

Company Registration Number: 2698321

MEDICAL RESEARCH COUNCIL TECHNOLOGY

A Company Limited by Guarantee and not having a Share Capital

Registered with the Charity Commission, number 1015243

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st March 2001



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MEDICAL RESEARCH COUNCIL TECHNOLOGY
(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
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MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

DIRECTORS AND PROFESSIONAL ADVISORS

YEAR ENDED 31ST MARCH 2001

Governing Body of Directors:	Dr D A A Owen	-resigned 5 th February 2001
	Professor Sir J J Skehel	
	N H Winterton Esq (Chairman)	
	Dr M A Dalrymple	- resigned 5 th February 2001
	Dr D J McLaren	
	Dr R Henderson	
	D T Flint Esq	- appointed 22 nd June 2000
	Professor R P Millar	- appointed 22 nd June 2000
Registered Office:	1-3 Burtonhole Lane Mill Hill London NW7 1AD	
Auditors:	CLB Aldwych House 81 Aldwych London WC2B 4HP	
Bankers:	Royal Bank of Scotland Plc 28 Cavendish Square London W1M 0DB	
Solicitors:	Cumberland Ellis Peirs Columbia House 69 Aldwych London WC2B 4RW	
Investment Advisers:	HSBC Investment Management 6 Bevis Marks London EC3A 7JQ	

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

REPORT OF THE GOVERNING BODY OF DIRECTORS

FOR THE YEAR ENDED 31ST MARCH 2001

The Governing Body of Directors, who are also directors of the charity for the purposes of the Companies Act hereby presents its annual report and consolidated financial statements for the year ended 31st March 2001. The Governing Body of Directors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity. The report of the Governing Body of Directors also represents the trustees report which is required to be prepared by Part VI of the Charities Act 1993.

CONSTITUTION

Medical Research Council Technology is a company limited by guarantee (No 2698321) having been incorporated under the Companies Act 1985 on 18th March 1992. The company does not have a share capital, but its members, in the event of a winding up, undertake to contribute to the assets of the company a sum not exceeding £1 per member.

The Company is also a registered charity (No 1015243) with the Charity Commission for England and Wales. Its governing instrument is its Memorandum and Articles of Association, subject to the provisions of the Companies Act 1985 and subject also to the provisions of the Charities Acts.

The Governing Body of Directors acts in the capacity of the company's directors for the purposes of the Companies Act and in the capacity of Trustees in respect of its charitable objectives under the Charities Acts.

The constitution provides the usual balance of powers between members and directors found in all companies, but in the case of the Company, with particular provision for certain controls exercisable by the Medical Research Council, which appoints and if necessary removes members of the Governing Body and by the Charity Commission. In general, the members decide on any changes to the constitution of the company and powers of directors but, generally, all the functions of the Company within its constitution and the achievement of its objects are governed and carried out by the Governing Body of Directors acting as trustees of the charity.

The Governing Body meet on a quarterly basis to review and direct the scientific and medical research and to deal with the detailed financial and administrative affairs of the Company.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities and objects 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 Charity pursues the objects through funded collaborations with industry, but does not undertake such collaborations unless the full costs to the Charity are met by the funding partner. The Charity invests its own funds on research that exemplifies the potential for practical applications for new medical treatments to the extent required to demonstrate their utility and attract industrial partners.

The Medical Research Council transferred assets and liabilities to Medical Research Council Technology (MRCT) on its incorporation. MRCT serves as the MRC's exclusive agent to manage its intellectual property and intellectual property rights.

There have been no material changes in the above policies in the year under review.

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

REPORT OF THE GOVERNING BODY OF DIRECTORS

FOR THE YEAR ENDED 31ST MARCH 2001

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS (continued)

During the year the amalgamation of the Medical Research Council's Technology Transfer Group and Medical Research Council Technology Scotland (MRCTS) with Medical Research Council Technology (MRCT) took place and was concluded on 5 February 2001 with the transfer of staff to MRCT under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 1981.

The charitable activities, assets and liabilities of MRCTS for the year ended 31 March 2001 have been incorporated into the financial statements of MRCT under the terms of a Business Transfer Agreement effective from the 1st April 2000. Consequently the charitable activities, assets and liabilities of MRCT Scotland have become part of the ongoing charitable activities, assets and liabilities of MRCT.

During the year MRCT acquired additional shares in AERES Biomedical Limited, it's trading subsidiary, for a consideration of £589,000. As a consequence of this share issue the shareholding of MRCT in AERES Biomedical changed from 100% to 79.7%. An exceptional loss on consolidation of £103,359 arose as a consequence of this dilution in control and was written off to the profit and loss account in keeping with acceptable accounting policy.

In addition MRCT also acquired a 35.71% shareholding in Virogen Limited during the year, for a consideration of £300,000.

AERES Biomedical Limited and Virogen Limited are spin off companies of MRCT established to undertake research, development and commercial exploitation in the areas of therapeutic antibody research and development and anti viral drug discovery respectively. MRCT provides facilities support to both AERES Biomedical Limited and Virogen Limited.

REVIEW OF FINANCIAL POSITION

The Charity carried out medical research and received funding payments including grants totalling £0.9m. Total expenditure amounted to £3.5m which included not only research expenses and directly associated overheads but also essential management overheads in respect of the Charity's object of technology transfer activities.

Projects are charged out to industrial partners on the basis of budgeted or actual costs plus a contribution towards the charity's wider technology transfer activities. The deficit arising in the year was £642,621 which includes investment gains and losses, loss on dilution of control, other income and losses retained by the trading subsidiary of £112,415. The minority interest share of this amounted to £6,752. The deficit is subtracted from the funds available to meet charitable objects.

At 1st April 2000 the deficit on the Accumulated Fund of £66,138 and the surplus on the Establishment Fund of £271,065 of MRCTS were transferred into the funds of MRCT. Of the deficit arising during the year to 31 March 2001 in MRCT, £266,377 is attributed directly to the activities of MRCTS for that period.

MEDICAL RESEARCH COUNCIL TECHNOLOGY
(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
REPORT OF THE GOVERNING BODY OF DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2001

REVIEW OF FINANCIAL POSITION (continued)

The level of free reserves (that is those funds not tied up in fixed assets and designated and restricted funds) that the charity holds at 31 March 2001 is £(266,187). The reserves policy will be reviewed and an optimum reserves level determined.

All of the Charity's assets are held in pursuance of its objects as stated above.

As a pre-condition of its approval of the endowment by MRC, HM Treasury stipulated that MRC must charge the Charity for all services provided at full economic cost.

During the year MRCT received £900,000 (2000:£nil) as contribution from MRC toward the overheads and other costs of the Technology Transfer Unit, which was previously part of MRC.

The future plans of the charity are to continue with technology transfer activities as currently undertaken.

INVESTMENTS

As permitted by the charity's memorandum and articles of association, the members of the governing body have given the investment managers discretion to manage the portfolio within an agreed risk profile. The members of the governing body periodically review the performance of the investment portfolio. The performance of the investment portfolio for the year ended 31 March 2001 is in line with expectations.

The investment of £50,000 in Prolifix Limited arose through the Charity's involvement in forming the company around key MRCT intellectual property relating to new therapies for cancer treatment.

DIRECTORS

The members of the Governing Body, during the year were:

Dr D A A Owen	- *resigned 5 th February 2001
Professor Sir J J Skehel	
N H Winterton Esq (Chairman)	
Dr M A Dalrymple	- *resigned 5 th February 2001
Dr D J McLaren	
Dr R Henderson	
D T Flint Esq	- appointed 22 nd June 2000
Professor R P Millar	- appointed 22 nd June 2000

*These two directors resigned from the Governing Body as they became paid employees of MRC Technology during the year. The Articles do not permit paid employees to be directors.

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

REPORT OF THE GOVERNING BODY OF DIRECTORS

FOR THE YEAR ENDED 31ST MARCH 2001

RESPONSIBILITIES OF THE GOVERNING BODY OF DIRECTORS

The Governing Body of Directors is responsible for preparing the consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the surplus or deficit of the charity for that period. In preparing those financial statements, the Governing Body are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Governing Body of Directors are responsible for ensuring that the charity has appropriate system of controls, financial & otherwise and 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 and the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and to provide reasonable assurance that :

- the charity is operating efficiently and effectively;
- it's assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the charity or for publication is reliable;
- the charity complies with relevant laws and regulations;

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the trustees.
- Regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

The trustees have a risk management process to assess the major risks to which the charity is exposed and has established a system to mitigate those risks.

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.

MEDICAL RESEARCH COUNCIL TECHNOLOGY
(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
REPORT OF THE GOVERNING BODY OF DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2001

AUDITORS

CLB 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

By Order of the Governing Body


P ELDRIDGE
Secretary

—
7 November 2001

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MEDICAL RESEARCH COUNCIL TECHNOLOGY
(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
INDEPENDENT AUDITORS REPORT TO THE TRUSTEES
YEAR ENDED 31 MARCH 2001

We have audited the financial statements of Medical Research Council Technology for the year ended 31 March 2001, which have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000. The financial statements comprise pages 9 to 27 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 14 to 16.

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the Trustees Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 4.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all the existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Trustees' Report (or where appropriate, the Annual Report) and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with the United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MEDICAL RESEARCH COUNCIL TECHNOLOGY
(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
INDEPENDENT AUDITORS REPORT TO THE TRUSTEES
YEAR ENDED 31 MARCH 2001

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity and group at 31 March 2001 and of the group's incoming resources and resources expended, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CLB
Chartered Accountants
Registered Auditors

LONDON

7 November 2001

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST MARCH 2001

	<u>UNRESTRICTED FUNDS</u>		<u>RESTRICTED FUNDS</u>		<u>TOTAL</u>
	<u>Accumulated Funds</u>	<u>Expendable Endowment</u>	<u>Revaluation Fund</u>	<u>Permanent Establishment Fund(Scotland)</u>	<u>2000</u>
	£	£	£	£	£
OTHER EXPENDITURE					
Cost of sales of subsidiary					
Staff costs	160,794	-	-	-	112,258
Direct costs	228,308	-	-	-	119,400
	<u>389,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,658</u>
Management and administration:					
Staff costs	1,271,529	-	-	-	428,646
Depreciation	187,890	-	-	-	157,306
Establishment costs	235,922	-	-	-	221,660
Other operating costs	289,970	-	-	-	288,561
	<u>1,985,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,096,173</u>
Interest payable					
	<u>11,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Corporation tax of subsidiary					
	-	-	-	-	4,679
TOTAL RESOURCES EXPENDED	<u>3,543,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,355,137</u>

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST MARCH 2001

	Note	UNRESTRICTED FUNDS			RESTRICTED FUNDS		TOTAL	TOTAL
		Accumulated Funds	Expendable Endowment	Revaluation Fund	Permanent Establishment Endowment Fund(Scotland)	2001	2000	
		£	£	£	£	£	£	
NET OUTGOING RESOURCES BEFORE TRANSFERS, REPRESENTING DEFICIT OF INCOME OVER EXPENDITURE FOR THE YEAR								
- continuing operations	4	(180,795)	-	-	-	(180,795)	(317,868)	
Transfers between funds		<u>197,063</u>	<u>(7,465)</u>	<u>(15,856)</u>	<u>(83,654)</u>	<u>(90,088)</u>	<u>-</u>	
NET (OUTGOING)/INCOMING RESOURCES								
Realised losses on investment assets		16,268	(7,465)	(15,856)	(83,654)	(90,088)	(317,868)	
Exceptional item – loss on dilution of control		(25,645)	-	-	-	(25,645)	(5,709)	
Minority interest		<u>6,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,752</u>	<u>-</u>	
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES								
Net (expenditure)/income		(105,984)	(7,465)	(15,856)	(83,654)	(90,088)	(305,106)	
Unrealised losses on investment assets		<u>(339,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,574)</u>	<u>(106,711)</u>	
Net movement in funds		(445,558)	(7,465)	(15,856)	(83,654)	(90,088)	(411,817)	
Fund balances brought forward at 1st April 2000		5,575,129	2,109,910	15,856	2,091,346	-	10,222,529	
Transfer from MRCTS		<u>(66,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,065</u>	<u>-</u>	
FUND BALANCES CARRIED FORWARD AT 31ST MARCH 2001								
		<u>£5,063,433</u>	<u>£2,102,445</u>	<u>-</u>	<u>£2,007,692</u>	<u>£180,977</u>	<u>£9,792,241</u>	

The Company has no recognised gains or losses other than the results for the year as set out above. All the activities of the Company are classed as continuing. The notes on pages 14 to 27 form part of these financial statements.

MEDICAL RESEARCH COUNCIL TECHNOLOGY**(COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)****CONSOLIDATED BALANCE SHEET****31ST MARCH 2001**

	Note	Group <u>2001</u> £	<u>2000</u> £	Company <u>2001</u> £	<u>2000</u> £
FIXED ASSETS					
Tangible assets	6	2,678,400	2,469,804	2,676,833	2,467,837
Investments	7	4,589,158	4,971,681	5,478,160	4,971,683
Investments in associates	7	300,000	-	-	-
		<u>7,567,558</u>	<u>7,441,485</u>	<u>8,154,993</u>	<u>7,439,520</u>
CURRENT ASSETS					
Stock and work in progress	8	4,226	706	4,226	706
Debtors	9	1,020,479	1,151,728	1,346,228	1,125,275
Cash at bank and in hand		2,946,878	2,438,265	2,076,248	2,438,265
		<u>3,971,583</u>	<u>3,590,699</u>	<u>3,426,702</u>	<u>3,564,246</u>
CREDITORS: Amounts falling due within one year	10	(2,082,987)	(1,239,943)	(2,037,067)	(1,230,464)
NET CURRENT ASSETS		<u>1,888,596</u>	<u>2,350,756</u>	<u>1,389,635</u>	<u>2,333,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£9,456,154</u>	<u>£9,792,241</u>	<u>£9,544,628</u>	<u>£9,773,302</u>
FUNDS					
UNRESTRICTED					
Accumulated funds	11	5,063,433	5,575,129	5,253,514	5,556,190
Expendable endowment funds	12	2,102,445	2,109,910	2,102,445	2,109,910
Revaluation fund	13	-	15,856	-	15,856
		<u>7,165,878</u>	<u>7,700,895</u>	<u>7,355,959</u>	<u>7,681,956</u>
RESTRICTED					
Permanent endowment funds	14	2,007,692	2,091,346	2,007,692	2,091,346
Establishment fund-MRCTS	15	<u>180,977</u>	<u>180,977</u>	<u>180,977</u>	<u>180,977</u>
Due to MRCT		<u>£9,354,547</u>	<u>£9,792,241</u>	<u>£9,544,628</u>	<u>£9,773,302</u>
Due to minority interests		<u>101,607</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS		<u>£9,456,154</u>	<u>£9,792,241</u>	<u>£9,544,628</u>	<u>£9,773,302</u>

The financial statements were approved by the Governing Body on 7 November 2001 and were signed on its behalf by:-

N H Winterton
(Chairman)

The notes on pages 14 to 27 form part of these financial statements.

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2001

	<u>Note</u>	<u>2001</u> £	<u>2000</u> £
RECONCILIATION OF OPERATING (DEFICIT)/SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
(Deficit)/Surplus of income over expenditure		(546,014)	(430,288)
Less: Interest receivable and other income		(1,554,958)	(646,606)
Add: Interest Payable			
Operating (deficit)/surplus		(2,100,972)	(1,076,894)
Depreciation of fixed assets		347,843	300,660
Loss on investments		365,219	112,422
(Increase)Decrease in stock and work in progress		(3,520)	1,324
Decrease/ (Increase) in debtors		159,998	(406,992)
Increase/(Decrease) in creditors		103,926	155,139
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		<u>£(1,127,506)</u>	<u>£(914,341)</u>
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(1,127,506)	(914,341)
Returns on investments and servicing of finance	24	1,554,958	646,606
Taxation		(4,679)	-
Capital expenditure and financial investment	24	(198,760)	(128,347)
Acquisitions and disposals	24	284,600	
INCREASE/(DECREASE) IN CASH		<u>£508,613</u>	<u>£(396,082)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(Decrease) in cash		508,613	(396,082)
Movement in net cash at bank and in hand during the year		508,613	(396,082)
Net cash at bank and in hand at 1st April 2000		2,438,265	2,834,347
Net cash at bank and in hand at 31st March 2001		<u>£2,946,878</u>	<u>£2,438,265</u>

The notes on pages 14 to 27 form part of these financial statements.

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST MARCH 2001

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Charities", subject to the departures referred to below relating to pension costs and basis of consolidation.

(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) Fund Accounting

The Accumulated Fund is a general unrestricted fund which is available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which has not been designated for other purposes.

The Expendable Endowment and Revaluation Funds are designated funds comprising unrestricted funds that have been set aside by the trustees for particular purposes. The Expendable Endowment relates to laboratory equipment transferred to Medical Research Council Technology by the Medical Research Council. Movements relate to the depreciation arising on the equipment. The Revaluation Fund arose due to the revaluation of laboratory equipment. These items have been depreciated over a period of 3 years, with the related depreciation charge on the revalued element taken as a reserve movement.

The Permanent Endowment Fund is a restricted Fund which is to be used in accordance with specific restrictions imposed by the donor, the Medical Research Council. This fund comprises the tangible fixed assets, including leasehold land and buildings, and other asset and liabilities, title to which was transferred from the Medical Research Council to MRCT on its incorporation. Movements relate to the amortisation charge on the long leasehold land and buildings.

The Establishment Fund that was held in Medical Research Council Technology (Scotland) and was set up from a grant of £1,350,000 received from the MRC, which was made available to set up and develop a self sufficient collaborative centre in Scotland. It has been used for capital expenditure, salaries and consumables. This fund was transferred into MRCT under the Business Transfer Agreement.

(d) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

(e) 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 economic lives which are as follows:

Long leasehold land and buildings -

over the period of the lease or useful economic life, whichever is the shorter.

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.

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST MARCH 2001

1. ACCOUNTING POLICIES (continued)

(f) Fixed Asset Investments

Shares in investments are stated at market value on the balance sheet date. The unrealised gains and losses arising as a result are included in the Statement of Financial Activities, together with any realised gains and losses on any investments disposed of in the year. Income from investments is recognised, together with recoverable tax, on an accruals basis.

Investments in subsidiary undertakings are stated at cost. Provisions for impairment in value are taken to the Statement of Financial Activities.

(g) Stock and Work in Progress

Consumable stocks and short term work in progress 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 statement of financial activities.

(h) Operating Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the terms of the lease.

(i) 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 statement of financial activities.

(j) Pension Costs

The company was granted a pension holiday on 1 September 1996. Contrary to Statement of Standard Accounting Practice 24 the company has not spread the fund surplus over the expected remaining service lives of the current employees in the scheme. The company's employees form a very small minority of the total scheme membership and consequently the surplus attributable to MRC Technology is small. Without a specific actuarial valuation for these members, accurate figures cannot be provided. This departure from the accounting standard does not have a material effect on the financial statements.

(k) Basis of Consolidation

The consolidated accounts incorporate the accounts of the charity and its trading subsidiary together with the groups share of the profits and retained post acquisition reserves of its associate, which have been accounted for under the gross equity method and equity method consolidation respectively. No statement of Financial Activities is presented for Medical Research Council Technology as permitted by section 230 of the Companies Act 1985.

Aeres Biomedical Limited has been included in the group accounts using the acquisition method of accounting. Accordingly the group Statement of Financial Activities and Statement of Cashflows include the results and cashflows of Aeres Biomedical Limited from its acquisition. The exceptional loss on dilution of control, due to the issue of shares to a third party, has been taken to the profit/loss account.

MEDICAL RESEARCH COUNCIL TECHNOLOGY

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1. ACCOUNTING POLICIES (continued)

Virogen Limited, a company in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence is treated as an associate. In the group accounts, associates are accounted for using the equity method of consolidation.

The consolidated accounts are prepared in accordance with the provisions of the revised statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2000) issued by the charities commission in October 2000.

(1) Goodwill

Goodwill arising on consolidation is calculated as the excess of the payments to acquire additional interest in subsidiary undertakings above the net assets acquired. Goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life not exceeding a period of 20 years

2. TURNOVER- RESEARCH CONTRACTS AND GRANTS

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

The geographical analysis is as follows:

	<u>2001</u>	<u>2000</u>
	£	£
United Kingdom	1,140,400	1,178,816
Europe	-	2,500
USA	125,662	15,500
Asia	532,321	48,601
Canada	-	64,609
Israel	9,750	56,000
	<u>£1,808,133</u>	<u>£1,366,026</u>

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3.	STAFF COSTS	2001	2000
		£	£
	Management:		
	Salaries	319,000	154,665
	Social security costs	12,778	10,726
		<u>331,778</u>	<u>165,391</u>
	Administration:		
	Salaries	743,882	191,877
	Social security costs	32,973	20,612
		<u>776,855</u>	<u>212,489</u>
	Cost of sales:		
	Salaries	149,246	104,465
	Social security costs	11,548	7,793
		<u>160,794</u>	<u>112,258</u>
	Research:		
	Salaries	440,215	374,118
	Social security costs	33,842	27,107
		<u>474,057</u>	<u>401,225</u>
		<u>£1,743,484</u>	<u>£891,363</u>
	The average monthly number of staff employed by the group during the year was as follows:	Number	Number
	Management	3	4
	Administration	28	14
	Research	37	24
	Total	<u>68</u>	<u>42</u>

The number of staff earning more that £40,000 was as follows:-

£40,000-£50,000	3	4
£50,000-£90,000	4	-
£90,000-£100,000	-	-
£100,000-£110,000	-	1

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4.	(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE	<u>2001</u>	<u>2000</u>
		£	£
	This is stated after charging/(crediting):-		
	Auditors remuneration	22,700	16,698
	Accountancy and other financial services	45,191	23,957
	Depreciation of tangible fixed assets	347,843	300,660
	Operating lease rentals - equipment	5,072	-
	- property	15,640	-
	Exceptional item - Loss on dilution of control	<u>103,359</u>	<u>-</u>

The exceptional item above represents the loss on dilution of control in AERES Biomedical Limited as a result of shares issued by AERES Biomedical Limited to third parties.

5.	INTEREST RECEIVABLE AND OTHER INCOME	<u>2001</u>	<u>2000</u>
		£	£
	Interest exchange gains and Investment income	356,331	407,134
	Rental and other income	4,415	15,715
	Overheads recharged	294,212	223,757
	Management fees	900,000	-
		<u>£1,554,958</u>	<u>£646,606</u>

6.	TANGIBLE FIXED ASSETS		Long Leasehold Land and Buildings	Laboratory Equipment	Furniture, Fixtures & Fittings and Office Equipment	Total
Group	<u>Leasehold Improvements</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost, Valuation or Endowment Values:						
At 1st April 2000	-	2,475,000	1,083,846	1,346,899	4,905,745	
Transfers	281,546	-	276,607	46,707	604,860	
Additions at cost	-	-	59,143	160,120	219,263	
Disposals	-	-	(16,559)	(16,302)	(32,861)	
At 31st March 2001	<u>281,546</u>	<u>2,475,000</u>	<u>1,403,037</u>	<u>1,537,424</u>	<u>5,697,007</u>	
Depreciation:						
At 1st April 2000	-	383,654	896,217	1,156,070	2,435,941	
Transfers	94,846	-	129,667	39,972	264,485	
Charge for the year	28,476	83,654	158,386	77,327	347,843	
Disposals	-	-	(16,552)	(13,110)	(29,662)	
At 31st March 2001	<u>123,322</u>	<u>467,308</u>	<u>1,167,718</u>	<u>1,260,259</u>	<u>3,018,607</u>	
Net book value 31st March 2001	<u>£158,224</u>	<u>£2,007,692</u>	<u>£235,319</u>	<u>£277,165</u>	<u>£2,678,400</u>	
Net book value 1st April 2000	<u>£ -</u>	<u>£2,091,346</u>	<u>£187,629</u>	<u>£190,829</u>	<u>£2,469,804</u>	

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6. TANGIBLE FIXED ASSETS (Continued)

Company	<u>Leasehold Improvements</u> £	<u>Long Leasehold Land and Buildings</u> £	<u>Laboratory Equipment</u> £	<u>Furniture, Fixtures & Fittings and Office Equipment</u> £	<u>Total</u> £
Cost, Valuation or Endowment Values:					
At 1st April 2000	-	2,475,000	1,083,846	1,344,899	4,903,745
Transfers	281,546	-	276,607	46,707	604,860
Additions at cost	-	-	59,143	160,120	219,263
Disposals	-	-	(16,559)	(16,302)	(32,861)
At 31st March 2001	<u>281,546</u>	<u>2,475,000</u>	<u>1,403,037</u>	<u>1,535,424</u>	<u>5,695,007</u>
Depreciation:					
At 1st April 2000	-	383,654	896,217	1,156,037	2,435,908
Transfers	94,846	-	129,667	39,972	264,485
Charge for the year	28,476	83,654	158,386	76,927	347,443
Disposals	-	-	(16,552)	(13,110)	(29,662)
At 31st March 2001	<u>123,322</u>	<u>467,308</u>	<u>1,167,718</u>	<u>1,259,826</u>	<u>3,018,174</u>
Net book value 31st March 2001	<u>£158,224</u>	<u>£2,007,692</u>	<u>£235,319</u>	<u>£275,598</u>	<u>£2,676,833</u>
Net book value 1st April 2000	<u>£ -</u>	<u>£2,091,346</u>	<u>£187,629</u>	<u>£188,862</u>	<u>£2,467,837</u>

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

Fully depreciated items of laboratory equipment which had not reached the end of their useful economic lives were revalued and their estimated useful lives revised by the directors as at 1st April 1995. The adjustment on revaluation was credited to the Revaluation Reserve. The trustees are not aware of any material changes since the last valuation.

7. FIXED ASSET INVESTMENTS - UNRESTRICTED FUNDS

Group	<u>Investment in Associate</u> £	<u>Other Unlisted Investments</u> £	<u>Total</u> £
Unlisted Investments at market value:			
Market value at 1st April 2000	-	50,000	50,000
Additions	300,000	-	300,000
Market value at 31st March 2001	<u>£300,000</u>	<u>£50,000</u>	<u>£350,000</u>
Historical cost at 31st March 2001	<u>£300,000</u>	<u>£50,000</u>	<u>£350,000</u>

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7. FIXED ASSET INVESTMENTS (continued)

Unlisted Investments at market value:

Company	<u>Associated Undertakings</u>	<u>Subsidiary Undertakings</u>	<u>Other Unlisted Investments</u>	<u>Total</u>
	£	£	£	£
Market value 1st April 2000	-	2	50,000	50,002
Additions	300,000	589,000	-	889,000
Market value 31st March 2001	<u>£300,000</u>	<u>£589,002</u>	<u>£50,000</u>	<u>£939,002</u>
Historical cost at 31st March 2001	<u>£300,000</u>	<u>£589,002</u>	<u>£50,000</u>	<u>£939,002</u>

Subsidiary Undertakings

The subsidiary undertaking is Aeres Biomedical Limited, a company incorporated in the United Kingdom. The principle activity of Aeres Biomedical Limited is that of the research, development and commercial exploitation of intellectual property rights and products in the area of therapeutic antibody research and development. During the year the shareholding held by MRCT changed from 100% to 79.7%. This was due to the issue of shares to third parties. The resulting loss on dilution has been taken to the profit and loss account as an exceptional item.

Associated Undertakings

	<u>Share of net tangible assets</u>	<u>Goodwill</u>	<u>Total</u>
	£	£	£
At 1 April 2000	-	-	-
Acquired in the year	31,243	268,757	300,000
	<u>31,243</u>	<u>268,757</u>	<u>300,000</u>

On 27 March 2001 MRCT acquired 500,000 Class A (voting) shares and 500,000 Class B (non-voting) shares (representing a 35.71% voting shareholding) in Virogen Limited, a company incorporated in the United Kingdom. The principal activity of Virogen Limited is that of the research, development and commercial exploitation of intellectual property rights in the area of anti-viral drug discovery.

Goodwill will be amortised over a period of 20 years from 1 April 2001.

Other Unlisted Investments

The investment is in an unlisted company engaged in drug discovery research. In the opinion of the directors, the shares are not easily marketable until the company has developed and obtained approval for its drugs. The directors see no reason to value the shares above par.

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7. FIXED ASSET INVESTMENTS (continued)

Listed Investments

Group and Company	2001 £	2000 £
Market value at 1st April 2000	4,386,212	2,194,208
Acquisitions	509,215	2,707,368
Sale proceeds	(414,958)	(402,946)
Net investments losses	(365,219)	(112,418)
Market value at 31st March 2001	<u>£4,115,250</u>	<u>£4,386,212</u>
Historical cost at 31st March 2001	<u>£4,507,893</u>	<u>£4,439,281</u>
	£	£
Reconciliation of movements in unrealised gains/(losses) on investment assets		
Unrealised (losses)/gains at 1st April 2000	(53,069)	53,642
Net loss arising on revaluation in the year	(339,574)	(106,711)
Unrealised losses at 31st March 2001	<u>£(392,643)</u>	<u>£(53,069)</u>

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7.	FIXED ASSET INVESTMENTS (continued)	<u>2001</u>	<u>2000</u>
		£	£
	Reconciliation of disposal gains/(losses)		
	Realised losses on disposal under historical cost basis	(25,645)	(5,709)
	Unrealised gains recognised in prior year under market value basis	-	-
	Realised losses recognised in current year under market value	<u>£(25,645)</u>	<u>£(5,709)</u>
	Listed Investments		
	Equities	2,119,543	2,451,167
	Fixed interest securities - within the UK		
	- Fixed interest	1,995,707	1,935,045
		<u>4,115,250</u>	<u>4,386,212</u>
	Cash	423,908	535,469
		<u>£4,539,158</u>	<u>£4,921,681</u>
	Fixed Asset Investments at 31st March 2001		
	Group	<u>£4,889,158</u>	<u>£4,971,681</u>
	Company	<u>£5,478,160</u>	<u>£4,971,683</u>
	Investments over 5% of Portfolio Value		
	Equities - UK		
	- Smithkline Beecham - Ord. GBP 0.0625	-	331,200
	Fixed Interest - UK		
	- 6 ¼ % Treasury Stock 2004	867,504	844,761
	- 7 ½ % Treasury Stock 2006	477,329	463,680
	- 7 ¼ % Treasury Stock 2007	<u>479,079</u>	<u>465,134</u>
8.	STOCK AND WORK IN PROGRESS		
		Group	Company
		<u>2001</u>	<u>2001</u>
		<u>2000</u>	<u>2000</u>
	Work in progress/stock	<u>£4,226</u>	<u>£4,226</u>
		<u>£706</u>	<u>£706</u>
9.	DEBTORS		
		Group	Company
		<u>2001</u>	<u>2001</u>
		£	£
		<u>2000</u>	<u>2000</u>
		£	£
	Amounts due from industrial sponsors	412,484	167,130
	Amounts owed by group undertakings	106,629	-
	Other debtors	38,537	845,059
	Prepayments and accrued income	<u>462,829</u>	<u>113,086</u>
		<u>£1,020,479</u>	<u>£1,125,275</u>
		<u>£1,151,728</u>	<u>£1,346,228</u>

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10. CREDITORS: Amounts falling due within one year

	Group		Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£	£	£	£
Creditors for expenditure	591,587	124,559	591,587	124,559
Accrued expenditure	1,117,206	932,596	1,071,286	927,596
Other creditors	-	178,109	-	178,109
Corporation tax liability of subsidiary	-	4,679	-	-
Amounts due to MRC	54,194	-	54,194	-
Loans	320,000	-	320,000	-
	<u>£2,082,987</u>	<u>£1,239,943</u>	<u>£2,037,067</u>	<u>£1,230,464</u>

The loans are due to Scottish Enterprise and Lothian and Edinburgh Enterprises Limited.

Terms of repayment

The loans are wholly repayable within five years. The agreements state that the loans are repayable during years four and five after the establishment of the company as a separate business. The loan repayment shall be made by instalments yet to be agreed. Therefore the earliest repayment date would be March 2001 based on an incorporation date of 6 March 1996.

Interest Premium

In addition to the repayment of the loan. A premium of 20% of each loan (total £55,000) will also be made.

At 31 March 2001 an amount of £55,000 (2000: £44,000) is included within accruals in respect of the loan premium

The loans were transferred as part of the Business Transfer Agreement between Medical Research Council Technology and Medical Research Council Technology (Scotland).

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11.	ACCUMULATED FUND	<u>2001</u> £	<u>2000</u> £
	At 1st April 2000		
	Retained in charity	5,556,188	5,894,460
	Retained in subsidiary undertaking	18,941	-
		<u>£5,575,129</u>	<u>£5,894,460</u>
	Add: Transfer from MRCT Scotland Accumulated Fund	(66,138)	-
	Net (outgoing)/incoming resources retained in charity	(94,025)	(342,518)
	Net (outgoing)/incoming resources retained in subsidiary undertaking	(112,415)	18,941
	Unrealised (losses)/gains on investment assets	(339,574)	(106,711)
	Add: Minority Interests	6,752	-
	Add: Transfer from Permanent Endowment in respect of depreciation on leasehold buildings	83,654	83,654
	Less: Exceptional loss on dilution of control	(103,359)	-
	Add: Transfer from Expendable Endowment in respect of depreciation on laboratory equipment and fixtures and fittings	7,465	11,997
	Add: Transfer from Revaluation Reserve in respect of depreciation on laboratory equipment	15,856	15,306
	Add: Transfer from Scotland Establishment Fund in respect of depreciation on MRCT Scotland bunch assets	90,088	-
		<u>5,063,433</u>	<u>5,575,129</u>
	At 31st March 2001		
	Retained in charity	5,253,514	5,556,188
	Less: Exceptional loss on dilution of account	(103,359)	-
	Retained in subsidiary undertaking	(93,474)	18,941
	Add: Minority Interests	6,752	-
		<u>£5,063,433</u>	<u>£5,575,129</u>
12.	EXPENDABLE ENDOWMENT	<u>2001</u> £	<u>2000</u> £
	At 1st April 2000	2,109,910	2,121,907
	Less: Transfer to Accumulated Fund in respect of depreciation on laboratory equipment and fixtures and fittings	(7,465)	(11,997)
	At 31st March 2001	<u>£2,102,445</u>	<u>£2,109,910</u>
13.	REVALUATION FUND	<u>2001</u> £	<u>2000</u> £
	At 1st April 2000	15,856	31,162
	Less: Transfer to Accumulated Fund in respect of depreciation on revalued laboratory equipment	(15,856)	(15,306)
	At 31st March 2001	<u>£ -</u>	<u>£15,856</u>

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14.	PERMANENT ENDOWMENT	<u>2001</u>	<u>2000</u>
		£	£
	At 1st April 2000	2,091,346	2,175,000
	Less: Transfer to Accumulated Fund in respect of depreciation on leasehold buildings	(83,654)	(83,654)
	At 31st March 2001	<u>£2,007,692</u>	<u>£2,091,346</u>

The permanent and expendable endowments 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 the Medical Research Council to the company.

15.	ESTABLISHMENT FUND	<u>2001</u>	<u>2000</u>
		£	£
	At 1 st April 2000	-	-
	Add: Transfer from MRCT Scotland	271,065	-
	Less: Transfer to Accumulated Fund in respect of depreciation	(90,088)	-
	At 31 st March 2001	<u>£180,977</u>	<u>-</u>

The establishment fund represents the funds made available by MRC to set up and develop the Collaborative Centre in Scotland.

16. **ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<u>Unrestricted</u>		<u>Restricted</u>		
	<u>Accumulated</u>	<u>Expendable</u>	<u>Permanent</u>	<u>Establishment</u>	<u>Total</u>
	<u>Funds</u>	<u>Endowment</u>	<u>Endowment</u>	<u>Fund</u>	<u>Funds</u>
	£	£	£	£	£
Fund balances at 31st March 2001 are represented by:					
Tangible Fixed Assets	440,462	49,269	2,007,692	180,977	2,678,400
Investments	4,589,158	-	-	-	4,589,158
Investment in Associates	300,000	-	-	-	300,000
Current Assets	1,918,407	2,053,176	-	-	3,971,583
Current Liabilities	(2,082,987)	-	-	-	(2,082,987)
Due to Minority Interest	(101,607)	-	-	-	(101,607)
	<u>£5,063,433</u>	<u>£2,102,445</u>	<u>£2,007,692</u>	<u>£180,977</u>	<u>£9,354,547</u>

17. **CONTINGENT LIABILITIES**

At 31st March 2001 and at 31st March 2000 there were no contingent liabilities.

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18. OPERATING LEASE COMMITMENTS

Property
£

The annual rentals of committed leases at
31st March 2001 expire as follows:

Within one year

-

Within two to five years

20,265

19. RELATED PARTY TRANSACTIONS

The members of the Governing Body received no remuneration for their services as Trustees from the Company during the year. However, reimbursements of travel expenses of an aggregate value of £81 (2000 : £8) was made to one member. Sir J.J. Skehel was paid £3,000 (2000: £3,000) for consultancy services provided to the Company during the year, which were funded by a collaborative partner. These transactions were carried out on an arms length basis and on normal commercial terms.

20. PENSION COMMITMENTS

The Company is a participating employer in the MRC pension scheme; a defined benefit scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions are determined by qualified actuaries on the basis of actuarial valuations. The Company was granted a pension holiday on 1 September 1996. The most recent actuarial valuation was at 31 December 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment returns would be 8.5% per annum that the salary increase would be 7.0% per annum and that the pension increase would be 5.5% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets were £590.5 million. According to the latest actuarial valuation, the assets of the scheme were equal to 115% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contribution rates of the company remain at 0% (2000 - 0%). The contribution rates of the employees range from 5% to 6 ¾% (2000 - 5% to 6 ¾%) depending upon length of service.

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21. LIMITED LIABILITY

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 debts and liabilities of the Company contracted before he ceases to be a member. Such amounts may not exceed £1.

The number of members at 31 March 2001 was 6 (2000:6).

22. CHARITABLE STATUS

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

23. TAXATION

The Company through its charitable status is exempt from income and corporation taxes. The trading subsidiary is liable to pay corporation tax on profits that it retains.

24. GROSS CASH FLOWS

	<u>2001</u>	<u>2000</u>
	£	£
Returns on Investments		
Dividends received	225,925	29,934
Interest received	130,406	377,200
Overhead recharged	294,212	-
Rental and other income	4,415	239,472
Management fees	900,000	
	<u>£1,554,958</u>	<u>£646,606</u>
Capital expenditure and financial investment		
Proceeds on disposal of tangible fixed assets	3,199	-
Payments to acquire tangible fixed assets	(219,263)	(128,347)
Payments to acquire fixed asset investments	(509,215)	-
Proceeds on disposal of fixed asset investments	414,958	-
Transfer of cash held in investments	111,561	-
	<u>£(198,760)</u>	<u>£(128,347)</u>
Acquisitions and disposals		
Proceeds on subsidiary dilution	5,000	-
Payments to acquire interest in associate	(300,000)	-
Net cash balances acquired with subsidiary	579,600	-
	<u>£284,600</u>	<u>£-</u>

25. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party of the company other than the Governing Body of Directors.