

SCIENCE AND TECHNOLOGY ACT, 1965

Accounts, prepared pursuant to Section 2(2) of the Science and Technology Act 1965, of the Medical Research Council for the year ended 31 March 1996, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 117 of 1995-96.)

Presented pursuant to Act 1965, c.4, s.2(2)

Medical Research Council Accounts 1995–96

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 12 FEBRUARY 1997

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Foreword

Statutory basis and history

Originally set up in 1913 as the Medical Research Committee to administer funds provided for medical research, the Medical Research Council (MRC) was incorporated under its present title by Royal Charter in 1920. A supplemental charter was granted in 1993 describing Council's new mission following the 1993 Government White Paper on Science and Technology. The Council receives an annual grant in aid from Parliament through the Office of Science and Technology as well as funds from other sources including Government departments, international agencies, industry and medical research charities.

The accounts have been prepared in accordance with a direction given by the Secretary of State for Trade and Industry, with the approval of Treasury, in pursuance of Section 2(2) of the Science and Technology Act 1965. A copy of the direction may be obtained from the Medical Research Council.

Mission

The MRC's mission is:

To promote and support, by any means, high-quality basic, strategic and applied research and related post-graduate training in the biomedical and other sciences with the aim of maintaining and improving human health.

To advance knowledge and technology, and provide trained researchers, which meet the needs of users and beneficiaries (including the providers of health care, and the biotechnology, food, health-care, medical instrumentation, pharmaceutical and other biomedical-related industries) and thereby contributing to the maintenance and improvement of human health, the economic competitiveness of the United Kingdom, and the quality of life.

To provide advice on, and disseminate knowledge and promote public understanding of, research in the biomedical sciences.

Review of the year (i) *Scientific highlights*

- *Immunity to HIV infection:* discovery, by the MRC's Laboratories in the Gambia, West Africa, of a group of female prostitutes who did not become infected despite continued exposure to HIV. It is believed that these women produce 'killer' lymphocytes which destroy all traces of the virus in their blood. If the women have produced an immune response which prevents them from becoming infected, this will have significant implications for the development of a vaccine against HIV.
- *Improved forms of haemoglobin:* crocodiles have a unique quirk in their haemoglobin which enables them to deliver their cargo of oxygen to the tissues more efficiently than humans or any other animals. Scientists at the MRC's Laboratory of Molecular Biology, Cambridge, pinpointed the part of the crocodile haemoglobin molecule responsible for this phenomenon. They succeeded in producing genetically altered human haemoglobin containing the critical part of the crocodile haemoglobin using genetically engineered bacteria.

They hope to exploit the superior oxygen delivery of the crocodile haemoglobin in producing improved versions of safe artificial blood.

- *Leukaemia treatment prolongs survival:* following the most recent MRC trial in chronic myeloid leukaemia (CML), demonstrations by the MRC Human Genetics Unit, Edinburgh, of significant benefit for patients with CML using Wellferon, which is a mixture of natural alpha-interferons produced from cultured human cells. In the trial, patients given Wellferon in the chronic phase of the disease lived for an average of five years and one month compared with three years and four months for other patients.
- *Vitamin C and strokes:* elderly people whose diets are rich in vitamin C are less likely to die from a stroke, according to research at the MRC Environmental Epidemiology Unit, Southampton, involving a follow-up study of a large group of elderly people who had previously taken part in a nutritional survey. Analysis of causes of death among the group found that people whose vitamin C intake had been more than 45 mg a day had less than half the risk of dying from stroke when compared with people whose intake had been less than 28 mg a day. A low vitamin C intake was as strong a risk factor for stroke as high blood pressure.
- *Structure of an RNA enzyme elucidated:* determination, by the MRC Laboratory of Molecular Biology, Cambridge, of the three dimensional structure of an enzyme made from RNA. As a result, a mechanism of action was proposed for this new class of enzymes (ribozymes), which are increasingly being used in biomedicine. The researchers believe that the knowledge of this structure and the catalytic mechanism will help to design tailor-made enzymes to bind and destroy specific pieces of RNA, and thus give new leads in tackling genetic diseases and combating viral infections.
- *Male/female tissue rejection - a new clue:* tissue rejection is a major problem in transplantation surgery. If scientists can understand the difference between tissue being accepted and rejected they will be able to intervene to stop the rejection of transplants. The MRC's Clinical Sciences Centre, London, found a clue to understanding why females reject tissues from otherwise healthy males. Using mice which were genetically identical, apart from being male and female, the researchers found one of the genes on the male Y chromosome able to cause male cells to be rejected by the female immune system.
- *Combination drug therapy benefits AIDS sufferers:* in September 1995 a large multi-national trial of combinations of antiretroviral drugs in people with HIV infection and AIDS showed that such combinations had significant benefit. The reduction in death rate over the course of the trial was 38% for patients who took two drugs compared with those who only took one. Scientists from the UK, and also from Ireland, Australia, France, Germany, Italy and Switzerland, endorsed the decision of the independent committee which oversaw the trial to stop it ahead of schedule and release the preliminary results, which have important implications with people with HIV. The MRC supported the trial in the UK and Ireland.

- *Dissecting the secret of diabetes:* the MRC Protein Phosphorylation Unit at the University of Dundee identified a new enzyme involved in insulin action which may explain why some people with diabetes fail to respond to this hormone. The team, which was also supported by the British Diabetic Association, had discovered that c-Akt, an enzyme of previously unknown function, played a vital part. More than three quarters of people with diabetes have the non-insulin dependent variety. These people produce normal amounts of insulin, and diabetes occurs when this fails to stimulate muscle and fats cells in the normal way. C-Akt responds to the presence of insulin by inactivating a second enzyme which controls the production of glycogen and protein in the cell. Failure to control this process causes the symptoms of diabetes.

(ii) *Some other important developments*

- Opening of the new MRC Laboratory for Molecular Cell Biology on the UCL campus, with Professor Colin Hopkins as its Honorary Director.
- Reconfiguration of the former MRC Radiobiology Unit, at Harwell, into two new Units: the Mammalian Genetics Unit and the Radiobiological Mechanisms Unit.
- Setting up of a new scheme of Infrastructure Grants for universities, to support major strategic research facilities, with the first awards being made in the Summer of 1995.
- Development of the MRC's commitment to biomedical postgraduate training through the introduction of pilot Research Masters courses; five such courses, across the country, had their first student intake in the Autumn of 1995.
- Signing of a Concordat with the Department of Trade and Industry; this brings to four the number of Concordats linking the MRC with Government Departments.
- Continuing development of MRC's Public Understanding of Science activities, for instance, joint MRC and Wellcome Trust involvement in 'Genes are Us' travelling exhibition.

Financial results for the year

The Income and Expenditure Account records a surplus for the year of £7.0 million. Total income excluding grant-in-aid amounted to £32.4 million, staff costs totalled £85.3 million, other operating costs excluding depreciation totalled £56.8 million and expenditure on research grants totalled £105.4 million. Total government funds at 31 March 1996 stood at £90.2 million.

Future developments

There are no fundamental changes to be made or large scale developments planned that would affect the nature of the Council's activities.

**MEDICAL RESEARCH COUNCIL
(Membership for 1995-96 session)**

Sir David Plastow	- Chairman
Sir Dai Rees Dsc Hon FRCP FRS	- Deputy Chairman & Chief Executive
Professor L K Borysiewicz	- University of Wales College of Medicine
Professor A M Breckenridge MD MSc FRCP FRCPE FRSE	- University of Liverpool
K C Calman MD PhD FRCS Glas FRCP FRSE	- Department of Health
Professor T M Dexter FRS DSc MRCPath	- Cancer Research Campaign Paterson Institute of Cancer Research
R E Kendell CBE MD FRCP FRCPsych FRCP Edin	- Scottish Office Home & Health Dept
Professor A M McGregor MA MD FRCP	- King's College School of Medicine
Mr P McLachlan	- Bryson House, Belfast
A McLaren DBE DPhil FRCOG FRS	- Wellcome Institute/The Royal Society
Rabbi Julia Neuberger	- Camden and Islington Community Health Service
Dr T Robbins	- University of Cambridge
Professor M Roland MA DM BM BCh MRCP MRCP MFCM DRCOG	- University of Manchester
Dr B Ross	- Glaxo Research and Development Ltd
Professor John Swales MA MD FRCP	- Department of Health
I P Sword PhD CChem FRSC FBiol	- Inveresk Research International Ltd
Professor Sir David Weatherall MA MD FRCP FRCPath FRS	- John Radcliffe Hospital
Mr T Quigley	- Office of Science and Technology

On the 1 October 1996, Professor George Radda was appointed Chief Executive in succession to Sir Dai Rees.

- Disabled persons**
- (a) Candidates disclosing a disability are, wherever practical, given preference in recruitment. Thereafter, within the limitations imposed by the nature of the work undertaken by Council, they enjoy the same opportunities for training, retraining and promotion as other employees.
 - (b) The Council seeks wherever possible to retain existing staff who become disabled, with retraining if this is appropriate.
 - (c) The MRC is an equal opportunities employer and seeks to ensure that no disabled employee receives less favourable treatment than another on the grounds of their disability or is disadvantaged by requirements or conditions which cannot be shown to be justifiable. Further, it is the Council's stated aim that all individuals shall have equal opportunities for employment and advancement on the basis of their ability, qualifications and fitness for work.

- Employee involvement**
- (a) The Council produces a wide range of publications which inform the research community and staff of its activities on a regular basis. These include the Corporate Plan and Scientific Strategy, Annual Report, a quarterly magazine and newsletter.

On employment matters, Council informs both through its consultation and negotiation mechanisms detailed at (b) below and the routine publication of literature concerning employment policies, terms and conditions of service and other issues of interest to staff.

- (b) The Council endorses the principle of collective consultation on matters that concern its staff and negotiation on terms and conditions of service. To this end, it recognises six trade unions each representing a discreet category of staff. Negotiation and consultation take place at two levels:
 - (i) with individual unions on matters relating specifically to the category of staff represented;
 - (ii) with the National Staff Side on matters relating to more than one category of staff.

Meetings are held on a regular basis. With respect to (ii), business is conducted at General Purposes Committees set up for major specific issues or at subcommittees which deal with broad subject areas. There is also a formal AGM at which the business conducted is reported.

- (c) The Corporate Plan, Scientific Strategy and Annual Report, all of which are freely available to staff, contain detailed information on the financial framework within which the Council operates and the financial and economic factors affecting its performance.

In addition, the National Staff Side is consulted on an annual paper to Council detailing the financial allocations for the forthcoming year.

**Creditor payment
policy**

The MRC observes The Confederation of British Industry's Code of Practice. Council adheres to the principles of the Prompt Payers Code, and makes every effort to ensure compliance with the agreed terms of payment of creditors' invoices, and endeavours to pay them within thirty days of the date of the invoice.

Audit Committee

A Council Audit Committee was established under the chairmanship of Mr P. McLachlan, and another Council member serves as a member. The Committee meets twice a year to review internal and external audit matters and the Council's accounts.

Auditors

The accounts of the Medical Research Council are audited by the Comptroller and Auditor General under the terms of paragraph 3(3) of Schedule 1 of the Science and Technology Act 1965.

G K Radda
Chief Executive and
Accounting Officer

29 November 1996

Statement of Council and Chief Executive's responsibilities with respect to the financial statements

Under paragraph 3 of Schedule 1 to the Science and Technology Act 1965 the Council is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State for Trade and Industry, with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Council's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Council is required to:

- observe the accounts direction issued by the Secretary of State for Trade and Industry, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation.

The Secretary of State for Trade and Industry has appointed the senior full-time official, the Chief Executive, as the Accounting Officer for the Council. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Treasury and published in "Government Accounting" (HMSO).

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 9 to 25 under the Science and Technology Act 1965. These financial statements 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 12 to 13.

**Respective
responsibilities of the
Council, the Chief
Executive and Auditor**

As described on page 7 the Council and Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them and to report my opinion to you.

Basis of opinion

I conducted my 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, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Medical Research Council at 31 March 1996 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Science and Technology Act 1965 and directions made thereunder by the Secretary of State for Trade and Industry; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

17 January 1997

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Income and Expenditure Account for the year ended 31 March 1996

	Notes	1995-96 £000	1994-95 £000
Income			
Parliamentary Grant-in-Aid	2	263,876	253,683
Release of Deferred Grant-in-Aid	22	8,524	7,647
Contribution for Licence Fees	2	96	93
Contributions from Other Government Departments	3	7,241	6,732
Contributions and Grants from Other Bodies	4	13,243	17,586
Commercial Fund	13	1,022	1,223
Other Income	5	10,890	2,832
Total Income		<u>304,892</u>	<u>289,796</u>
Expenditure			
Salaries and Wages etc.	6	85,328	99,846
Other Operating Costs	8	56,795	62,209
Research Grants	9	105,398	100,829
Other Research	10	8,206	6,945
Postgraduate/Training Awards	11	25,797	21,768
International Subscriptions	12	6,683	6,093
Commercial Fund	13	1,161	1,337
Depreciation	14	8,774	7,897
Total Expenditure		<u>298,142</u>	<u>306,924</u>
Surplus/(Deficit) on Operations		6,750	(17,128)
Gain/(Loss) on disposal of fixed assets		(2)	8
Interest received	15	36	86
Other non-operating receipts	16	183	346
Amounts payable to the Office of Science and Technology	17	(223)	(370)
Transfers from reserves	23	250	250
Surplus/(Deficit) for the Financial Year		6,994	(16,808)
Surplus/(deficit) brought forward		<u>(16,598)</u>	<u>210</u>
Accumulated deficit carried forward		<u>(9,604)</u>	<u>(16,598)</u>

There were no other recognised gains and losses reported in the year. The Income and Expenditure Account relates to the continuing activities of the Council.

The notes at pages 12 to 25 form part of these accounts.

Balance Sheet as at 31 March 1996

	Notes	£000	1995-96 £000	1994-95 £000
Fixed assets				
Tangible assets	14		99,586	<u>94,149</u>
Current assets				
Stocks	18	2,080		2,015
Debtors	19	8,431		9,079
Cash at bank and in hand		<u>4,703</u>		<u>4,175</u>
		15,214		15,269
Less Creditors falling due within one year	20	<u>(17,675)</u>		<u>(16,039)</u>
Net current liabilities			<u>(2,461)</u>	<u>(770)</u>
Total assets (less current liabilities)			<u>97,125</u>	<u>93,379</u>
Financed by				
Long Term Creditors	21		9	30
Provision for liabilities and charges: Early retirement compensation scheme	7		<u>6,952</u>	<u>15,628</u>
			6,961	15,658
Deferred income				
Deferred grant-in-aid account	22	80,812		75,113
Capital and reserves				
Revaluation Reserve	23	13,089		13,339
Capital Land Reserve	23	5,867		5,867
Accumulated Income and Expenditure Account		<u>(9,604)</u>		<u>(16,598)</u>
Government funds	24		<u>90,164</u>	<u>77,721</u>
			<u>97,125</u>	<u>93,379</u>

G K Radda
Chief Executive and
Accounting Officer

29 November 1996

The notes at pages 12 to 25 form part of these accounts.

Cash Flow Statement for the year ended 31 March 1996

	Notes	£000	1995-96 £000	1994-95 £000
Net cash inflow/(outflow) from operating activities	25		522	<u>(2,543)</u>
Returns on investments and servicing of finance				
Interest received		36		86
Other non-operating receipts		183		346
Payments to the Office of Science and Technology		<u>(223)</u>		<u>(370)</u>
			<u>(4)</u>	<u>62</u>
			518	(2,481)
Investing activities				
Payments to acquire tangible fixed assets		(14,223)		(15,593)
Receipts from sale of fixed assets		<u>10</u>		<u>178</u>
Net cash inflow/(outflow) from investing activities			<u>(14,213)</u>	<u>(15,415)</u>
Net cash inflow/(outflow) before financing			(13,695)	(17,896)
Financing				
Deferred grant-in-aid received		<u>14,223</u>		<u>15,593</u>
Net cash inflow/(outflow) from financing			<u>14,223</u>	<u>15,593</u>
Increase/(decrease) in cash and cash equivalents	26		<u>528</u>	<u>(2,303)</u>

The notes at pages 12 to 25 form part of these accounts.

Notes to the Accounts

Accounting policies

1(a) Basis of Accounting

The accounts have been prepared in accordance with a direction given by the Secretary of State for Trade and Industry, with the approval of Treasury, in pursuance of Section 2(2) of the Science and Technology Act 1965.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board so far as these requirements are appropriate. The Accounts Direction exempts the Council from the requirement to produce a note of historical cost profits and losses.

(b) Fixed Assets and Depreciation

Expenditure on fixed assets includes the purchase of land, buildings and equipment costing £3,000 or more. Tangible fixed assets are included at cost or at valuation. The basis of valuation for land and buildings is open market value for existing use where this can be established. However, because of the specialised nature of MRC properties, most valuations are on a depreciated replacement cost basis, or buy-back lease arrangements. Land and buildings are revalued every five years with any surplus or deficit on revaluation being taken to a Revaluation Reserve. Any permanent diminutions in value are charged to the Income and Expenditure account in the year in which they arise.

Increased depreciation charges arising from revaluations are matched by transfers from the Revaluation Reserve to the Income and Expenditure account. Land and buildings were valued by Herring Baker, Chartered Surveyors to establish opening valuations at 31 March 1994 and in accordance with SAVP and RICS guidance notes.

Provision is made for depreciation on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly to its residual value over its expected useful life, as follows:

Freehold land	- not depreciated
Leasehold land	- not depreciated
Freehold buildings	- up to 60 years
Leasehold buildings	- up to 60 years (subject to length of lease)
Leasehold buildings (buy back)	- up to 60 years
Major facilities (items costing over £50,000, e.g. NMR, imaging equipment, DNA/peptide sequencers)	- 11 years
Other scientific equipment	- 5-15 years
Computers and software	- 5 years
Engineering, office & catering equipment	- 8 years
Motor vehicles	- 5 years
Assets under construction	- Not depreciated until brought into use.

- (c) **Ownership of Equipment Purchased with MRC Research Grants**
Equipment purchased by an institution with research grant funds supplied by the MRC belongs to the institution and is not included in MRC's tangible fixed assets. Through the Conditions of Grant applied to funded institutions, the MRC reserves the right to determine the disposal of such equipment and of the proceeds of any sale.
- (d) **Grant-in-Aid**
Grant-in-aid for revenue purposes is credited to income in the year to which it relates. Grant-in-aid applied for the purchase of land is credited to the Capital Land Reserve account and that applied to the purchase of other fixed assets is credited to the deferred grant-in-aid account and released to the income and expenditure account over the estimated operational lives of the related assets.
- (e) **Research Grants**
Research grants are charged to the Income and Expenditure account when due for payment.
- (f) **Other Income**
Other income is shown net of trade discount, VAT and other taxes.
- (g) **Investments**
Investments are shown at cost less any provision for permanent diminutions.
- (h) **Stocks**
Livestock and consumable stores are included in the Balance Sheet at the lower of cost or net realisable value.
- (i) **Research and Development**
As a research organisation, all MRC's research and development expenditure is charged to the income and expenditure account when it is incurred.
- (j) **Insurance**
In line with government policy, no insurance is effected on buildings, equipment, stocks, etc. Statutory insurances are maintained where appropriate.
- (k) **Foreign Currencies**
Assets and liabilities denominated in foreign currencies are translated at the rate(s) of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction. All exchange differences are taken to the income and expenditure account.
- (l) **Value Added Tax**
As MRC is partially exempt for VAT purposes, all expenditure and fixed asset purchases is shown inclusive of VAT where applicable. Residual input tax reclaimable by the application of the partial exemption formula is taken to the income and expenditure account as other income.

Parliamentary Grant-in-Aid and Contribution to Licence Fees	2	The grant, and contributions in respect of (Animal) Licence Fees of £96,000, are provided under Class XVIII, Vote 2 for the financial year 1995-96.		
			1995-96	1994-95
			£000	£000
		Allocation for recurrent expenditure	254,799	244,076
		Allocation for capital expenditure	<u>23,300</u>	<u>25,200</u>
			278,099	<u>269,276</u>
		<i>Less</i>		
		Transferred to deferred grant-in-aid account for purchase of fixed assets	<u>14,223</u>	<u>15,593</u>
			<u>263,876</u>	<u>253,683</u>

The underspend of £9,077,000 (1994-95 = £9,607,000) against the allocation for capital expenditure was vired with the approval of the Office of Science and Technology from capital grant-in-aid to recurrent.

Contributions from Other Government Departments	3		1995-96	1994-95
			£000	£000
		Department of Health	2,598	3,813
		Overseas Development Administration	3,175	1,813
		Ministry of Agriculture, Fisheries & Food	473	237
		Department of the Environment	442	289
		Scottish Home and Health Departments	217	169
		Others	<u>336</u>	<u>411</u>
		Total	<u>7,241</u>	<u>6,732</u>

Contributions and Grants from Other Bodies	4		1995-96	1994-95
			£000	£000
		Research Councils		
		Biotechnology and Biological Sciences		
		Research Council	263	176
		Economic and Social Research Council	501	728
		Engineering and Physical Sciences		
		Research Council	<u>149</u>	<u>510</u>
		Total	913	<u>1,414</u>

		1995-96	1994-95
	£000	£000	£000
Charities			
Arthritis and Rheumatism Council	85		84
Association for International Cancer Research	82		85
Beit Memorial Fellowship for Medical Research	42		62
British Heart Foundation	565		442
British Neurological Research Trust	64		161
Cancer Research Campaign	232		488
Cystic Fibrosis Research Trust	48		106
Howard Hughes Medical Institute	393		614
Imperial Cancer Research Fund	138		369
Kay Kendal Leukaemia Research Fund	83		-
Leukaemia Research Fund	379		391
Lister Institute for Preventative Medicine	55		-
Multiple Sclerosis Society	60		65
National Foundation for Cancer Research	67		75
Newcastle Mental Health Trust	43		-
The Stroke Association	41		-
Wellcome Trust	416		449
Others	385		934
Total		3,178	4,325
Collaboration with Industry			
Applied Imaging	75		48
Bayer plc	523		191
Boehringer Mannheim	75		147
British American Tobacco Ltd	90		-
Bristol-Myers Squibb	116		93
Ciba Geigy	49		-
Glaxo Group Research	165		522
Glenbrook Laboratories	157		-
Hoechst AG	87		95
Hoffman La-Roche/Roche Products	156		90
Imperial Chemical Industries	207		202
Imutran Ltd	108		52
Lilly Research Centre	61		-
Nestle Co.	50		60
Organon International BV	231		157
Pharmaceutical Companies	48		-
Servier Research and Development	118		-
Smithkline Beecham	135		41
Therapeutic Expression Systems	46		50
Unilever Research and Development	65		-
The Wellcome Foundation/ Burroughs Wellcome	191		238
Zeneca Pharmaceuticals	84		139
Others	511		1,293
Total		3,348	3,418

		1995-96	1994-95
	£000	£000	£000
International and Overseas Organisations			
European Commission	2,818		2,747
Human Frontiers Science Program	131		341
International Agency for Research of Cancer	148		135
United States Public Health Service	335		392
World Health Organisation	285		704
Others	—		81
Total		3,717	4,400
Other Sources of Funds			
Health Authorities/NHS Trusts	1,327		1,239
United Kingdom Coordinating Committee on Cancer Research	104		220
University of London	150		76
Other Universities	143		162
Contributions from Private Funds	161		1,675
Others	202		657
Total		2,087	4,029
		13,243	17,586

Other Income	5	1995-96	1994-95
		£000	£000
Sales Income		3,729	2,832
Early retirement provision written back (Note 7)		7,161	—
		10,890	2,832

Council's sales income is derived from Laboratory and Library Services and proceeds from sales of radioisotopes, and other items.

Salaries and Wages, etc.	6	Staff costs		1995-96	1994-95
				£000	£000
			Headquarters and Central Office	Establishments and Institutes	
Employee costs (note 6c)		8,535	70,277	78,812	78,648
Reimbursed salaries		36	4,474	4,510	4,546
Agency staff costs		484	776	1,260	1,119
Remuneration to Council and Committee members (note 6d)		195	—	195	199
Early retirement costs (note 7)		10	1,010	1,020	15,628
Gross staff costs		9,260	76,537	85,797	100,140
Less commercial fund activities		—	(469)	(469)	(294)
Staff costs for general activities		9,260	76,068	85,328	99,846

(a) Remuneration of Senior Employees

The Chief Executive's total actual emoluments of £111,066 (£108,327 in 1994-95) comprise a salary of £103,800 (£101,240 in 1994-95) and employer's contribution to pension scheme of £7,266 (£7,087 in 1994-95). The Chief Executive is an ordinary member of the Council's pension scheme, and the employer's contribution to the scheme currently amounts to 7% of his annual salary. The Chief Executive's entitlements under his conditions of service are the same as those for other members of staff and should his contract be terminated early, he would be entitled to compensation under the terms of the MRC Early Retirement and Severance Compensation Scheme. His fixed-term period of appointment commenced on 1 October 1987 and ended on 30 September 1996.

In addition the following number of senior employees received remuneration falling within the following ranges:

	1995-96	1994-95
	No	No
£40,001 to £50,000	64	53
£50,001 to £60,000	27	27
£60,001 to £70,000	13	20
£70,001 to £80,000	14	16
£80,001 to £90,000	5	6
£90,001 to £100,000	5	3
£100,000 to £110,000	6	4

(b) Staff numbers

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

	1995-96	1994-95
	No	No
Administrative	680	703
Scientific	1,036	1,068
Research Support	1,147	1,037
Maintenance	217	227
	<u>3,080</u>	<u>3,035</u>

(c) Employee costs

	1995-96	1994-95
	£000	£000
Salaries and wages	69,364	69,155
Social security costs	5,427	5,488
Superannuation costs	4,021	4,005
Total	<u>78,812</u>	<u>78,648</u>

(d) Remuneration to Council and Committee Members	1995-96 £000	1994-95 £000
Fees and honoraria	187	192
Social security costs	<u>8</u>	<u>7</u>
Total	<u>195</u>	<u>199</u>

The total taxable emoluments of the Council Chairman was an honorarium of £6,640 (1994-95 = £6,480). The appointment is non-pensionable and there is no entitlement to compensation for loss of office. His initial appointment commenced on 1 September 1990 and was subsequently renewed. His latest reappointment is for a further two years until 30 September 1998.

In addition, the following Board Chairmen and Council Members received honoraria falling within the following ranges:

	1995-96 No	1994-95 No
£0 to £5,000	8	8
£5,001 to £10,000	5	5

(e) Superannuation

The Medical Research Council operates a funded pension scheme providing benefits based on final pensionable pay. The total superannuation contributions paid by the Council in 1995-96 were £4,021,349 (1994-95 = £4,005,000). The required contribution rate (currently 7%) is assessed every three years in accordance with advice of the Government Actuary; the latest actuarial assessment of the Council's pension scheme was at 1 January 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8.5% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 6.4% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £424 million, which exceeded the expected future liabilities of the scheme.

Premature retirement costs	7	Council's liability for annual compensation payments under the Early Retirement Compensation Scheme up to the year 2010:		
			1995-96	1994-95
			£000	£000
		Balance brought forward	15,628	-
		Provision for early retirements in the year	1,020	19,520
		Compensation payments in the year	(2,535)	(3,892)
		Net adjustment to provision	(7,161)	-
		Balance carried forward	<u>6,952</u>	<u>15,628</u>

The Council reviews the early retirement provision annually and adjusts it for known upratings in pensions. As a result of this year's review, it was established that there had been an overprovision in respect of 1994-95 retirements. The resulting net write-back of the provision has been credited to Other Income (note 5).

Other Operating Costs	8		1995-96	1994-95
			£000	£000
		Rent and rates	3,137	3,958
		General maintenance, cleaning, heating and lighting	5,204	5,784
		Maintenance of buildings	6,419	8,925
		Office supplies, printing and stationery	2,263	2,402
		Laboratory supplies	18,646	19,542
		Management consultancy and other professional fees	1,539	897
		Postage and telephone	2,094	2,185
		Audit fees	35	40
		Travel, subsistence and hospitality	4,355	4,093
		Computing	4,264	4,634
		Equipment servicing	2,769	2,889
		Minor equipment	3,070	4,292
		Miscellaneous	2,563	1,965
		Transport costs	419	595
		Write-off of bad debts	18	8
			<u>56,795</u>	<u>62,209</u>
		Comprising:	£000	£000
		Headquarters/Central Office	7,079	8,387
		Establishments/Institutes	49,716	53,822
			<u>56,795</u>	<u>62,209</u>

Research Grants	9	Research grants are paid quarterly to institutions against pre-notified profiles. Payments in the year comprised:		
			1995-96	1994-95
			£000	£000
		Salaries	56,128	48,958
		Other recurrent costs	42,971	42,436
		Equipment	6,299	9,435
			<u>105,398</u>	<u>100,829</u>

	1995-96			1994-95		
	Higher Education Institutions	Other Institutions	Totals	Higher Education Institutions	Other Institutions	Totals
	£000	£000	£000	£000	£000	£000
Project grants	44,710	1,000	45,710	38,780	1,232	40,012
Special project/ strategic grants	19,926	4,016	23,942	22,300	5,040	27,340
Programme grants	32,201	908	33,109	31,730	1,407	33,137
Realising our potential awards	2,522	115	2,637	329	11	340
	<u>99,359</u>	<u>6,039</u>	<u>105,398</u>	<u>93,139</u>	<u>7,690</u>	<u>100,829</u>

Other research	10		1995-96	1994-95
			£000	£000
		Contributions to special research programmes	<u>8,206</u>	<u>6,945</u>

	1995-96			1994-95		
	Higher Education Institutions	Other Institutions	Totals	Higher Education Institutions	Other Institutions	Totals
	£000	£000	£000	£000	£000	£000
Research studentships/ Advanced course studentships	11,536	3,407	14,943	8,823	2,692	11,515
Postdoctoral Fellowships	9,711	1,143	10,854	8,430	1,823	10,253
	<u>21,247</u>	<u>4,550</u>	<u>25,797</u>	<u>17,253</u>	<u>4,515</u>	<u>21,768</u>

International subscriptions	12		1995-96	1994-95
			£000	£000
		International Agency for Research on Cancer	774	763
		European Molecular Biology Conference	946	884
		European Molecular Biology Laboratory	4,583	4,446
		Human Frontier Science Program	380	-
			<u>6,683</u>	<u>6,093</u>

The 1995-96 Supply Estimates provided £6,500,000 (1994-95 = £5,800,000) on Subhead B2 for International Subscriptions payable by the Council.

Expenditure in the year exceeded the grant provision by £183,000 (1994-95 = £293,000) due to the payment of additional contributions and exchange rate fluctuations. The Office of Science and Technology, with Treasury consent, approved virement from the Council's general grant-in-aid (Subhead A4).

Commercial Fund	13		1995-96		1994-95	
			£000	£000	£000	£000
		Balance brought forward		1,204		1,301
		Add Income during the year	1,022		1,223	
		Less Expenditure during the year	<u>(1,161)</u>		<u>(1,337)</u>	
		Net Expenditure for the year		<u>(139)</u>		<u>(114)</u>
		Balance carried forward	<u>1,065</u>		<u>1,187</u>	

Reconciliation of balance carried forward with cash balance at 31 March 1996

Balance carried forward 31 March 1996	1,065
Less debtors at 31 March 1996	(162)
Add creditors at 31 March 1996	<u>56</u>
Balance at 31 March 1996 (included in Cash at bank and in hand)	<u>959</u>

Council requires a financial return from successful commercial exploitation of original MRC research. The Commercial Fund records the royalty income, equity stakes and other forms of payment received as a result of licensing agreements of MRC inventions and know-how. To ensure and protect Council's interests, patent costs and fees, and awards to inventors are paid and charged against income in the Fund.

Income and expenditure relating to the Commercial Fund is credited and charged to the Income and Expenditure account and its cumulative balance represented within the Accumulated Income and Expenditure Account on the Balance Sheet. Under an agreement with Treasury, the surplus remaining unspent at the year end may be carried forward to the subsequent financial year, as long as the cumulative cash balance does not exceed £2,500,000.

Tangible fixed assets	14	Land & Buildings £000	Capitalised Rents £000	Equipment & Vehicles £000	Assets under Construction £000	Total £000
Cost or valuation:						
as at 1 April 1995		99,916	175	38,703	2,204	140,998
Additions		2,914	-	8,761	2,548	14,223
Disposals		-	-	(863)	-	(863)
At 31 March 1996		<u>102,830</u>	<u>175</u>	<u>46,601</u>	<u>4,752</u>	<u>154,358</u>
Depreciation:						
as at 1 April 1995		35,914	35	10,900	-	46,849
Provided during the year		1,911	35	6,828	-	8,774
Disposals		-	-	(851)	-	(851)
At 31 March 1996		<u>37,825</u>	<u>70</u>	<u>16,877</u>	<u>-</u>	<u>54,772</u>
Net book value:						
as at 31 March 1996		<u>65,005</u>	<u>105</u>	<u>29,724</u>	<u>4,752</u>	<u>99,586</u>
as at 1 April 1995		<u>64,002</u>	<u>140</u>	<u>27,803</u>	<u>2,204</u>	<u>94,149</u>

The net book value of land and buildings comprises:	1995/96 £000	1994/95 £000
Freehold	18,916	18,066
Long leasehold	41,852	41,445
Short leasehold	<u>4,237</u>	<u>4,491</u>
	<u>65,005</u>	<u>64,002</u>

Included in the figures for leasehold properties, is a sum totalling £38,443,630 representing properties subject to leasehold buy-back arrangements under which the leaseholders are required to purchase these properties should Council decide to relinquish the use of them

Interest received	15	1995-96 £000	1994-95 £000
Interest earned on the Council's European Currency Unit account		<u>36</u>	<u>86</u>

Other non-operating receipts	16	1995-96 £000	1994-95 £000
Interest earned on Council's Sterling bank balances		183	343
Previous year's cancelled cheques not reissued		<u>3</u>	<u>3</u>
		<u>186</u>	<u>346</u>

Amounts payable to the Office of Science & Technology	17		1995-96	1994-95
			£000	£000
		Other non-operating receipts (note 16)	186	346
		Unspent Animal Licence Fee contribution	37	24
		Payable to OST	<u>223</u>	<u>370</u>

The Council's non-operating receipts, together with any underspend on grant vote sub head C2 for Licence fees payable under the Animal Licences Act 1986 are surrendered to the Consolidated Fund via the Office of Science and Technology.

At 31 March, £40,000 paid to OST was in transit and has therefore not been recognised as a receipt by the Department.

Stock	18		1995-96	1994-95
			£000	£000
		Consumable stores and livestock	<u>2,080</u>	<u>2,015</u>

Debtors	19	Amount falling due within one year:	1995-96	1994-95
			£000	£000
		Trade debtors	2,893	2,023
		Other debtors	3,557	3,516
		Accrued income	1,117	2,295
		Prepayments	864	1,245
			<u>8,431</u>	<u>9,079</u>

Creditors	20	Amounts falling due within one year:	1995-96	1994-95
			£000	£000
		Trade creditors	4,353	3,510
		Accruals	8,068	8,722
		P.A.Y.E. and social security	2,007	1,720
		Value added tax	184	726
		Income received in advance	607	423
		Others	2,456	938
			<u>17,675</u>	<u>16,039</u>

Long-term Creditors	21		1995-96	1994-95
			£000	£000
		Payments due:		
		2-5 years	9	30
		Over 5 years	-	-
			<u>9</u>	<u>30</u>

Deferred grant-in-aid account	22		1995-96	1994-95
			£000	£000
		Deferred grant-in-aid brought forward	75,113	67,167
		Deferred grant-in-aid received	14,223	15,593
		Released to income	<u>(8,524)</u>	<u>(7,647)</u>
			80,812	75,113
<hr/>				
Revaluation and Capital Land Reserves	23		Revaluation Reserve	Capital Land Reserve
			£000	£000
		At 1 April 1995	13,339	5,867
		Transferred to income and expenditure account	<u>(250)</u>	<u>-</u>
		At 31 March 1996	13,089	5,867
<hr/>				
Reconciliation of movement in Government funds	24		1995-96	1994-95
			£000	£000
		Surplus/(Deficit) for the year	6,994	(16,808)
		Movement on deferred grant-in-aid account for the year	5,699	7,946
		Transfer from Revaluation Reserve to Income and Expenditure Account	<u>(250)</u>	<u>(250)</u>
			12,443	(9,112)
		Government funds as at 1 April	<u>77,721</u>	<u>86,833</u>
		Government funds as at 31 March	90,164	77,721
<hr/>				
Reconciliation of the surplus/(deficit) to net cash inflow/(outflow) from operating activities	25		1995-96	1994-95
			£000	£000
		Operating (deficit)/surplus	6,750	(17,128)
		Depreciation charge	8,774	7,897
		Transfer from deferred grant-in-aid	(8,524)	(7,647)
		Increase/(decrease) in provision for liabilities and charges	(8,697)	15,658
		(Increase)/decrease in stocks	(65)	197
		(Increase)/decrease in debtors	648	(2,320)
		Increase in creditors	<u>1,636</u>	<u>800</u>
		Net cash inflow/(outflow)	522	(2,543)
<hr/>				
Movement on cash and cash equivalents	26		1995-96	1994-95
			£000	£000
		Cash and cash equivalents at 1 April	4,175	6,478
		Increase/(decrease) in cash and cash equivalents	<u>528</u>	<u>(2,303)</u>
		Cash and cash equivalents at 31 March	4,703	4,175

Shareholdings	27	<p>The Council holds shares in five companies engaged in the commercial development of MRC inventions and know-how. These equity positions were received in return for company access to MRC intellectual property. Four UK companies, Cambridge Antibody Technology, Hiver, Therexsys and Prolifix are not traded publicly and the shares have no current open market value. The other company, Somatogen, is based in the USA.</p>																								
		<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Description of holding</th> <th style="text-align: right;">Number of shares held</th> <th style="text-align: right;">Purchase price</th> <th style="text-align: right;">Market value at 31 March 1996</th> </tr> </thead> <tbody> <tr> <td>Hiver Ltd</td> <td style="text-align: right;">145,812</td> <td style="text-align: right;">-</td> <td>No current open market value</td> </tr> <tr> <td>Cambridge Antibody Technology Ltd</td> <td style="text-align: right;">110,000</td> <td style="text-align: right;">£100</td> <td>No current open market value</td> </tr> <tr> <td>Therexsys Ltd</td> <td style="text-align: right;">659,028</td> <td style="text-align: right;">-</td> <td>No current open market value</td> </tr> <tr> <td>Somatogen Inc</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">-</td> <td>£576,282</td> </tr> <tr> <td>Prolifix.</td> <td style="text-align: right;">200,000</td> <td style="text-align: right;">-</td> <td>No current open market value</td> </tr> </tbody> </table>	Description of holding	Number of shares held	Purchase price	Market value at 31 March 1996	Hiver Ltd	145,812	-	No current open market value	Cambridge Antibody Technology Ltd	110,000	£100	No current open market value	Therexsys Ltd	659,028	-	No current open market value	Somatogen Inc	50,000	-	£576,282	Prolifix.	200,000	-	No current open market value
Description of holding	Number of shares held	Purchase price	Market value at 31 March 1996																							
Hiver Ltd	145,812	-	No current open market value																							
Cambridge Antibody Technology Ltd	110,000	£100	No current open market value																							
Therexsys Ltd	659,028	-	No current open market value																							
Somatogen Inc	50,000	-	£576,282																							
Prolifix.	200,000	-	No current open market value																							
Contingent Liabilities	28	<p>Clinical Sciences Centre, Cyclotron Unit</p> <p>The Council has received a claim from a member of staff of a sub-contractor who claims exposure to radiation at the unit and who subsequently contracted cancer. Contingent liability could be over £100,000.</p>																								
Capital commitments	29	<p>The Council had estimated future commitments to capital expenditure which had been contracted but not provided for at the balance sheet date of £6,547,000 (£5,673,000 at 31 March 1995).</p>																								

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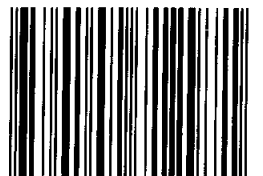
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