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ROTHAMSTED
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Rothamsted Research Annual Report 2002-2003

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Corporate Governance

Rothamsted Research

Rothamsted Research (2003) *Corporate Governance* ; Rothamsted Research Annual Report 2002-2003, pp 61 - 61

Corporate Governance

The Institute is constituted under the terms of a 1994 Co-operation Agreement entered into by Rothamsted Research Limited (previously known as Rothamsted Experimental Station), the University of Bristol, Lawes Agricultural Trust Company Limited and Arable Research Institute Association (formerly the National Fruit and Cider Institute). Under the terms of the Co-operation Agreement, the signatories agreed to co-operate in the operation of the Institute.

Following the relocation of the activities of Long Ashton Research Station to Rothamsted in the spring of 2003 the governance of the Institute's affairs will, thence forward, fall under the responsibility of the Board of Directors of Rothamsted Research. Until then, the governance of Long Ashton will remain in the hands of the University of Bristol, guided by the Director of Long Ashton.

Membership of the Board of Directors of Rothamsted Research, which has standing meetings three times a year, comprises 14 directors. Six directors are nominated by LATCo, five are nominated by the Biotechnology and Biological Sciences Research Council, one is nominated by the National Farmers Union, and one by the Scottish Executive for Environment and Rural Affairs Department (SEERAD). The Chairman is jointly appointed by LATCo and the BBSRC.

Members of the Governing Bodies are bound by confidentiality and, in the case of Rothamsted Research, by the terms of a Code of Conduct and Register of Directors Interests. The

Chairman of the Board acts as the staff Ombudsman.

The Board of Directors of Rothamsted Research has established three sub-committees; the Audit Committee, which meets three times a year, is charged with considering all business critical risks, health and safety issues and with monitoring financial reporting and accounting and control standards generally. Membership of the committee comprises four directors who are appointed in rotation at two yearly intervals, advised by representatives of the external and internal auditors and by members of the general and financial management of the Institute. The Rothamsted Site Re-Development Sub-Committee, which comprises two members of the Board and internal and external advisers, monitors the performance of the business critical site re-development project and reports its findings to the Board and to the Audit Committee. The Director's Research Advisory Group comprises scientist members of the Board and it meets with the Director and Heads of Division, as required, to address specific scientific issues.

COMMERCIAL ACTIVITIES

The development of commercial activities in Rothamsted Research has continued despite the necessary pre-occupation of management with the re-organisation of the Institute and the re-development of the Rothamsted site.

Insense Limited

Insense Limited is a spinout from Unilever Colworth that utilises Rothamsted Research know-how in bee behaviour technology. Rothamsted

holds a 6% equity stake in this start-up venture. Market applications for technologies developed by the company may lead, in the coming year, to the establishment of companies that address specific market opportunities.

VSN International Limited

The management of VSN International has a clear view of the company's future as a data analysis solutions provider and the key drivers that will convert potential into success. One of these drivers, the need for operating efficiency, has resulted in the small team of nine consolidating their activities in premises at Hemel Hempstead. This has overcome the cultural and operating inefficiencies of a team spread across two not-for-profit locations.

The principal funder of VSN International, the Numerical Algorithms Group of Oxford, has sustained a cyclical downturn in its business (the provision of algorithms to software developers). As a consequence NAG has had difficulty meeting its full loan finance obligations to VSNI on a timely basis so Institute management is working with all the stakeholders in this promising venture to raise second round development capital.

Trading results to date, at the result before taxation line, are within business plan but, due to the inability of the management of VSNI to invest in key drivers, the result has been achieved on lower sales and lower costs than planned.