>	<u>26,804</u>	<u>22,340</u>	

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 6 ANALYSIS OF GOVERNANCE COSTS

	2010 £'000	2009 £'000
Legal and professional	32	75
External audit fees	43	47
Other services provided by external auditor - VAT advisory	22	4
Company secretarial costs	103	111
Trustee expenses	7	5
Governance meetings	-	2
Shared services project	-	-
Apportionment of staff and support	163	197
	<u>370</u>	<u>441</u>

### 7 OPERATING COSTS

	2010 £'000	2009 £'000
<b>Operating costs stated after charging:</b>		
Auditor's remuneration		
- audit services	43	47
- non-audit services	22	4
Depreciation	12,129	4,822
Loss on disposal of fixed assets	137	58
Hire of plant and machinery	8	6
Rental of land and buildings	254	242
	<u></u>	<u></u>

Operating costs are stated net of laboratory supplies carried forward in stock amounting to £241,000 (2009 £202,000) (note 14)

### 8 CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	2010 Total £'000	2009 Total £'000
Net movement in funds for the year	(1,599)	2,701	17,168	18,270	7,024
Net increase in fixed assets for direct charitable purposes	-	-	(11,978)	(11,978)	(7,394)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Net movement in funds available for future activities	(1,599)	2,701	5,190	6,292	(370)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

### 9 REMUNERATION OF THE MEMBERS OF THE GOVERNING COUNCIL

None (2009 none) of the members of the Governing Council received any remuneration from the Institute during the year. Two members (2009 eight members) of the Governing Council had travel expenses of £3,297 (2009 £4,522) reimbursed during the year and received consultancy fees of £3,750 (2009 £Nil).

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 10 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	
	2010	2009
Office, management and estate support	100	75
Research farm	12	11
Scientific	257	270
	<u>369</u>	<u>356</u>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£'000	£'000
Wages and salaries - normal	12,429	11,895
Social security costs	840	822
Other pension costs	2,349	2,211
	<u>15,618</u>	<u>14,928</u>

Employees of the council are members of the Research Councils' Pension Schemes, which are funded on a pay-as-you-go basis principally through employer and employee contributions and annual grant-in-aid. The pension schemes are by analogy to the Principal Civil Service Pension Scheme (PCSPS), except that while the schemes that are defined benefit schemes and provide retirement and related benefits on final emoluments, redundancy and injury benefits are administered and funded by the council. The pension schemes are administered by the Research Councils' Joint Superannuation Services and the schemes' finances are administered by the BBSRC. A separate Research Councils' Pension Schemes Account has been published and contains the further disclosure of information under the relevant accounting standard.

The council pays employers' contributions, at a percentage of scheme members' pensionable pay and emoluments assessed by the Government Actuary's Department on a periodical basis. The rate from 1 April 2005 was 21.3%, which was established following GAD's most recent assessment. The pension costs represent contributions payable by the Institute to the scheme and amount to £2,349,000 (2009 £2,211,000).

The number of staff with emoluments greater than £60,000 was

	2010	2009
	Number	Number
£60,000 - £69,999	7	8
£70,000 - £79,999	5	4
£80,000 - £89,999	2	1
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1

The number of staff earning over £60,000 for whom retirement benefits are accruing under defined benefit schemes amounted to fifteen (2009 fourteen) and the amounts paid in the year were £219,935 (2009 £200,866).

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 11 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Bank interest receivable	66	228

### 12 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Payments on account and assets in course of construction £'000	Total £'000
<b>Group and charity</b>					
Cost/revaluation					
At 1 April 2009	96,250	13,320	1,283	42,024	152,877
Additions	-	1,495	-	22,765	24,260
Disposals	(353)	(29)	-	-	(382)
At 31 March 2010	95,897	14,786	1,283	64,789	176,755
Depreciation					
At 1 April 2009	11,564	11,503	1,283	-	24,350
Charge for year historic	5,791	1,063	-	-	6,854
Charge for year revaluation	5,275	-	-	-	5,275
Disposals historic	(182)	(29)	-	-	(211)
At 31 March 2010	22,448	12,537	1,283	-	36,268
Net book value at 31 March 2010	73,449	2,249	-	64,789	140,487
Net book value at 31 March 2009	84,686	1,817	-	42,024	128,527
<b>Buildings revaluations comprise</b>					£'000
Compton (2006)					50,305
Pirbright (2006)					38,719
Revalued amount					89,024



**INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)****NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2010

**TANGIBLE FIXED ASSETS (CONTINUED)**

The net book value of land and buildings comprises

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Short leasehold land	<b>14,740</b>	15,516
Short leasehold buildings (subject to formal lease)	<b>58,709</b>	69,170
	<b>73,449</b>	<b>84,686</b>

Details of leased assets included within fixed assets are

**Plant and machinery**

Cost brought forward at 1 April 2009	<b>108</b>	110
Disposals	-	(2)
Accumulated depreciation brought forward at 1 April 2009	<b>(108)</b>	(110)
Depreciation on disposals	-	2
Net book value at 31 March 2010	-	-

Net obligations under finance lease contracts are secured on the assets acquired

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Net book value of fixed assets used for direct charitable purposes	<b>140,487</b>	128,527

**13 INVESTMENTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>UK listed investments held as fixed assets</b>		
Market value at 1 April 2009	<b>52</b>	85
Unrealised profit/(loss)	<b>18</b>	(33)
Market value at 31 March 2010	<b>70</b>	52
Represented by		
Genus plc	<b>26</b>	21
Dairy Crest	<b>44</b>	31
Total	<b>70</b>	52

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### INVESTMENTS (CONTINUED)

#### Investment in subsidiary undertaking

Avrico Limited, which is incorporated in England and Wales, previously undertook Foot and Mouth disease testing on behalf of the Institute and was dormant during the current and previous year. The Institute owns the entire share capital of 100 ordinary shares of £1 each.

The assets and liabilities of the subsidiary were

	2010 £'000	2009 £'000
Current assets	-	-
Creditors: amounts falling due within one year	(8)	(8)
Net liabilities	(8)	(8)
Aggregate share capital and reserves	(8)	(8)

The Institute has provided for the deficit shown by the subsidiary undertaking by writing off the amount owed to it by Avrico Limited.

#### Investment in associated undertakings

Genecom Limited was incorporated in July 2004 as a company limited by guarantee. The company was established by way of grants from the Department of Innovation, Universities and Skills and the European Regional Development Fund and is a new business development vehicle. The primary aim of the company is to build capacity to develop more effective commercial exploitation platforms for the members' technologies, share experience and expertise. The Institute has equal membership in this company with Roslin Institute and the Moredun Research Institute. The company's turnover for the year ended 31 March 2010 was £841,000 (2009 £575,000) and its net assets as at 31 March 2010 were £45,000 (2009 £36,000).

Genomia Management Limited was formed on 16 April 2004 and is also a company limited by guarantee. The company was established by way of grants from the Department of Innovation, Universities and Skills and the European Regional Development Fund. The company manages the Genomia Fund, the objective of which is to assist in the development of research output from the members into commercially realisable opportunities. The Institute has equal membership in this company with Roslin Institute, Moredun Research Institute, Rowett Research Institute and the Scottish Agricultural College. The company's turnover for the year ended 31 March 2010 was £632,000 (2009 £224,000) and its net assets as at 31 March 2010 were £Nil (2009 £Nil).

### 14 STOCKS

	2010 £'000	2009 £'000
Farm	988	988
Laboratory supplies	241	202
	1,229	1,190

The Institute's stock consists of farm stocks used for non-research purposes and stock of laboratory supplies for research purposes.

**INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)****NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2010

**15 DEBTORS**

	2010 £'000	2009 £'000
Trade debtors	350	1,005
Other debtors	5,113	3,201
Prepayments	335	202
Accrued income	1,938	1,327
	<u>7,736</u>	<u>5,735</u>

**16 CASH AT BANK AND IN HAND**

	2010 £'000	2009 £'000
Cash at bank	14,589	7,830
Cash in hand	1	1
	<u>14,590</u>	<u>7,831</u>

**17 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010 £'000	2009 £'000
Loan from BBSRC	336	600
Trade creditors	2,589	2,142
Taxation and social security	327	329
Other creditors	1,009	907
Accruals	3,693	2,451
Deferred income	6,180	4,165
	<u>14,134</u>	<u>10,594</u>

The loan from the BBSRC is interest free and unsecured

**18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2010 £'000	2009 £'000
Loan from the BBSRC (note 17)	-	336

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 19 FUNDS

	Balance 1 April 2009 £'000	Net incoming/ (outgoing) resources £'000	Transfer between funds £'000	Balance 31 March 2010 £'000
<b>Unrestricted- General</b>	(5,210)	(1,578)	(21)	(6,809)
- Designated	6,166	2,701	-	8,867
<b>Restricted</b>				
Capital fund	92,011	22,347	21	114,379
Revaluation reserve	38,505	(5,275)	-	33,230
Other restricted reserve	191	75	-	266
	<u>131,663</u>	<u>18,270</u>	<u>-</u>	<u>149,933</u>

The capital fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of tangible fixed assets held by the charity and amounts received for capital but not yet spent. Where grants are insufficient to meet the full cost of the assets, transfers are made from the other funds as appropriate, representing their contribution towards the overall cost of the asset.

#### Analysis of net assets between funds

	Fixed assets £'000	Net current assets £'000	Provisions £'000	Total £'000
<b>Restricted funds</b>				
Restricted capital reserve	107,257	7,122	-	114,379
Revaluation reserve	33,230	-	-	33,230
Other restricted reserve	-	266	-	266
<b>Unrestricted funds - General</b>	70	(6,834)	(45)	(6,809)
- Designated	-	8,867	-	8,867
	<u>140,557</u>	<u>9,421</u>	<u>(45)</u>	<u>149,933</u>

#### Transfers between funds

	Unrestricted general funds £'000	Unrestricted designated funds £'000	Restricted funds £'000
<b>Year ended 31 March 2010</b>			
Funds applied on capital expenditure	(21)	-	21
	<u>(21)</u>	<u>-</u>	<u>21</u>
<b>Year ended 31 March 2009</b>			
Designation of funds	(5)	-	5
Funds applied on capital expenditure	(101)	-	101
	<u>(106)</u>	<u>-</u>	<u>106</u>

**INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)****NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2010

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Authorised but not contracted for	<b>107,500</b>	<b>10,904</b>

The capital commitments of £107,500,000 (2009 £10,904,000) will be significantly funded by the BBSRC

**(b) Operating lease commitments**

The Institute is committed to the following annual charges in respect of

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Land and buildings</b>		
Expiring after five years	<b>243</b>	<b>226</b>
<b>Plant and Machinery</b>		
Expiring within five years	<b>12</b>	<b>-</b>

**21 INSURANCE**

In line with government policy

- No insurance against property losses is affected by the Institute except that required by statute
- No premiums are paid under the Employers' Liability (Compulsory Insurance) Act 1969 A certificate of indemnity has been given by the relevant Government department

The Institute has entered a policy of insurance to indemnify trustees and officers against legal or other costs incurred as a consequence of their action or inaction as trustees or officers of the Institute The premium and related costs in respect of this policy were £2,434 (2009 £2,640)

**22 RECONCILIATION OF CHANGE IN RESOURCE TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Net incoming resources	<b>18,252</b>	<b>7,057</b>
Interest receivable	<b>(66)</b>	<b>(228)</b>
Depreciation charged	<b>12,129</b>	<b>4,822</b>
Loss on disposal of fixed assets	<b>137</b>	<b>58</b>
Capital grants received	<b>(33,724)</b>	<b>(18,396)</b>
(Increase)/decrease in stocks	<b>(39)</b>	<b>27</b>
(Increase)/decrease in debtors	<b>(2,001)</b>	<b>582</b>
Increase in creditors	<b>3,804</b>	<b>1,853</b>
Decrease in provisions	<b>(697)</b>	<b>(158)</b>
Net cash outflow from operating activities	<b>(2,205)</b>	<b>(4,383)</b>

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £'000	2009 £'000
Increase in cash in year	6,759	1,634
Cash outflow from decrease in loans from BBSRC in cash in year	600	-
Movement in net funds in year	7,359	1,634
Net funds at 1 April 2009	6,895	5,261
Net funds at 31 March 2010	14,254	6,895

### 24 ANALYSIS OF NET FUNDS

	At 1 April 2009 £'000	Cash flow £'000	At 31 March 2010 £'000
Cash at bank and in hand	7,831	6,759	14,590
Loans from BBSRC	(936)	600	(336)
	6,895	7,359	14,254

### 25 CONTINGENT ASSETS AND LIABILITIES

There is a contingent liability to account to the Biotechnology and Biological Sciences Research Council for the net proceeds of disposal of fixed assets acquired with grant assistance and for recurrent grant in excess of the financing requirements

Any indebtedness by the Institute to its bankers is secured by a fixed and floating charge on the assets of the Institute. There was no such net indebtedness at 31 March 2010 or 31 March 2009

### 26 RESTRICTED FUNDS AND UNRESTRICTED DESIGNATED FUNDS

Restricted funds comprise grants received from funders specifically to be applied in the acquisition or improvement of tangible fixed assets or otherwise applied for such purposes within the terms of delegated authority or permitted virement. Unrestricted designated funds comprise sums set aside for specific purposes including the acquisition and improvement of tangible fixed assets, the presentation of scientific conferences, and contributions towards capital to be replaced using the fully economic costing policy adopted by the Institute. Funds applied in support of investment in tangible fixed assets are transferred to restricted funds.

The unexpended balance of restricted funds and unrestricted designated funds is invested in temporary deposits and appears in the balance sheet under current assets.

# INSTITUTE FOR ANIMAL HEALTH (LIMITED BY GUARANTEE)

## NOTES TO THE TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 27 BUILDINGS REVALUATION - UNREALISED GAIN

The reserve resulting from the revaluations carried out between 2000 and 2006 has been depreciated assuming a life of 20 years. The balance of the reserve as at 31 March 2010 is as follows

	£'000
Revaluation reserve brought forward	38,505
Depreciation charged (note 12)	(5,275)
	<hr/>
Revaluation reserve carried forward	33,230
	<hr/>

The Compton and Pirbright premises of the Institute's leasehold property were revalued during January 2006 by Powis Hughes and Associates Chartered Surveyors at an estimated depreciated replacement cost of £89,024,000. This revaluation did not include the recently completed isolation unit in Pirbright valued at a further £6,733,000.

The 2007 depreciation charge included £250,000 of impairment charge relating to all buildings in Scotland that were transferred to another BBSRC funded Institute on 31 March 2007.

On an historical cost basis, the leasehold property would have been included at an original cost of £131,032,000 (2009 £107,441,000) and aggregate depreciation of £23,898,000 (2009 £22,094,000).

### 28 RELATED PARTY TRANSACTIONS

#### Biotechnology and Biological Science Research Council (BBSRC)

The Institute for Animal Health is affiliated with the BBSRC along with seven other Institutes. Details of grants received from BBSRC are detailed in note 2. During the year, the BBSRC charged the Institute £427,000 (2009 £358,000) for Computing Centre costs and £978,000 (2009 £413,000) for other costs.

A loan from BBSRC of £336,000 (2009 £936,000) is interest-free and repayable by 31 March 2011.

#### Genecom Limited

During the year the Institute provided goods and services to Genecom Limited amounting to £50,426 (2009 £6,085). At the year end the Institute was owed £4,431 (2009 £30,708).

#### Genomia Management Limited

The Institute received a grant of £Nil (2009 £45,397) from Genomia Management Limited in the year. The balance of grants committed but not yet received at the year end amounted to £Nil (2009 £Nil).