

Aberdeen University Research and Industrial
Services Limited

Directors' report and financial statements
for the year ended 31 July 2000

Registered Number 75913



Aberdeen University Research and Industrial Services Limited

Directors' report and financial statements for the year ended 31 July 2000

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Aberdeen University Research and Industrial Services Limited

Directors and Advisors for the year ended 31 July 2000

Directors: Professor A R Forrester
Professor R Harrison
Professor I Macdonald
Professor J I Prosser
Dr A W Alexander
Dr R Scott-Brown
Mr R Duncan
Mr E A Gillespie
Mr T Kidner
Mr M Ord
Ms A Harper

**Secretary and
Registered office:** Dr A W Alexander
King's College
Old Aberdeen
Aberdeen
AB24 3SW

Auditors: PricewaterhouseCoopers
32 Albyn Place
Aberdeen
AB10 1YL

Bankers: Clydesdale Bank plc.

Aberdeen University Research and Industrial Services Limited

Directors' report for the year ended 31 July 2000

The directors present their report and the audited financial statements for the year ended 31 July 2000.

Results and dividends

The group's loss on ordinary activities after taxation was (£194,352) (1999 : £1,966). As there are no distributable reserves at the year end, no dividend is proposed in respect of the year.

Activities

Aberdeen University Research and Industrial Services Limited ("AURIS") is the holding company for the University of Aberdeen's commercial interests.

AURIS majority owned companies provide services in petroleum economics and benchmarking, microbial analysis, patent depository, culture sales, biomedical devices. The co-ordination of University consultancy and supporting University academics to win research income was provided by the Company until 31 October 1999.

AURIS is responsible to the Sullom Voe Authority Limited for the management of the Shetland Oil Terminal Environmental Advisory Group and deliver secretariat services to the St Fergus Oil Industry Group and the Atlantic Frontier Environmental Forum.

Review of business

The Working Group set up in summer 1999 to review AURIS' activities recommended the restructuring of AURIS. The process was taken forward at the start of the financial period in four key areas as follows:

Negotiating the sale of majority shareholdings in NCIMB Limited and Aupec Limited.

Transferring AURIS' responsibilities for servicing the University's academics on research applications, awards, contract management, consultancy, patent protection, licensing and company formations through the creation of a new section (Research and Innovation) in the University's Administration Department. The move also included the transfer of AURIS staff providing Environmental Secretariat Services (SOTEAG, AFEF and the St Fergus Environmental Forum).

The establishment of a commercialisation steering group to advise the University.

AURIS becoming a holding company to manage shareholding interests in commercial companies based on the University's expertise and intellectual property.

The end result of the restructuring would be for AURIS to have no direct employees. AURIS' executive duties are being undertaken by contracting with the University for 20% of a staff member to fulfil the role of Chief Executive and 20% of a secretary's time.

Aupec Limited has had a very demanding year as a result of the downturn in the oil and gas industries. Turnover was down from £732,499 in 1999 to £522,583 and a net loss of (£126,313) was recorded compared to a profit of £19645 in 1999. The company focused on keeping its core business in benchmarking and carried out a rigorous cost cutting exercise. At the end of the year there were signs of an upturn in trading for 2000/01.

Aberdeen University Research and Industrial Services Limited

A management buy-out by one of the managers and two of the directors was in the closing stages of negotiation at the year-end.

NCIMB limited recorded a loss of £60577 compared to £29092 in 1999. At the start of the year new management was appointed which led to a review of the company's business strategy and a new business plan. Significant new opportunities were identified in culture collection sales, specialist laboratory sales and bio-informatics. At the end of the period the new management was in negotiations to purchase a controlling interest in the company and plans were in hand to follow this with a first round of funding to grow the business.

NIECC continued to receive grant support from the Biotechnology and Biological Sciences Research Council. The company was managed by NCIMB through a service level agreement and recorded neither a surplus nor a deficit.

Aubec R & D concluded its SMART AWARD for the development of a retractable intra-medullary nail. The company recorded a small net profit of £307. A new business plan was being considered to widen the company's role as a vehicle to commercialise intellectual property from the Department Bio-medical Physics.

AURIS excluding its subsidiary interests recorded a loss of £7,769 through its contracts with SOTEAG, AFEF, St Fergus and Fisheries Research Services.

Mr Ronnie Scott-Brown resigned, having indicated his intention previously, on 31 July 2000. Mr. Scott-Brown had served on the AURIS board for several years and his considerable contribution was fully acknowledged by the Board.

Dr. Hance Fullerton, the AURIS Chairman, had indicated earlier in the year of his intention to resign from the AURIS Board. The University appointed Professor Alexander Forrester, Vice Principal for Commercialisation to succeed Dr. Fullerton at the first Board meeting of 2000/01. The chairman expressed his thanks to the Board and staff for all their hard work during a difficult year of considerable change in the company.

Directors

The present directors of the company are shown on page 1. Ms A Harper was appointed on 1 September 2000. The other directors served throughout the year ended 31 July 2000. In addition, Dr H Fullerton also served as a director until his resignation on 1 September 2000.

None of the directors has any interest in the issued share capital of either the company or its parent undertaking.

Aberdeen University Research and Industrial Services Limited

Directors responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Secretary

A handwritten signature in black ink, appearing to be 'J. A. ...', written over a horizontal line.

King's College
Old Aberdeen
Aberdeen
AB24 3RY

Aberdeen University Research and Industrial Services Limited

Auditors' report to the members of Aberdeen University Research and Industrial Services Limited

We have audited the financial statements on pages 6 to 22 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 10 and 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

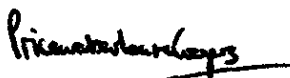
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen, 28 June 2001

Aberdeen University Research and Industrial Services Limited

Consolidated Profit and loss account for the year ended 31 July 2000

	Note	2000 £	1999 £
Turnover	2		
Continuing operations		493,510	1,066,028
Discontinued operations		961,505	1,121,891
Total turnover		1,455,015	2,187,919
Cost of sales		(775,122)	(1,884,551)
Gross profit		679,893	303,368
Administrative expenses		(859,022)	(343,208)
Operating (loss)/profit	3-5		
Continuing operations		(3,900)	69,148
Discontinued operations		(175,229)	(108,988)
Total operating (loss)/profit		(179,129)	(39,840)
Exceptional item – Gain on sale of fixed asset investment	3	-	56,392
Interest receivable – short term		6,737	3,856
Interest payable	6	(21,929)	(20,583)
Loss on ordinary activities before taxation		(194,321)	(175)
Tax on results on ordinary activities	7	(31)	(1,791)
Loss for the financial year after taxation	19	(194,352)	(1,966)
Loss for the financial year			
The company		(7,769)	19,277
Subsidiary undertakings		(186,583)	(21,243)
Retained loss for the financial year		(194,352)	(1,966)

All recognised gains and losses are included in the profit and loss account.

Aberdeen University Research and Industrial Services Limited

Note of historical cost profits and losses

	Note	2000 £	1999 £
Reported loss on ordinary activities before taxation		(194,352)	(175)
Differences between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		9,308	9,308
Historical cost (loss)/profit on ordinary activities before taxation		(185,044)	9,133
Historical cost (loss)/profit for the year after taxation		(185,075)	7,342

Aberdeen University Research and Industrial Services Limited

Consolidated balance sheet as at 31 July 2000

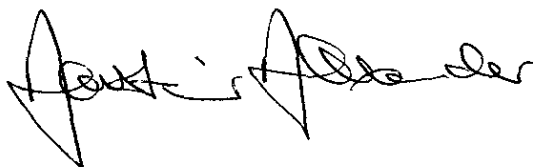
	Note	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Tangible assets	8		894,929		993,022
Investments	9		2,867		2,867
			897,796		995,889
Current assets					
Stock and work in progress	12	21,383		36,143	
Debtors	13	472,576		433,514	
Cash at bank and in hand		58,206		152,135	
		552,165		621,792	
Creditors: amounts falling due within one year	14	(599,348)		(602,504)	
Net current (liabilities)/assets			(47,183)		19,288
Total assets less current liabilities			850,613		1,015,177
Creditors : amounts falling due after more than one year	14	(215,963)		(168,487)	
Provisions for liabilities and charges	15	-		-	
Deferred income	16	(37,947)		(55,635)	
			(253,910)		(224,122)
Net assets			596,703		791,055
Capital and reserves					
Called up share capital	17		600,000		600,000
Revaluation reserve	19		329,764		339,072
Profit and loss account	19		(333,061)		(148,017)
Equity shareholders' funds	18		596,703		791,055

These financial statements were approved by the board of directors on 15 June 2001 and were signed on its behalf by:

Director:



Director:



Aberdeen University Research and Industrial Services Limited

Company balance sheet as at 31 July 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Tangible assets	8		714,245		742,750
Investments	9		18,869		18,869
			733,114		761,619
Current assets					
Stock and work in progress	12	-		7,180	
Debtors	13	255,985		218,909	
Cash at bank and in hand		35,525		181,604	
		291,510		407,693	
Creditors: amounts falling due within one year	14	(273,350)		(389,389)	
Net current assets			18,160		18,304
Total assets less current liabilities			751,274		779,923
Creditors : amounts falling due after more than one year	14		(146,420)		(167,300)
Net assets			604,854		612,623
Capital and reserves					
Called up share capital	17		600,000		600,000
Revaluation reserve	19		329,764		339,072
Profit and loss account	19		(324,910)		(326,449)
Equity shareholders' funds			604,854		612,623

These financial statements were approved by the board of directors on 15 June 2001 and were signed on its behalf by:

Director:

Director:



Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards. Heritable land and buildings are stated at revalued amounts; all other items are stated in the accounts under the historical cost accounting rules.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings, made up to 31 July 2000. In accordance with Section 230 (4) of the Companies Act 1985, the parent company is exempt from the requirement to present its own profit and loss account. The company is a wholly owned subsidiary of the University of Aberdeen and the cash flows of the company are included in the consolidated cash flow statements of the University of Aberdeen. Consequently, the company is exempt under the terms of the Financial Reporting Standard No. 1 from publishing a cash flow statement.

Turnover

Turnover represents the invoiced amount of sales made and services provided to non-group companies, net of value added tax.

Depreciation

No depreciation is provided on heritable land. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation of each fixed asset evenly over its estimated useful life as follows:

Heritable buildings - 25 years
Plant and equipment - 3 to 7 years

Research and development

Expenditure on research and development is written off against results in the period in which it is incurred.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

Grants

Grants towards expenditure on fixed assets are released to the profit and loss account over the expected useful economic lives of the related assets. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far released to profit. Grants of a revenue nature are credited to income in the period to which they relate.

Leasing and hire purchase contracts

Where the company has operating leases the rental charges are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets obtained under hire purchase or finance lease contracts are capitalised in the balance sheet and are *depreciated over their useful lives or the term of the lease if a shorter period. The interest element of the rental obligations is charged to the profit and loss account over the period of the contract.*

Pension costs

The group contributes to two defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

2. Analysis of turnover

The turnover is attributable to one activity, the provision of various consultancy and scientific services, as detailed in the directors' report. A geographical analysis of turnover is as follows:

	2000 £	1999 £
United Kingdom	1,003,117	1,788,570
Africa	52,451	28,669
America	160,604	135,222
Asia	75,448	54,199
Australasia	24,652	22,497
Europe	138,742	158,762
	1,455,015	2,187,919

3. Operating loss

	Continu- ing operations	Discontin- ued operations	2000 Total	Continu- ing operations	Discontin- ued operations	1999 Total
Turnover	493,510	961,505	1,455,015	1,066,028	1,121,891	2,187,919
Cost of sales	(140,587)	(634,535)	(775,122)	(944,666)	(939,885)	(1,884,551)
Gross profit	352,923	326,970	679,893	121,362	182,006	303,368
Administrative expenses	(356,823)	(502,199)	(859,022)	(52,214)	(290,994)	(343,208)
Operating loss	(3,900)	(175,229)	(179,129)	69,148	(108,988)	(39,840)

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

	2000 £'000	1999 £'000
Operating loss is stated after crediting:		
Release from grants account (note 16)	17,688	17,688
Exceptional item – Gain on sale of fixed asset investment	-	56,392
And after charging:		
Cost of sales		
Depreciation	49,664	51,006
Administrative expenses:		
Depreciation - owned	52,370	42,455
- under hire purchase agreements	2,136	2,851
Auditors' remuneration (company £2,984; 1999 £3,800)	7,864	9,900
Operating lease rentals - plant and machinery	5,027	9,950
- land and buildings	40,161	16,997

The exceptional item in 1999 relates to the gain on sale of Cordah Limited, a fixed asset investment.

4. Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2000	1999
Scientists and consultants	32	52
Office and management	9	15
	41	67

Employee costs:	2000 £	1999 £
Wages and salaries	685,488	1,145,835
Social security costs	61,449	96,832
Other pensions costs	54,020	79,121
Staff costs	800,957	1,321,788

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

5. Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	69,013	65,000
Company pension contributions to defined contribution scheme	8,807	5,500
	77,820	70,500

Retirement benefits are accruing to one director under a defined benefit scheme.

Included in the above figures are emoluments which were paid by the parent undertaking, the University of Aberdeen, amounting to:

	2000	1999
	£	£
Emoluments	43,263	-
Pension contributions	7,432	-
	50,695	-

6. Interest payable

	2000	1999
	£	£
Interest on loan from University of Aberdeen	13,000	13,158
Interest on bank overdraft	8,535	6,519
Hire purchase interest	394	906
	21,929	20,583

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

7. Tax on results on ordinary activities

	2000	1999
	£	£
Corporation tax payable	-	4,696
Transfer from deferred taxation	-	(2,905)
Prior year adjustments:		
UK corporation tax	31	-
Tax charge for the year	31	1,791

8. Tangible fixed assets

	Heritable Land and Buildings	Plant and Equipment	Total
	£	£	£
Group			
Cost or valuation			
At 1 August 1999	775,000	621,759	1,396,759
Additions	-	6,078	6,078
Disposals	-	(9,356)	(9,356)
At 31 July 2000	775,000	618,481	1,393,481
Depreciation			
At 1 August 1999	46,000	357,737	403,737
Charge for the year	23,000	81,171	104,171
Disposals	-	(9,356)	(9,356)
At 31 July 2000	69,000	429,552	498,552
Net book amount			
At 31 July 2000	706,000	188,929	894,929
At 31 July 1999	729,000	264,022	993,022

The net book value of tangible fixed assets includes an amount of £1,783 (1999 : £3,919) in respect of assets held under hire purchase agreements.

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

8 Tangible fixed assets (continued)

	Heritable Land and Buildings £	Plant and Equipment £	Total £
Company			
Cost or valuation			
At 1 August 1999 and 31 July 2000	775,000	70,954	845,954
Depreciation			
At 1 August 1999	46,000	57,204	103,204
Charge for the year	23,000	5,505	28,505
At 31 July 2000	69,000	62,709	131,709
Net book amount			
At 31 July 2000	706,000	8,245	714,245
At 31 July 1999	729,000	13,750	742,750

Group and Company

The cost or valuation figures at 31 July 2000 are arrived at as follows:

Heritable land and buildings – valuation in 1997. The valuation is treated as cost for the purposes of FRS 15 ‘Tangible fixed assets’.

Plant and equipment – cost

The amount of heritable land and buildings (included above at valuation) determined according to the historical cost accounting rules is as follows:

	2000 £	1999 £
Cost	524,796	524,796
Aggregate depreciation	(148,560)	(134,868)
Net book value	376,236	389,928

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

9. Investments

	Subsidiary undertakings	Other unlisted investments	Company total	Group total
	£	£	£	£
Cost				
At 1 August 1999 and 31 July 2000	30,405	2,867	33,272	2,867
Provisions				
At 1 August 1999 and 31 July 2000	(14,403)	-	(14,403)	-
Net book value				
At 31 July 2000	16,002	2,867	18,869	2,867
At 31 July 1999	16,002	2,867	18,869	2,867

10. Subsidiary undertakings

The company has the following wholly owned subsidiaries, all of which are registered in Scotland.

Name of undertaking	Nature of business
NCIMB Limited	Microbiological & chemical services
AUPEC Limited	Petroleum economics consultancy
National Industrial & Environmental Culture Collection Limited	Maintenance of the National Collection of Industrial, Marine and Food Bacteria
Aubec R&D Ltd	Development of healthcare products and aids for the disabled

On 1 September 2000 AUPEC Limited was subject to a management buy out. Under the terms of the subscription and shareholders agreement between the management and AURIS, AUPEC Limited issued 4,000 ordinary shares at a value of £20 per share to the management team resulting in no single party having a controlling interest in AUPEC Limited.

On 30 October 2000 NCIMB Limited reclassified its authorised and issued share capital into Ordinary shares and 'A' ordinary shares. Under the terms of the combined subscription and shareholders Agreement between AURIS and the new shareholders, the shares held by AURIS were reclassified as 'A' Ordinary shares and NCIMB Limited issued 42,692 ordinary shares at a value of £1.76 per share to the new shareholder. As a result the new shareholder now has the controlling interest in NCIMB Limited.

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

11. Unlisted investments

Unlisted investments at 1 August 1999 and 31 July 2000 comprise the following:

Name of company	Shares held	Cost £
Unimed Scientific Limited	17 shares of £1 each	17
Auvation Limited	95,000 shares of 1p each	950
Remedios Limited	1,900 ordinary shares of £1 each	1,900
		2,867

All three companies are incorporated in Scotland.

On 8 February 2001 the company sold its investment in Unimed Scientific Limited for £7,286.

12. Stock and work in progress

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Work in progress	-	8,840	-	7,180
Consumables	21,383	27,303	-	-
	21,383	36,143	-	7,180

13. Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	428,932	384,935	123,211	95,976
Prepayments and accrued income	40,049	48,548	3,441	40,321
Tax repayable	-	31	-	31
Amounts owed by subsidiary undertakings	-	-	-	-
Amounts owed by group undertakings	3,595	-	129,333	82,581
	472,576	433,514	255,985	218,909

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

14. Creditors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Falling due within one year				
Bank overdraft and loan	150,965	-	-	-
Loan from University of Aberdeen	45,240	24,360	45,240	24,360
Payments received on account	92,533	192,745	92,533	192,745
Trade creditors	83,983	112,937	7,653	27,416
Other creditors	118,827	116,239	66,699	26,036
Obligations under hire purchase contracts	1,185	2,850	-	-
Other taxation and social security	48,242	68,682	37,482	65,942
Amounts owed to subsidiary undertakings	-	-	801	52,890
Amounts owed to group undertakings	58,373	83,691	22,942	-
	599,348	602,504	273,350	389,389
Falling due after more than one year				
Loan from University of Aberdeen	146,420	167,300	146,420	167,300
Bank loan	69,543	-	-	-
Obligations under hire purchase contracts (all payable within 5 years)	-	1,187	-	-
	215,963	168,487	146,420	167,300
Maturing of loans				
Repayable in monthly instalments as follows:				
Within one year	65,240	24,360	45,240	24,360
Between one and two years	40,880	20,880	20,880	20,880
Between two and five years	109,307	62,640	62,640	62,640
Outwith five years	62,900	83,780	62,900	83,780
	278,327	191,660	191,660	191,660

The final instalment falls due in July 2008. Interest is payable on the loan at 0.25% above LIBOR.

Secured creditors

The loan from University of Aberdeen and the bank overdraft and loan are secured by a standard security over the company's property. In addition, the bank overdraft and loan is secured by a floating charge over the other assets of the company.

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

15. Provisions for liabilities and charges

Deferred taxation

The accounting policy for deferred taxation is explained in note 1. No provision for deferred taxation has been reflected in the financial statements.

The only potential liability which has not been provided for is that which would arise if the heritable land and buildings were sold at the revalued amounts; at 31 July 2000 this amounted to £2,000 (1999 - £18,000).

16. Deferred income

	2000	1999
Group	£	£
Grants		
At 1 August 1999	55,635	73,323
Grants received in year	-	-
Released to profit and loss account	(17,688)	(17,688)
At 31 July 2000	37,947	55,635

17. Share capital

	2000	1999
	£	£
Authorised:		
Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	600,000	600,000

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

18. Reconciliation of movement in shareholders' funds

	2000	1999
	£	£
Loss for the financial year	(194,352)	(1,966)
Opening shareholders' funds	791,055	793,021
Closing shareholders' funds	596,703	791,055

19. Reserves

	Group		Company	
	Revaluation reserve	Profit and loss account	Revaluation reserve	Profit and loss account
	£	£	£	£
At 1 August 1999	339,072	(148,017)	339,072	(326,449)
Loss for the financial year	-	(194,352)	-	(7,769)
Transfer of realised profits	(9,308)	9,308	(9,308)	9,308
At 31 July 2000	329,764	(333,061)	329,764	(324,910)

Aberdeen University Research and Industrial Services Limited

Notes to the financial statements for the year ended 31 July 2000 (continued)

20. Operating lease commitments

At the year end the following annual operating lease commitments existed:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Land and buildings				
Expiring within 2 – 5 years	20,250	40,549	-	-
Equipment				
Expiring within 1 year	4,153	971	3,523	3,461
Expiring within 2 – 5 years	1,403	2,663	-	-
	25,806	44,183	3,523	3,461

21. Pension schemes

The group contributes to two defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £54,020 (1999 : £79,121).

22. Ultimate parent undertaking

The company's ultimate parent undertaking and controlling party is the University of Aberdeen, Regent Walk, Aberdeen, Scotland. Copies of the University's annual accounts can be obtained from the above address.

23. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary where 90% or more of its voting rights are controlled within the group, and the consolidated statements of the University of Aberdeen are publicly available.