

PUBLIC INTEREST RESEARCH CENTRE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

CONTENTS AND COMPANY INFORMATION

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DIRECTORS:

C B Zealley (Chairman)  
Lord Phillips of Sudbury  
A O Thorold  
A Sampson  
M Frankel

SECRETARY:

P C Medawar

REGISTERED OFFICE:

18 Victoria Park Square  
Bethnal Green  
London  
E2 9PF

REGISTRATION NUMBER:

1112242

CHARITY NUMBER:

266466

BANKERS:

Royal Bank of Scotland  
28 Cavendish Square  
London  
WIM 0DB

AUDITORS:

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



A22  
COMPANIES HOUSE

\*A558WM6\*

0653  
08/07/04

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 2003.

## STATEMENT OF 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 charity and of the profit or loss 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.

## OBJECTS OF THE CHARITY, PRINCIPAL ACTIVITIES AND ORGANISATION OF OUR WORK

The Charity is constituted as a company limited by guarantee, and is therefore governed by a Memorandum and Articles of Association.

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.

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.

## DEVELOPMENTS ACTIVITIES AND ACHIEVEMENTS THIS YEAR

By the end of the year, we had completed work on the project started under a grant from the *Joseph Rowntree Charitable Trust* (JRCT), to consolidate, analyse and write up an account, drawing on over 20 year experience relating to the conduct and health impact of pharmaceutical medicine. Our grant from JRCT ended in the summer, but we were very fortunate to obtain additional funding from the *Allen Lane Foundation* and *The 1970 Trust*, allowing us to satisfactorily complete this work. The resulting book, co-authored with Professor A P Hardon of the University of Amsterdam, will be published early in the New Year by *Askant*, an academic publisher closely associated with that University's school of social sciences. In the coming year, we shall actively explore the possibility of producing an updated and revise edition, more suitable for a lay readership. In partnership with, among others, colleagues in *Health Action International* (Europe), we continued our involvement in the debate surrounding the European Commission's proposals for a comprehensive review of Pharmaceutical legislation, notably on the proposals relating to transparency and direct to consumer drug promotion. There was continuing emphasis in our work on monitoring the performance of the Medicines and Healthcare products Regulatory Agency, notably in relation to the control of antidepressant drugs. We collaborated with the BBC-TV programme, *Panorama*, in a film on this subject and, in collaboration with Dr Andrew Herxheimer, published two substantial papers in the *International Journal of Risk and Safety in Medicine*, relating to consumer and professional reporting of adverse drug reactions. The number of

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

REPORT OF THE DIRECTORS CONT.....

visitors to our website increased from approximately 300,000/year to about 500,000 at the year end. This and other output generated many enquiries, and led to much continuing contact with the press and media. The CEO continued to act as Chair of the Association Board of Health Action International Europe.

TRANSACTIONS AND FINANCIAL POSITION

The statement of financial activities shows net income for the year of £8475 (2002: £(3769)). Resources stand at £21083 at the year end.

TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

Details of movements in fixed assets held for use in the charity's research work are set out in note 7 to the accounts.

FUTURE DEVELOPMENTS

For the immediate future the Charity will continue with its work and a new project has been established for the year 2004.

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.

RISK

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

FUNDS AVAILABLE

The present level of funding is adequate to allow the charity to continue its research in the medium term.

DIRECTORS

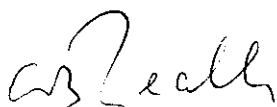
All directors of the company are also trustees of the charity, and there are no other trustees. All of the trustees named below served throughout the year. The Board has power to appoint additional trustees as it considers fit to do so.

C B Zealley                      Chairman  
Lord Phillips of Sudbury  
A O Thorold  
A Sampson  
M Frankel

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 22<sup>ND</sup> June 2004 and signed on its behalf.



.....  
C B ZEALLEY  
DIRECTOR

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## 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 2003 on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set on page 6.

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 on page 1 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 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 the implications for our report if we become aware of any apparent misstatements within it.

## BASIS OF OPINION

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

## OPINION

In our opinion the financial statements give a true and fair view of the state of the charitable company's state of affairs as at 31st December 2003 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRENTIS & CO

CHARTERED ACCOUNTANTS  
& REGISTERED AUDITORS

115c Milton Road  
Cambridge  
CB4 1XE

7th July 2004

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Restricted Funds £	Unrestricted Funds £	2003 Total £	2002 Total £
<b>INCOMING RESOURCES</b>					
Grants and Donations	2	41069	-	41069	37737
Investment income	3	293	-	293	43
Fees and publication sales		330	-	330	801
<b>TOTAL INCOMING RESOURCES</b>		<b>41692</b>	<b>-</b>	<b>41692</b>	<b>38581</b>
<b>RESOURCES EXPENDED</b>					
Charitable Expenditure					
Cost of charitable projects		28518	-	28518	30057
Support costs		2921	-	2921	3028
Management and administration		1778	-	1778	1727
<b>TOTAL RESOURCES EXPENDED</b>	4	<b>33217</b>	<b>-</b>	<b>33217</b>	<b>34812</b>
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>	5	<b>8475</b>	<b>-</b>	<b>8475</b>	<b>3769</b>
Total funds brought forward		12608	-	12608	8839
Total funds carried forward		21083	-	21083	12608

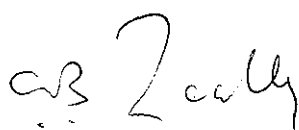
None of the companies activities were acquired or discontinued during the year and there were no recognised gains or losses for 2003 or 2002 other than those included in the Statement of Financial Activities.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## BALANCE SHEET

	Notes	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1852	3005
<b>CURRENT ASSETS</b>			
Stocks		5678	835
Debtors	8	1621	1384
Cash at bank and in hand		18868	10044
		<u>26167</u>	<u>12263</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>6936</u>	<u>2660</u>
<b>Net Current Assets</b>		<u>19231</u>	<u>9603</u>
<b>NET ASSETS</b>		<u>21083</u>	<u>12608</u>
<b>FUNDS</b>			
Unrestricted funds	11	21083	12608
Restricted income funds	11	-	-
		<u>21083</u>	<u>12608</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 22<sup>ND</sup> June 2004 and signed on its behalf.



.....  
C B ZEALLEY  
DIRECTOR

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## 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 2000) issued in October 2000, applicable standards and the Companies Act 1985.

## (b) 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.

## (c) INCOME

Grants and donations are accounted for as received by the charity.

## (d) DIRECT CHARITABLE EXPENDITURE

Direct charitable expenditure includes all costs directly incurred on charitable projects being run by the Charity.

## (e) SUPPORT COSTS

The charity carries out its main project work from a small office. The costs of this office are classified as support costs within the accounts.

## (f) VALUE ADDED TAX

Expenditure includes VAT where appropriate.

## (g) 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

## (h) 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.

## (i) 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.

## (j) 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.

2. GRANTS AND DONATIONS RECEIVED	Restricted Funds	Unrestricted Fund	Total 2003	Total 2002
Grants received during the year	£	£	£	£
Joseph Rowntree Charitable Trust	16000	-	16000	37140
Allen Lane Foundation	10000	-	10000	-
The 1970 Trust	15000	-	15000	-
Donations	69	-	69	597
	<u>41069</u>	<u>-</u>	<u>41069</u>	<u>37737</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## NOTES TO THE FINANCIAL STATEMENTS

3.

INVESTMENT INCOME

2003

2002

£

£

Interest received on UK cash deposits

293

43

4.

TOTAL RESOURCES EXPENDED

Direct

Management

Charitable

Support

and

Expenditure

Costs

Administration

2003

2002

£

£

£

Total

Total

£

£

Research salaries

19877

-

-

19877

19691

Research costs

2702

-

-

2702

5309

Direct project costs

-

-

-

-

787

Electricity

-

115

-

115

440

Travelling expenses

1344

-

-

1344

517

Telephone

1467

163

-

1630

1367

Insurance

70

-

-

70

-

Stationery and office supplies

648

-

-

648

691

Office and equipment repair

and maintenance

-

1350

-

1350

1246

Postage

346

-

-

346

491

Books, subscriptions etc.

1580

-

-

1580

1053

Audit

-

-

1480

1480

1450

Bank charges

-

-

298

298

277

Miscellaneous expenses

484

-

-

484

288

Depreciation and loss on disposal

of fixed assets

-

1293

-

1293

1205

28518

2921

1778

33217

34812

5.

DEFICIT FOR THE YEAR

The excess of expenditure over income for the year is stated after charging:

2003

2002

£

£

Depreciation of tangible fixed assets

owned by the Charity

1293

1205

Audit fee

1480

1450

6.

STAFF COSTS

No remuneration was paid to directors during the year nor were any expenses reimbursed to them. The staff costs were:

2003

2002

£

£

Salaries

16399

16288

Social security costs

1098

1023

Pension costs

2380

2380

19877

19691

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:

2003

2002

1

1

No employee received remuneration of more than £50000.



## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## NOTES TO THE FINANCIAL STATEMENTS

## 7. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures and Fittings £	Total £
<b>COST</b>			
Balance at 1.1.03	8758	3380	12138
Additions	140	-	140
Disposals	319	350	669
Balance at 31.12.03	8579	3030	11609
<b>DEPRECIATION</b>			
Balance at 1.1.03	7043	2090	9133
Charge for the year	892	271	1163
Disposals	319	220	539
Balance at 31.12.03	7616	2141	9757
NET BOOK VALUE at 31.12.03	963	889	1852
NET BOOK VALUE at 31.12.02	1715	1290	3005

## 8. DEBTORS

	2003 Due within one year £	2002 Due within one year £
Prepayments and accrued income	569	519
Other debtors	802	614
Social Audit Ltd	250	251
	<u>1621</u>	<u>1384</u>

## 9. CREDITORS

	2003 Due within one year £	2002 Due within one year £
Bank overdraft	623	-
Other creditors	4478	860
Accruals	1835	1800
	<u>6936</u>	<u>2660</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.

## 11. MOVEMENTS OF FUNDS

	Restricted Funds £	Unrestricted Funds £	Total £
Balances brought forward at 1.1.03	-	12608	12608
Incoming resources	-	41692	41692
Outgoing resources	-	(33217)	(33217)
Balances carried forward at 31.12.03	<u>-</u>	<u>21083</u>	<u>21083</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

## NOTES TO THE FINANCIAL STATEMENTS

12.	ANALYSIS OF NET ASSETS BETWEEN THE FUNDS	Unrestricted £	Restricted £	Total £
	Tangible fixed assets	1852	-	1852
	Net current assets	19231	-	19231
		<u>21083</u>	<u>-</u>	<u>21083</u>

## 13. COMMITMENTS

## (a) Pension Commitments

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 assets of the scheme are held in a separate trustee administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31st March 2002. 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. 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 5% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to future service liabilities it was assumed that the valuation rate of interest would be 6% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% 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 £19,938 million (including an estimated £55 million in respect of outstanding bulk transfer payments due) and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31st March 2005 when the above rates will be reviewed.

The total pension cost for the institution was £2380 (2002: £2380). There were no outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of the pensionable salaries.

## 14. CONNECTED ORGANISATIONS

The charity has connections with an associated company limited by guarantee, Social Audit Ltd, which has common directors. This company has not traded during the year.

The balance due to the charity is £250 (2002: £251). Accounts are not consolidated as there are no material net assets.