

PUBLIC INTEREST RESEARCH CENTRE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

CONTENTS AND COMPANY INFORMATION

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DIRECTORS

C B Zealley (Chairman)
Lord Phillips of Sudbury (resigned 5th June 2008)
A O Thorold
M Frankel
P C Medawar
M W Thompson (resigned 5th June 2008)
B Lee-Harwood (appointed 5th June 2008)
F Armstrong (appointed 5 June 2008)
J Alty (appointed 5th June 2008)

SECRETARY

P C Medawar

REGISTERED OFFICE

Y Plas
Machyalleth
Powys
SY20 8ER

REGISTRATION NUMBER

1112242

CHARITY NUMBER

266446

BANKERS

Royal Bank of Scotland
28 Cavendish Square
London
W1M 0DB

AUDITORS

Prentis & Co LLP
Chartered Accountants
& Registered Auditors
115c Milton Road
Cambridge
CB4 1XE



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 2007

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 charity and of the incoming resources and application of resources of the charity for that period

In preparing those financial statements, the directors are required to

- (i) Select suitable accounting policies and then apply them consistently
- (ii) Make judgements and estimates that are reasonable and prudent
- (iii) State whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements
- (iv) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is constituted as a company limited by guarantee, and is therefore governed by a Memorandum and Articles of Association. It is registered as a charity with the Charity Commission. In the event of the company being wound up the liability of the members is limited to £1.

APPOINTMENT OF DIRECTORS

The Board of Directors has the power to appoint additional members

DIRECTORS TRAINING

Directors of the company keep their knowledge of the charity sector up to date as necessary. The company secretary briefs them at regular intervals on activity.

In the event of new Directors being admitted the company would ensure that they had a suitable induction process.

ORGANISATION

The charity is organised so that the directors meet when required to oversee the administration of the charity. The objects are attained with the services of one full-time researcher who utilises the funds as needed to carry out planned research. There have been no changes in the policies adopted to achieve the charitable objectives during the year.

RISK

The directors keep the areas of risk under review and it is on the agenda for their meetings.

OBJECTS AND ACTIVITIES

The charity's object is to research the organisation and activity of government, industry, business, trade, the professions and the services and to assess their impact on the environment and life of the community and to make the result of such research available to and for the benefit of the public. Its policies in carrying out the objects remain unchanged.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

REPORT OF THE DIRECTORS CONT

ACHIEVEMENTS, PERFORMANCE AND FUTURE DEVELOPMENTS

The past year has been a year of transition with the existing director, Charles Medawar, retiring from paid work and handing over to Tim Helweg-Larsen. At the same time, in April 2007, we conclude a pretty much uninterrupted 36-year period of funding by the Joseph Rowntree Charitable Trust. JRCT has been the overwhelming major sponsor of PIRC and we deeply appreciate the Trust's generous support.

In the future, under the direction of Tim Helweg-Larsen, PIRC's output will relate to energy use, climate change, peak oil and related issues. Operating under the Social Audit Ltd banner, Charles Medawar will continue to work on medicines' policy issues, with continuing emphasis on monitoring the performance of the Medicines and Healthcare products Regulatory Agency. As in the past, he expects to work closely with colleagues in Health Action International (Europe), and to publish his output on the ADWEB, the Social Audit Ltd Website. The number of visits to ADWEB has fluctuated, but at the end of 2006 had increased to over 750,000 visits/year.

FINANCIAL REVIEW

The statement of financial activities shows net deficit for the year of £26332 (2006 £3799 net income). Resources stand at £56 at the year end. Grants have been reducing but costs maintained carefully to ensure that adequate reserves are maintained.

RESERVES

The directors try to ensure that the charity has sufficient cash reserves to meet three months running costs, as funding is generally provided quarterly.

DIRECTORS

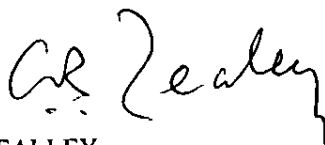
All directors of the company are also trustees of the charity, and there are no other trustees. All of the trustees named below served throughout the year. The Board has power to appoint additional trustees as it considers fit to do so.

C B Zealley Chairman
Lord Phillips of Sudbury
A O Thorold
M Frankel
P C Medawar (appointed 4th April 2007)
M W Thompson (appointed 4th April 2007)

AUDITORS

The Auditors, Prentis & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the Board on 12 July 2008 and signed on its behalf



C B ZEALLEY
DIRECTOR

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PUBLIC INTEREST RESEARCH CENTRE LIMITED

We have audited the financial statements of Public Interest Research Centre Limited for the year ended 31st December 2007 which comprise of the Statement of Financial Activities, the Balance Sheet and related notes which have been prepared under the historical cost convention and the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors Responsibilities the charity's trustees who are also the directors of Public Interest Research Centre Limited for the purposes of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Auditing Standards (United Kingdom Generally Accepted Accounting Practice)

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable 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 with the company is not disclosed

We read the Directors' Report and consider whether it is consistent with the audited financial interests. We consider the implications for our report if we become aware of any apparent misstatements within the financial statements. Our responsibilities do not extend to any other information

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which 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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 5 to the financial statements

OPINION

In our opinion the information given in the Trustees Report is consistent with the financial statements. The financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charitable company's affairs as at 31st December 2007 and of its incoming resources and application of resources, including its income and expenditure. In the year then ended the financial statements have been properly prepared in accordance with the Companies Act 1985



PRENTIS & CO LLP

CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

115c Milton Road
Cambridge
CB4 1XE

15 July 2008

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING AN INCOME & EXPENDITURE ACCOUNT

	Notes	2007 Total Unrestricted £	2006 Total £
INCOMING RESOURCES FOR GENERATED FUNDS			
Voluntary income			
Grants and Donations	2	24438	41085
Activities for generating funds			
Miscellaneous income		150	-
Investment income	3	705	720
TOTAL INCOMING RESOURCES		<u>25293</u>	<u>41805</u>
RESOURCES EXPENDED			
Charitable activities			
Research work and other charitable activity		49967	36399
Governance costs		1658	1607
TOTAL RESOURCES EXPENDED	4	<u>51625</u>	<u>38006</u>
NET (EXPENDITURE)/INCOME FOR THE	5	(26332)	3799
Total funds brought forward		31969	28170
Total funds carried forward		<u>5637</u>	<u>31969</u>

None of the companies activities were acquired or discontinued during the year and there were no recognised gains or losses for 2006 or 2007 other than those included in the Statement of Financial Activities

The notes on pages 6 to 9 form part of these financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

BALANCE SHEET

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	1394	1777
CURRENT ASSETS			
Stocks		-	1000
Debtors	8	281	251
Cash at bank and in hand		7660	31023
		<u>7941</u>	<u>32274</u>
CREDITORS amounts falling due within one year	9	<u>3698</u>	<u>2082</u>
Net Current Assets		4243	30192
NET ASSETS		<u>5637</u>	<u>31969</u>
FUNDS			
Unrestricted funds	11	5637	31969
		<u>5637</u>	<u>31969</u>

The financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the Board on 12 July 2008 and signed on its behalf



C B ZEALLEY
DIRECTOR

The notes on pages 6 to 9 form part of these financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

1

ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and include the results of the charity's operations which are described in the Directors' Report and of all which are continuing. The accounts have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities, (SORP 2005) issued in March 2005 applicable accounting standards and the Companies Act 1985.

(b) INCOMING RESOURCES

Grants and donations are recognised when there is entitlement.

(c) RESOURCES EXPENDED

Expenditure includes all costs directly incurred on charitable projects being run by the Charity. It is recognised when it is incurred.

(d) VALUE ADDED TAX

Expenditure includes VAT where appropriate.

(e) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible assets at rates calculated to write-off the costs less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	- over 4 years
Fixtures, fittings, tools and equipment	- over 8 years

(f) STOCKS

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure.

(g) OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profit as incurred.

(h) PENSION CONTRIBUTIONS

The institution participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The liabilities are valued every three years by a professional qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

(i) FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(j) CASH FLOW STATEMENTS

The company, being a company of small size within the meaning of the Companies Act 1985, has used the exemption provided by Financial Reporting Standard No. 1 under which they are not required to include a cash flow statement as part of their financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

2	GRANTS AND DONATIONS RECEIVED	Total 2007 £	Total 2006 £
	Grants received during the year		
	Joseph Rowntree Charitable Trust	15000	35000
	Other income	5150	-
	The 1970 Trust	3000	6000
	General donations	1288	85
		<u>24438</u>	<u>41085</u>
3	INVESTMENT INCOME	2007 £	2006 £
	Interest received on UK cash deposits	705	720
4	RESOURCES EXPENDED ON CHARITABLE ACTIVITY	2007 Total £	2006 Total £
	Research salaries	35335	27931
	Research costs	1000	49
	Computer support	739	2159
	Electricity	95	199
	Travelling expenses	4450	150
	Publications	1000	-
	Telephone	810	1494
	Office rent	2635	-
	Stationery and office supplies	825	499
	Office and equipment repair and maintenance	449	680
	Postage	464	444
	Books, subscriptions etc	791	661
	Bank charges	234	120
	Miscellaneous expenses	78	1054
	Depreciation	852	959
	Seminar costs	210	-
		<u>49967</u>	<u>36399</u>
	GOVERNANCE COSTS		
	Audit	1658	1607
5	DEFICIT FOR THE YEAR	2007 £	2006 £
	The excess of expenditure over income for the year is stated after charging		
	Depreciation of tangible fixed assets owned by the Charity	852	959
	Audit fee	1658	1607

MANAGEMENT THREAT IN RELATION TO NON-AUDIT SERVICES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

6	STAFF COSTS			
	No remuneration was paid to directors during the year nor were any expenses reimbursed to them	The staff		
	costs were	2007	2006	
		£	£	
	Salaries	32389	24050	
	Social security costs	2351	1501	
	Pension costs	395	2380	
		<u>35135</u>	<u>27931</u>	
	There were no pension contributions paid for staff during the year			
	The average weekly number of staff employed by the charity during the year was	2007	2006	
		2	1	
	Direct charitable workers	<u>2</u>	<u>1</u>	
	No employee received remuneration of more than £60000			
7	TANGIBLE FIXED ASSETS			
		Computer Equipment £	Fixtures and Fittings £	Total £
	COST			
	Balance at 1 1 07	10624	3030	13654
	Additions	469	-	469
	Balance at 31 12 07	<u>11093</u>	<u>3030</u>	<u>14123</u>
	DEPRECIATION			
	Balance at 1 1 07	8926	2951	11877
	Charge for the year	773	79	852
	Balance at 31 12 07	<u>9699</u>	<u>3030</u>	<u>12729</u>
	NET BOOK VALUE at 31 12 07	<u>1394</u>	<u>-</u>	<u>1394</u>
	NET BOOK VALUE at 31 12 06	<u>1698</u>	<u>79</u>	<u>1777</u>
8	DEBTORS			
		2007	2006	
		Due within	Due within	
		one year	one year	
		£	£	
	Social Audit Ltd			
		<u>281</u>	<u>251</u>	
9	CREDITORS			
		2007	2006	
		Due within	Due within	
		one year	one year	
		£	£	
	Accruals	1835	2082	
	Other creditors	1863	-	
		<u>3698</u>	<u>2082</u>	
10	SHARE CAPITAL			
	The company is limited by guarantee and does not have any share capital			
	The liability of the Members is limited to £1 each in the event of the company being wound up			

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

11	MOVEMENTS OF FUNDS	Total Unrestricted £
	Balances brought forward at 1 1 07	31969
	Incoming resources	25293
	Outgoing resources	51625
	Balances carried forward at 31 12 07	<u>5637</u>

12 COMMITMENTS

Pension Commitments

The Charity participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. The scheme is accounted for as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31st March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions and the changes caused by increasing longevity. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. In relation to future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £21,740 million and the value of the past services liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date, under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded, on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of salaries but the trustee company, on the advice of the actuary, decided to maintain the charity contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may have an impact on the Charity's future contribution commitment. An additional factor which could have an impact the funding level of the scheme is that with effect from 16th March 2006, USS positioned itself as a 'last man standing' scheme, so that in the event of the insolvency of any of the participating employers in the USS the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. The next formal triennial actuarial valuation is up to 31st March 2008 when the above rates will be reviewed as a part of each valuation.

The total pension cost for the Charity was £595 (2006 £2380). The contribution rate payable by the Charity was 14% of pensionable salaries.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

13 CONTINGENT LIABILITY

In the event of the charity, leaving the USS scheme referred to in note 12 above, there could be a liability to the scheme should the scheme be underfunded at the point of exit. The charity has no current intention of ceasing to participate in the scheme. It is not possible to quantify this potential liability.

14 CONNECTED ORGANISATIONS

The charity has connections with an associated company limited by guarantee, Social Audit Ltd, which has common directors.

The balance due to the charity is £nil (2006 £256). Accounts are not consolidated as there are no material net assets.