

Company Registration Number: 2698321

MRC COLLABORATIVE CENTRE

A COMPANY LIMITED BY GUARANTEE AND NOT HAVING
SHARE CAPITAL.

A CHARITABLE COMPANY REGISTERED WITH THE
CHARITY COMMISSIONERS, NUMBER 1015243.

Financial Statements

31st March 1995



Chartered Accountants

L O N D O N

MRC COLLABORATIVE CENTRE

(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

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MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****DIRECTORS AND PROFESSIONAL ADVISORS****Governing Body of Directors:**

Dr I P Sword (Chairman)
I C Baillie Esq
Dr D R Dunstan
Dr R H Gilmour
Dr D A A Owen
Dr J J Skehel

Registered Office:

1-3 Burtonhole Lane
Mill Hill
London
NW7 1AD

Auditors:

Cooper Lancaster Brewers
Aldwych House
81 Aldwych
London
WC2B 4HP

Bankers:

Royal Bank of Scotland Plc
28 Cavendish Square
London
W1H 0DB

Solicitors:

Cumberland Ellis Piers
Columbia House
69 Aldwych
London
WC2B 4RW

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****REPORT OF THE GOVERNING BODY OF DIRECTORS**

The Governing Body of Directors hereby present their annual report and financial statements for the year ended 31st March 1995.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the Company are:

- (a) to engage in scientific or medical research in order to promote the dissemination of research findings and inventions for the general benefit of science and medicine; and:
- (b) to assist the transfer to industry of scientific discoveries and new technologies arising from MRC research so as to facilitate the development of therapeutic drugs or technology for relief of the sick.

The Company's laboratories house 10 collaborative research and development projects which are fully financed by UK and overseas pharmaceutical companies. The Company has funded its own research in the fields of antibody engineering and virology, both of which have a good prospect of yielding externally funded projects.

RESULTS

The surplus for the year amounts to £337,913 which is to be transferred to the Accumulated Fund. It is intended that this will be applied towards enabling the Company to develop new research projects, both by internally-funding new projects and marketing initiatives as well as providing new laboratory facilities and equipment.

SHARE CAPITAL AND MEMBERSHIP

The Company is limited by guarantee and thus has no share capital.

Every member of the Company undertakes to contribute to the assets of the company in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for the debt and liabilities of the Company contracted before he ceases to be a member, such amounts may not exceed £1.

EVENTS SINCE THE BALANCE SHEET DATE

The Company had been funding a project designed to bring an important discovery by MRC Scientists to the point at which further development can be financed by commercial organisations. This project has now been funded by third party investors via a new company, Prolifix Limited. Prolifix Limited was incorporated on 17th February 1994 as a wholly owned subsidiary of this Company but control was only intended to be temporary while investors were sought. On the 7th April 1995 Prolifix Limited ceased to be a subsidiary of the MRC Collaborative Centre and a substantial third party investment was subsequently made in Prolifix Limited on 22nd September 1995 with two other major investments being under negotiation at the date of this report.

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****REPORT OF THE GOVERNING BODY OF DIRECTORS****DIRECTORS**

The members of the Governing Body, who are directors for the purposes of the Companies Act 1985, during the year were:

R P Bauman Esq (Chairman)	
Dr D N Copsey (Executive Director)	resigned 10th August 1994
Dr C C G Hentschel (Executive Director)	resigned 10th August 1994
I C Baillie Esq	appointed 7th September 1994
Dr D R Dunstan	
Dr R H Gilmour	
Dr D A A Owen	
Dr J J Skehel	

Dr D N Copsey and Dr C C G Hentschel resigned from the Governing Body on 10th August 1994 after taking up contracts of employment, effective from 1st April 1994, with the Company.

Dr I P Sword was appointed to the Governing Body of Directors on 5th June 1995 and appointed Chairman. R P Bauman Esq resigned from the Governing Body of Directors on 28th June 1995.

RESPONSIBILITIES OF THE DIRECTORS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing those financial statements, the directors are required to:

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

The directors 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 financial statements 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.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased insurance to indemnify any director or officer of the Company against liabilities incurred in acting in such capacity.

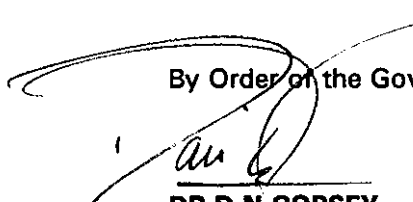
AUDITORS

Cooper Lancaster Brewers have expressed their willingness to continue in office as auditors, and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

1-3 Burtonhole Lane
Mill Hill
London
NW7 1AD

7 December , 1995.

By Order of the Governing Body


DR D N COPSEY
Secretary

AUDITORS' REPORT TO THE MEMBERS OF**MRC COLLABORATIVE CENTRE****(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)**

We have audited the financial statements on pages 6 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st March 1995 and of the surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LONDON

Cooper Lancaster Brewers
Chartered Accountants
Registered Auditors

M. J. J. J., 1995.

Cooper Lancaster Brewers

AUDITORS' REPORT TO THE DIRECTORS OF**MRC COLLABORATIVE CENTRE****PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985**

We have examined the financial statements of the Company and its subsidiary for the year ended 31st March 1995.

BASIS OF OPINION

The scope of our work for the purpose of this report was limited to confirming that the Company is entitled to the exemption from preparing group financial statements.

OPINION

In our opinion, the Company is entitled to the exemption from preparing group financial statements conferred by section 248 of the Companies Act 1985.

LONDON

Cooper Lancaster Brewers
Chartered Accountants
Registered Auditors

7th December, 1995.

Cooper Lancaster Brewers

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1995**

	<u>Note</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Research contracts and grants	2	3,027,072	3,264,308
Research expenditure		(2,159,621)	(2,315,904)
		<u>867,451</u>	<u>948,404</u>
Administrative Expenditure:			
Staff costs recharged by Medical Research Council	3	(341,092)	(285,564)
Depreciation		(64,285)	(63,419)
Establishment costs		(184,500)	(116,723)
Other operating charges		(159,250)	(201,278)
		<u>118,324</u>	<u>281,420</u>
OPERATING SURPLUS	4		
Interest receivable and similar income	5	219,589	129,546
		<u>£337,913</u>	<u>£410,966</u>
SURPLUS FOR THE YEAR TRANSFERRED TO ACCUMULATED FUND	12		

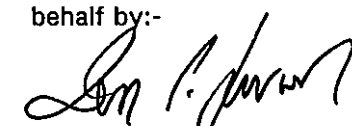
Statement of Total Recognised Gains and Losses

The surplus for the year as stated above recognises all gains and losses for the year, as defined by Financial Reporting Standard No. 3.

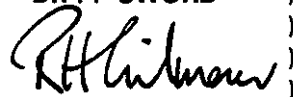
MRC COLLABORATIVE CENTRE(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)BALANCE SHEET31ST MARCH 1995

	<u>Note</u>	<u>£</u>	<u>1995</u> <u>£</u>	<u>£</u>	<u>1994</u> <u>£</u>
FIXED ASSETS					
Tangible assets	6	3,093,403		3,470,956	
Investments	7	2		-	
			3,093,405		3,470,956
CURRENT ASSETS					
Stock and work in progress	8	8,294		93,874	
Debtors	9	701,553		769,171	
Cash at bank and in hand		3,986,845		2,901,879	
		4,696,692		3,764,924	
CREDITORS: Amounts falling due within one year	10	(1,013,333)		(797,029)	
NET CURRENT ASSETS			3,683,359		2,967,895
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£6,776,764</u>		<u>£6,438,851</u>
RESERVES					
Permanent endowment	11		4,946,745		5,946,264
Accumulated fund	12		1,830,019		492,587
			<u>£6,776,764</u>		<u>£6,438,851</u>

The financial statements were approved by the Governing Body on 7 December 1995 and were signed on its behalf by:-



DR I P SWORD



DR R H GILMOUR

DIRECTORS

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST MARCH 1995**

	<u>Note</u>	£	<u>1995</u> £	£	<u>1994</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16		909,249		1,184,409
RETURNS ON INVESTMENTS					
Interest received		202,393		112,382	
Rental and other income		17,196		17,164	
Net cash inflow from returns on investments			219,589		129,546
INVESTING ACTIVITIES					
Payments to acquire investments		(2)		-	
Payments to acquire fixed assets		(43,870)		(101,661)	
Net cash outflow from investing activities			(43,872)		(101,661)
NET CASH INFLOW BEFORE FINANCING			1,084,966		1,212,294
FINANCING					
Receipt from Medical Research Council in respect of permanent endowment		-		677,145	
Centre fund endowment		-		95,886	
Net cash inflow from financing			-		773,031
INCREASE IN CASH AND CASH EQUIVALENTS	17		<u>£1,084,966</u>		<u>£1,985,325</u>

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH 1995****1. ACCOUNTING POLICIES****(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Research Contracts and Grants

These represent the amounts chargeable to industrial sponsors, whether invoiced or accrued, excluding value added tax, in respect of research undertaken and facilities provided during the year.

(c) Depreciation of Tangible Fixed Assets

Depreciation is provided on the straight line basis so as to write off the cost or valuation of tangible fixed assets over their estimated useful lives which are as follows:

Long leasehold land and buildings -

over the period of the lease (60 years)

Laboratory equipment -

over the shorter of the period of the contracts or estimated economic lives.

Furniture, fixtures and fittings and office equipment -

over the shorter of the period of the contracts or estimated economic lives.

(d) Stock and Work in Progress

Consumable stocks have been valued at the lower of cost and net realisable value.

Long term contract work in progress is stated at the lower of cost less any provision for foreseeable losses and net realisable value.

Income on long term contracts is recognised when the outcome of the contracts can be determined with reasonable certainty. It represents the cumulative value of work to date, less amounts already credited to the income and expenditure account.

(e) Taxation

The company is a registered charity and is not liable to income and corporation taxes.

(f) Operating Leases

Operating lease rentals are charged to the income and expenditure account as incurred.

(g) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Transactions which have been concluded prior to the balance sheet date are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses arising in the normal course of operations are included in the income and expenditure account.

(h) Fixed Asset Investments

Shares in the subsidiary undertaking are included at original cost less any amounts written off for permanent diminution in value.

(i) Group Financial Statements

The Company and its small subsidiary comprise a medium group. The Company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group financial statements.

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH 1995****2. RESEARCH CONTRACTS AND GRANTS**

Research contracts and grants arise from the principal activities of the company.

The geographical analysis is as follows:

	<u>1995</u>	<u>1994</u>
	£	£
United Kingdom	675,351	498,103
Europe	956,472	1,000,920
USA	253,685	903,530
Asia	1,141,564	861,755
	<u>£3,027,072</u>	<u>£3,264,308</u>

3. STAFF COSTS

The average weekly number of staff employed by the company was as follows:

	Number	Number
	£	£
Management	<u>2</u>	<u>-</u>
	£	£
Salaries	114,950	-
Social security costs	10,560	-
Pension contributions	7,700	-
	<u>£133,210</u>	<u>£ -</u>

Staff costs disclosed above relate to certain employees whose contracts of employment with Medical Research Council were transferred to the Company during the year. The remainder of contracts with Medical Research Council employed staff working in the Company's laboratories were transferred to the Company after the year end.

The members of the Governing Body received no remuneration from the Company during the year.

4. OPERATING SURPLUS

	<u>1995</u>	<u>1994</u>
	£	£
This is stated after charging:-		
Auditors remuneration	10,000	8,500
Depreciation of tangible fixed assets	421,423	529,739
Operating lease rentals	<u>17,289</u>	<u>21,099</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Rental and other income	17,196	17,164
Interest receivable on bank deposits	202,393	112,382
	<u>£219,589</u>	<u>£129,546</u>

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH 1995**

6. TANGIBLE FIXED ASSETS	Long		Furniture,	
	Leasehold	Laboratory	Fixtures &	
	Land and	Equipment	and Office	
	<u>Buildings</u>	<u>Equipment</u>	<u>Equipment</u>	<u>Total</u>
	£	£	£	£
Cost or Endowment Values:				
At 1st April 1994	2,475,000	869,348	868,189	4,212,537
Additions at cost	-	25,410	18,460	43,870
At 31st March 1995	<u>2,475,000</u>	<u>894,758</u>	<u>886,649</u>	<u>4,256,407</u>
Depreciation:				
At 1st April 1994	41,250	431,453	268,878	741,581
Charge for the year	41,250	187,045	193,128	421,423
At 31st March 1995	<u>82,500</u>	<u>618,498</u>	<u>462,006</u>	<u>1,163,004</u>
Net book value 31st March 1995	<u>£2,392,500</u>	<u>£276,260</u>	<u>£424,643</u>	<u>£3,093,403</u>
Net book value 1st April 1994	<u>£2,433,750</u>	<u>£437,895</u>	<u>£599,311</u>	<u>£3,470,956</u>

Assets transferred from Medical Research Council were valued by Medical Research Council at estimated net book values at the date of endowment.

7. FIXED ASSET INVESTMENTS			1995	1994
			£	£
Shares in subsidiary undertaking:				
Cost:				
1st April 1994			-	-
Additions			2	-
31st March 1995			<u>£ 2</u>	<u>£ -</u>
Subsidiary Undertaking:				
<u>Name of Company</u>	<u>Holding</u>	<u>% Held</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>
Prolifix Limited	Ordinary Shares	100%	United Kingdom	Dormant
			1995	1994
			£	£
Profit/(loss) for the year				
Prolifix Limited			<u>£ -</u>	<u>£ -</u>
Shareholders' funds				
Prolifix Limited			<u>£ 2</u>	<u>£ -</u>

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH 1995**

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
8. STOCK AND WORK IN PROGRESS		
Consumable stocks	-	93,874
Work in progress	8,294	-
	<u>£8,294</u>	<u>£93,874</u>
9. DEBTORS		
Amounts due from industrial sponsors	124,915	52,745
Other debtors	62,213	8,157
Prepayments and accrued income	514,425	708,269
	<u>£701,553</u>	<u>£769,171</u>
10. CREDITORS: Amounts falling due within one year		
Creditors for expenditure	26,457	-
Accrued expenditure	986,876	797,029
	<u>£1,013,333</u>	<u>£797,029</u>
11. PERMANENT ENDOWMENT		
Restricted Funds	2,475,000	2,475,000
Less: Transfer to Accumulated Fund in respect of depreciation on Leasehold buildings	(82,500)	-
	<u>2,392,500</u>	<u>2,475,000</u>
Unrestricted Funds	3,471,264	3,471,264
Less: Transfer to Accumulated Fund in respect of depreciation on laboratory equipment and fixtures and fittings	(917,019)	-
	<u>2,554,245</u>	<u>3,471,264</u>
	<u>£4,946,745</u>	<u>£5,946,264</u>

The permanent endowment represents the cash endowed and the value of tangible fixed assets, minor equipment, consumable stocks, work in progress, other assets and liabilities, title to which was transferred from Medical Research Council to the company.

MRC COLLABORATIVE CENTRE**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****NOTES TO THE FINANCIAL STATEMENTS****31ST MARCH 1995****12. ACCUMULATED FUND**

At 1st April 1994	492,587	81,621
Surplus for the year	337,913	410,966
Add: Transfer from Permanent Endowment in respect of depreciation on leasehold buildings	82,500	-
Add: Transfer from Permanent Endowment in respect of depreciation on laboratory equipment and fixtures and fittings	917,019	-
At 31st March 1995	<u>£1,830,019</u>	<u>£492,587</u>

13. CONTINGENT LIABILITIES

At 31st March 1995 there were no contingent liabilities.

14. OPERATING LEASE COMMITMENTS

	<u>Equipment</u>
	£
The annual rentals of committed leases at 31st March 1995 expire as follows:	
Within one year	1,031
Within two to five years	18,237
	<u>£19,268</u>

15. CHARITABLE STATUS

The company is a charity registered with the Charity Commissioners, number 1015243.

**16. CASH FLOW STATEMENT:
RECONCILIATION OF OPERATING SURPLUS TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>1995</u>	<u>1994</u>
	£	£
Operating surplus	118,324	281,420
Depreciation	421,423	529,739
Decrease in stock and work in progress	85,580	235,534
Decrease/(increase) in debtors	67,618	(45,264)
Increase in creditors	216,304	182,980
Net cash inflow from operating activities	<u>£909,249</u>	<u>£1,184,409</u>

**17. CASH FLOW STATEMENT:
RECONCILIATION OF MOVEMENTS IN CASH AND CASH
EQUIVALENTS WITH BALANCE SHEET ITEMS**

	<u>1995</u>	<u>1994</u>
	£	£
Cash and cash equivalents at 1st April 1994	2,901,879	916,554
Net cash inflow	1,084,966	1,985,325
Cash and cash equivalents at 31st March 1995	<u>£3,986,845</u>	<u>£2,901,879</u>
Cash at bank and in hand	<u>£3,986,845</u>	<u>£2,901,879</u>