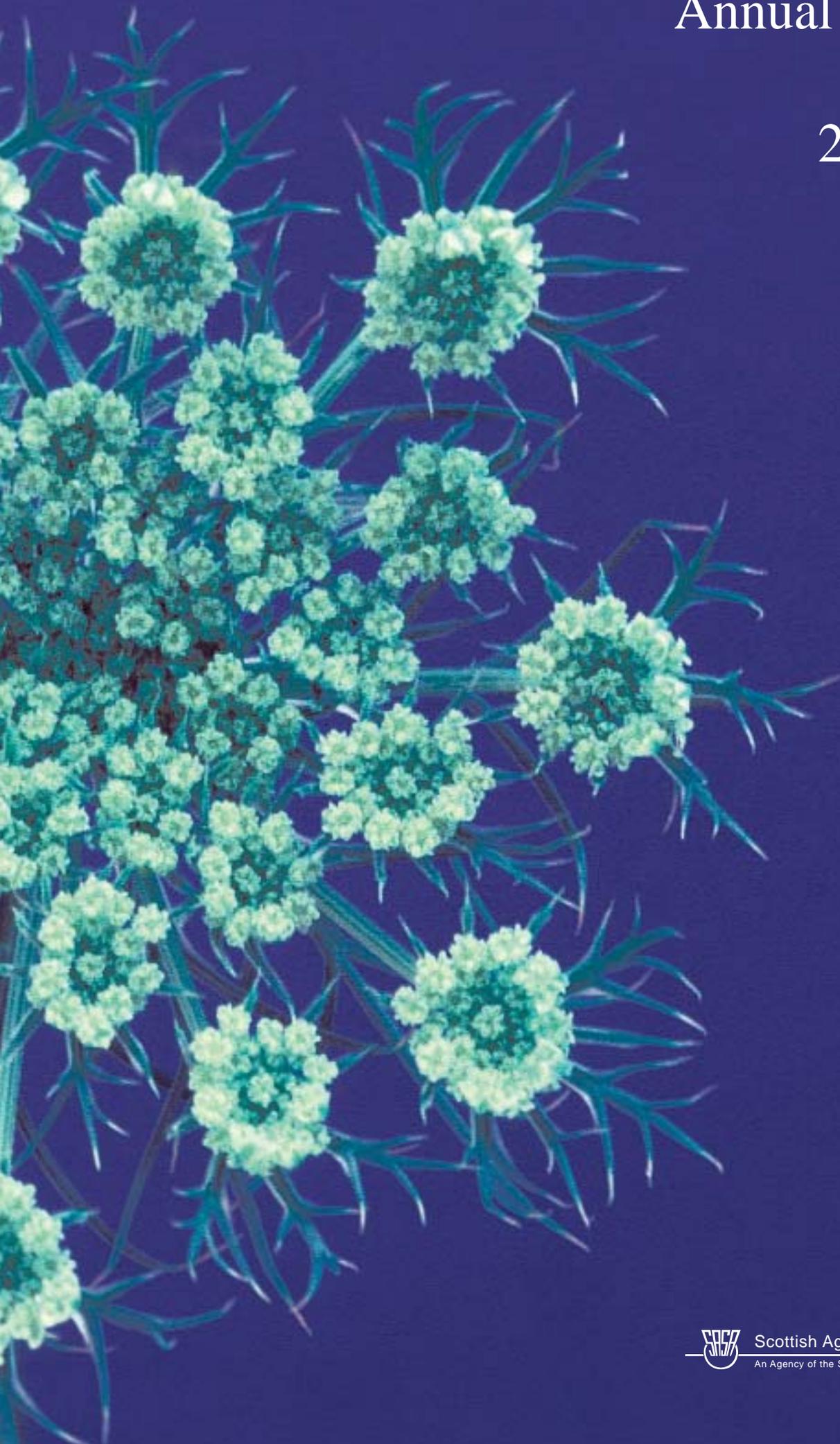


Annual Report & Accounts 2003-2004



Scottish Agricultural Science Agency

An Agency of the Scottish Executive Rural Affairs Department

SCOTTISH AGRICULTURAL SCIENCE AGENCY
Annual Report and Accounts 2003-04



Laid before the Scottish Parliament
by the Scottish Ministers
September 2004



Scottish Agricultural Science Agency

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An Agency of The Scottish Executive Environment and Rural Affairs Department

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*Front Cover Photo - A carrot inflorescence showing a petaloid form of male-sterility.
Photographer - Sylvia Breslin, SASA.*

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S R Cooper



Dr K J O'Donnell



Mrs S M Quinn



R K McLaren



Organisational Chart



DIRECTOR

Dr R K M Hay

NON-EXECUTIVE DIRECTOR

Prof C Pollock

PESTICIDES, PLANT VARIETIES & SEEDS

S R Cooper
(Deputy Director)

| | | | | |
|----------------------|----------------------------|--|--|---------------------------------|
| OSTS R Don | Cereals G P Hall | Herbage & Vegetables F N Green | Pesticide Usage & Wildlife Management Dr C J Griffiths | Chemistry Dr K Hunter |
|----------------------|----------------------------|--|--|---------------------------------|

POTATO & PLANT HEALTH

Dr K J O'Donnell

| | | | | |
|----------------------------------|-------------------------------------|--|--|---|
| Potato Dr S F Carnegie | Plant Health Dr J M Chard | Diagnostics & Molecular Biology Dr G Saddler | Virology & Zoology Dr J Pickup | Seed Potato Classification Scheme W J Rennie (until 3 Sept 2003) |
|----------------------------------|-------------------------------------|--|--|---|

ADMINISTRATION & SUPPORT SERVICES

| | | | | |
|--|---------------------------|-----------------------------------|---|---|
| Administration Mrs S M Quinn | Farm R Campbell | Horticulture D McIntyre | Information Technology P J Winfield | Purchasing & Property R K McLaren |
|--|---------------------------|-----------------------------------|---|---|



Status, Aim and Functions

Status

The Scottish Agricultural Science Agency (SASA) was established on 1 April 1992 as an Executive Agency of the Department which is now the Scottish Executive Environment and Rural Affairs Department (SEERAD).

Aim

The aim of the Agency is to provide expert scientific and technical advice and information on agricultural crops, horticultural crops and aspects of the environment; and to perform statutory and regulatory work in relation to national, European Union (EU) and other international legislation and agreements on plant health, bee health, variety registration and crop improvement; genetic resources; regulation of genetically modified organisms (GMOs); and the protection of crops, food and the environment.

The Agency's principal customer is The Scottish Executive. The Agency also provides services to other Government Departments as well as various UK and international bodies (including the European Union); local government; academic and research institutes; and private companies, organisations and individuals.

The Agency aims to improve the effectiveness of its operations and to enhance its provision of services and products to present customers and other organisations, consistent with Government policy. This will be achieved by ensuring that SASA has the scientific competence needed to respond to changes in legislation, technology, cropping systems and the environment, and that the Agency offers quality and value for money in all aspects of its work.

Functions

The principal functions of the Agency are:

- to serve the needs of SEERAD, within the terms of the Service Level Agreement (SLA), and other customers for scientific and technical expertise by the timely, efficient and effective provision of accurate and appropriate advice and information on the content and implementation of national, EU and other international legislation and agreements in relation to plant health, bee health, variety registration and crop improvement, genetic resources, GMOs and crop, food and environmental protection;
- to support SEERAD's legislative and policy responsibilities and assist in SEERAD's enforcement role by the timely, efficient and effective provision of appropriate scientific and technical services including: quarantine, diagnoses, and measures to contain or eradicate pests and diseases in relation to plant health and bee health; plant variety evaluation, description and maintenance in relation to Plant Breeders' Rights and National Lists of Crop Varieties; seed testing, crop inspection and identification in support of the Scottish and UK Seed Certification and Classification Schemes; undertaking the role of Certifying Authority for the Seed Potato Classification Scheme (SPCS); the regulation of GMOs; and pesticide residue monitoring, other analytical services and pesticide usage assessments in relation to the protection of crops, food and the environment;
- to represent Scottish and, where appropriate, UK interests at national and international meetings which call for scientific and technical input;
- to maintain and develop the scientific and technical competence needed to respond quickly and effectively to the evolving requirements of customers for scientific expertise and services, by maintaining a continuous programme of challenging and well focused research and development; and
- to improve the effectiveness of SASA by providing scientific and technical services to other customers in relevant areas of work.

Director's Report

I am pleased to lay before the Scottish Parliament this report of the work and achievements of the staff of SASA during 2003-04. The accounts pages of this report concentrate upon the financial aspects of the Agency, and its performance against the key targets set by Scottish Ministers immediately following my Report. Full details of the scientific work of the Agency during the year will be published, as part of the Third Scientific Review (2000-2003), by January 2005.

During the year, the Agency discharged in full its Service Level Agreement with Scottish Executive customers, and did additional work for SEERAD and other customers as the need arose. The year provided several technical and scientific challenges, including action to curtail the spread of sudden oak disease; the first major application of the Agency's potato variety fingerprinting technique in the successful control of an outbreak of ring rot in Wales; and the deployment of crop certification expertise in Kosovo, in support of the European Bank for Reconstruction. It was another year of steady scientific achievement, with SASA staff playing a full part in national and international activities.

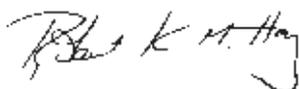
The relocation project passed several important milestones in the report year. The Detailed Design for the new building at Gogarbank was completed in September and detailed Planning Consent was secured in February 2004. Following an advertisement in the Official Journal of the European Community, invitations to tender were issued in March 2004. I am pleased to report that, with Ministerial approval, the building contract has been awarded to Sir Robert McAlpine Ltd. Work has started at the Gogarbank site, with the actual relocation of SASA staff and equipment scheduled for Spring 2006.

The Agency continued to value its status as an Investor in People, and to give high priority to health and safety matters. "Positive Living Day" has become a regular feature each year, and the Agency achieved the bronze award of the Scottish Health at Work Scheme. Work has already started towards the silver award. Resources were invested in training an Agency team in the skills of job appraisal to ensure that scientific aspects of the work of the Agency receive appropriate weighting. The Agency Partnership Board and Induction Club continue to function effectively.

A new phase in the development of Quality Assurance started during the year with the appointment of an assistant quality manager for SASA, and a thorough review of QA policy. Existing accreditations were maintained and a revised strategy, for extending cover to appropriate areas, including administration, was formulated.

There were no changes to the membership of the Agency management board over the report year, and the Agency has benefitted from the wise counsel and experience of its non-executive director Professor Chris Pollock. A visit of management board members to his institute, IGER, at Aberystwyth in June was particularly helpful in resolving issues of relocation and the management of photographic images.

As I retire at the end of August, after 14 years as Director, this is my last opportunity to pay my annual tribute to the skilled and enthusiastic work of a dedicated staff of scientists and their supporters. I have been very grateful for the pride that they show in their work, and I wish the Agency every success in the future.



DR R K M Hay

Director

Performance Targets and Results

The performance of Agencies against a range of targets is a central feature of the Next Steps vision. These targets should chart achievements not only in relation to traditional “inputs” and “outputs” but also the effectiveness and quality of the work done in meeting the Agency’s aim and functions. SASA is involved in a continued dialogue with its main customer, SEERAD, on the appropriate portfolio of performance targets to cover this wide range of interests. The following indicates the performance achieved compared with earlier years, where relevant.

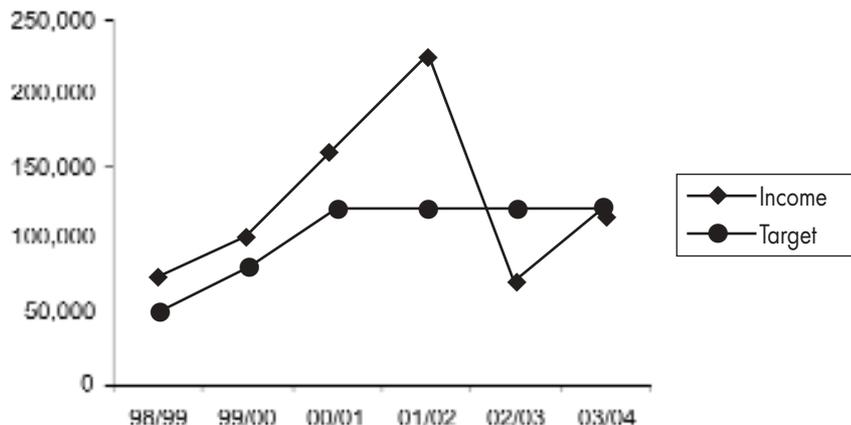
In 2003-04, SASA met all 6 of its performance targets, an improvement on our poor performance in the previous year.

Our income from new work/customers is very dependent on the timing of contracts. While we met our target, we could have done so by more in 2003-04 had some contracts run to original schedules. In 2004-05 we anticipate exceeding our target due to contracts already in place.

The unit costs per direct scientific hour have more or less levelled out over recent years and we do not anticipate any further improvement.

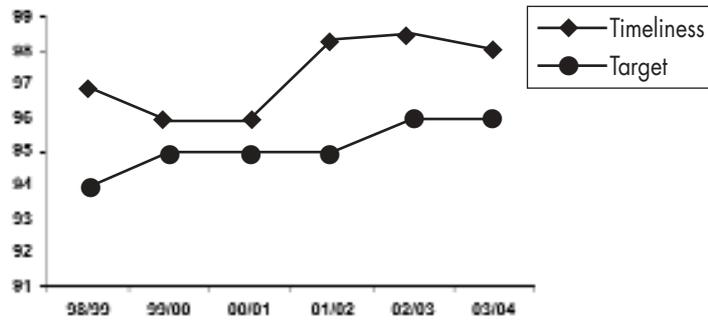
| TARGETS | | OUTURNS AND ACHIEVEMENTS | | TARGET 2004-05 |
|---|----------|--------------------------|---|----------------|
| ◆ Quantitative Targets | | | | |
| 1. Achievement of target income from new work/customers | £50,000 | 1998-99 | Target achieved, £74,500 of income earned | £120,000 |
| | £80,000 | 1999-00 | Target achieved, £101,200 of income earned | |
| | £120,000 | 2000-01 | Target achieved, £159,000 of income earned | |
| | £120,000 | 2001-02 | Target achieved, £224,000 of income earned | |
| | £120,000 | 2002-03 | Target not achieved, £71,400 of income earned | |
| | £120,000 | 2003-04 | Target achieved, £122,000 of income earned | |

Target Income £



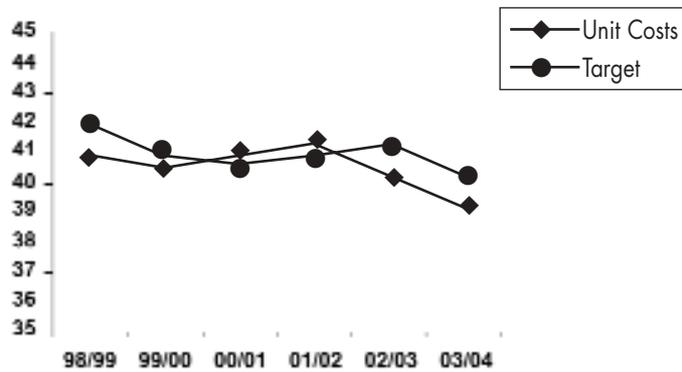
| TARGETS | | OUTTURNS AND ACHIEVEMENTS | TARGET 2004-05 |
|--|-----|--------------------------------|----------------|
| 2. Completion of specific percentage of all scientific tests and analyses within timescales set by customers | 94% | 1998-99 Target achieved: 97.4% | 96% |
| | 95% | 1999-00 Target achieved: 95.9% | |
| | 95% | 2000-01 Target achieved: 96.2% | |
| | 95% | 2001-02 Target achieved: 98.4% | |
| | 96% | 2002-03 Target achieved: 98.6% | |
| | 96% | 2003-04 Target achieved: 98.1% | |

Timeliness %



| TARGETS | | OUTTURNS AND ACHIEVEMENTS | TARGET 2004-05 |
|---|--|---|----------------|
| 3. Improvement in unit cost of the scientific work of the Agency (cost per direct scientist hour) | | 1998-99 Target achieved : £40.95 | |
| | | 1999-00 Target achieved : £40.54 | |
| | | 2000-01 Target not met : £40.89 | |
| | | 2001-02 Target not met : £41.33 | |
| | | 2002-03 Target achieved ⁽¹⁾ : £40.25 | |
| | | 2003-04 Target achieved : £39.28 | |

Unit Costs £ (per direct scientist hour)



⁽¹⁾ Target not met in 2002-03, but subsequent GDP deflator adjustments have altered the position.

| TARGETS | OUTTURNS AND ACHIEVEMENTS | TARGET 2004-05 |
|--|---|----------------|
| 4. As part of the Agency's rolling programme of consultation of customers, ensuring that 95% of the customers surveyed are at least "satisfied" | 2001-02 Target achieved 2002-03 Target achieved 2003-04 Target achieved: see report on page 6 | ✓ |
| ◆ Milestone Targets | | |
| 1. Fulfilment of SLA within budget agreed with SEERAD | 1998-99 Target achieved 1999-00 Target achieved 2000-01 Target achieved 2001-02 Target achieved 2002-03 Target achieved 2003-04 Target achieved | ✓ |
| 2. Continuation of the programme of consultation with all customers on the quality of the work done by the Agency | 1996-97 Target achieved 1997-98 Target achieved 1998-99 Target achieved 1999-00 Target achieved 2000-01 Target achieved | |
| 3. Formal quality assurance accreditation for the Monoclonal Antibody Unit | 2000-01 Target not met. The certifying body were unable to arrange an assessment visit before 31 March. Visit took place on 17 July 2001 and formal accreditation awarded. | |
| 4. Publication of a review of the scientific work of the Agency 1997-2000 by December 2001 | 2001-02 Target achieved: Publication issued 20 December 2001. | |
| 5. Formal quality assurance accreditation for the Pesticide Usage Surveying work of the Agency | 2002-03 Target not achieved owing to unforeseen staff shortages in the section. | |
| 6. Completion by September 2003, of the Detailed Design for the new Agency Headquarters | 2003-04 Target achieved | |
| 7. Publication of a Scientific Review of the work of the Agency 2000-03 by 31 January 2005. | | ✓ |
| 8. Formulation of a new quantitative index of the cost of the Support Services to the Scientific Programme of the Agency, including the establishment of a baseline value. | | ✓ |

Consulting Our Customers

As part of SASA's programme of consultation with customers, questionnaires were sent to Seeds Merchants seeking their views on the services that Cereal and Herbage & Vegetable Sections provide in support of the Certification Schemes administered by the two sections. The Certification Scheme aims to ensure that seeds produced in Scotland meet the quality standards laid down in EU directives. SASA is responsible for the administration of the Certification Schemes and it provides technical support to SEERAD staff and licensed personnel for growing crop inspections and seed matters. In 2002-03, more than 2,300 Seed Lots were certified and approximately 11,000 hectares were inspected.

76 questionnaires were sent out with a covering letter, pre-paid reply envelope, and pen, 53 were returned by the closing date (1/4/2004), a response rate of 70%. Replies were received from a range of seed producers:

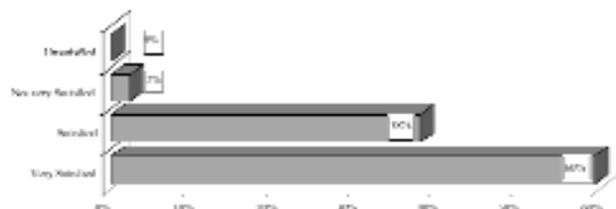
- 78% of people responding entered Cereals
- 20% entered Herbage & Fodder Crops
- 2% entered Oils Seeds
- 63% of people responding entered less than 25 Seed Lots
- 19% entered between 25 & 100 Seed Lots
- 17% entered more than 100
- 38% of people responding entered less than 50 hectares for Seed Crop production
- 27% entered between 50 and 100 hectares
- 25% entered between 100 and 500 hectares
- 10% entered more than 500 hectares

Of those who enter seed crops 40% use Licensed Inspectors only with:

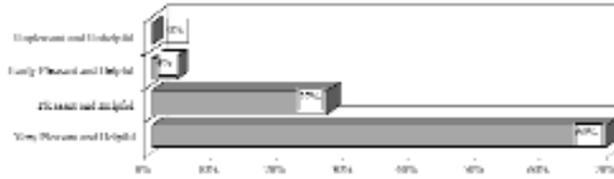
- 53% stating that the cost of using Official Inspectors is too high
- 43% stating it is easier to utilise their own staff

Responses to the main questions in the questionnaire were as follows:

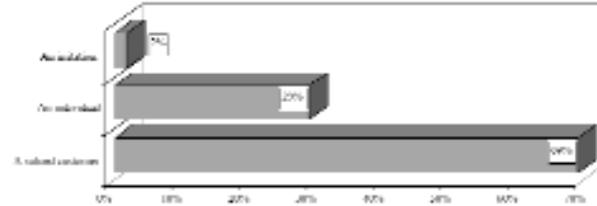
How satisfied are you with the Crop Inspection Service provided by the Certifying Authority?



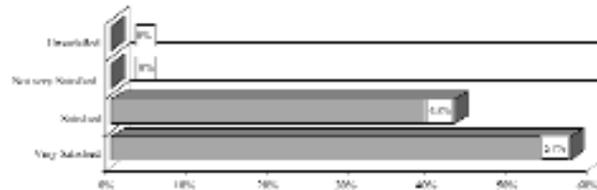
How pleasant and helpful do you feel the Certifying Authority are in responding to your enquiries?



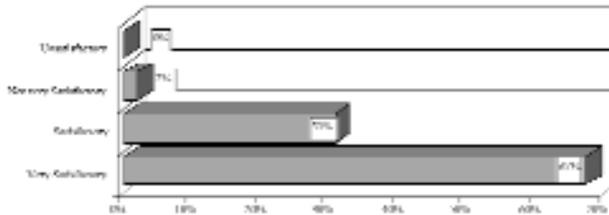
Overall, do you feel treated as?



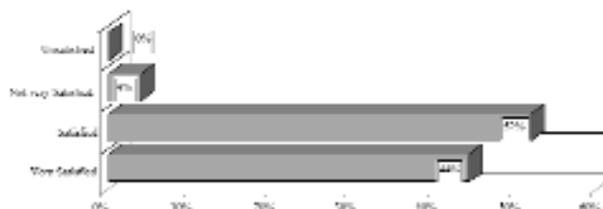
How satisfied are you with the technical advice given by the Certifying Authority?



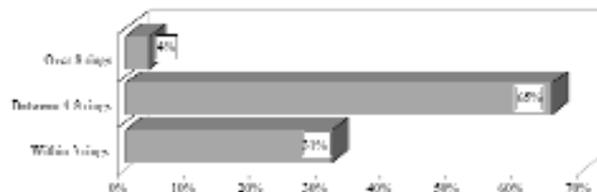
Overall, how do you rate the service provided by the Certifying Authority?



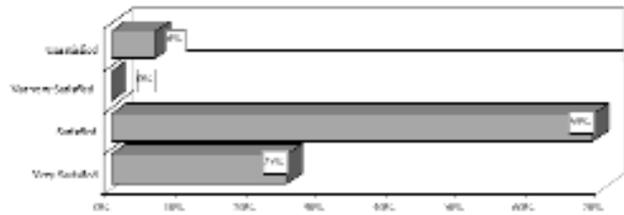
How satisfied are you with our invoicing arrangements?



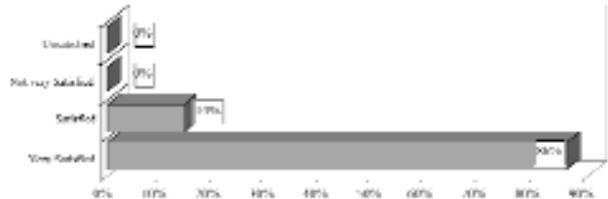
If you telephone the Certifying Authority within office hours, how quickly is the call answered?



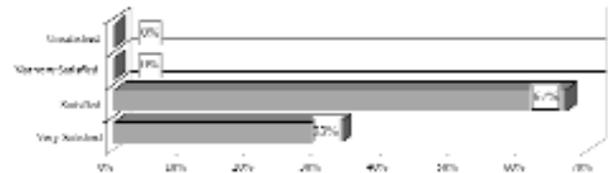
If you are a Licensed Crop Inspector how satisfied are you with the information (Keys, Descriptions and Instructions) provided by the Certifying Authority?



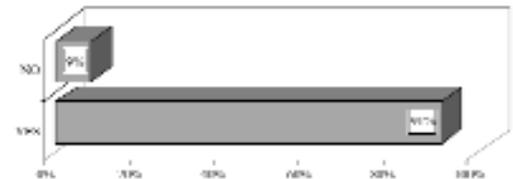
If you are a Licensed Crop Inspector how satisfied are you with the training plots provided by the Certifying Authority?



If you are a Licensed Seed Sampler, how satisfied are you with the information provided by the Certifying Authority?



Do you find that the Certifying Authority provides you with a value for money service in respect of Seed Certification?



These responses indicate a high level of customer satisfaction with the work relating to Seed Certification services, the only question -"If you are a Licensed Crop Inspector are you satisfied with the information (Keys, Description and Instructions) provided by the Certifying Authority" not giving the 95% required response of being satisfied.

The responses also indicate a growing desire for electronic transfer of information relating to Seed Certification:

- 55% replying would like Statistics and Seed Certification Letters to be sent out electronically
- 48% would like to enter forms for Certification in an electronic form
- although only 22% utilise the information on the SASA website

Administration and Support Services

Supervisory Board

The Supervisory Board of the Agency, chaired by the Head of the Food & Agricultural Group of SEERAD met twice during the year. The Board has responsibility for overseeing and monitoring issues of corporate importance, including SASA's Framework Document, Corporate Plan, Monitoring Performance and the Service Level Agreement with SEERAD.

Audit Committee

The SASA Audit Committee met 3 times during the year. Alistair Rennie, Deputy Keeper, Registers of Scotland, retired as Chairman in December 2003 and Laura Petrie, Director of Finance, Historic Scotland was appointed as non-executive member and chairperson. The Audit Committee reviewed the internal and external audit plans and reports completed in the year as well as reports on controls assurance. It recommended an additional review be undertaken in the year into the management and control of an IT project. This was undertaken and appropriate action instigated to remedy controls assurance issues.

Personnel

SASA continued to be very busy in the promotion and recruitment field, and this year the number of open competitions once again increased. SASA operates in accordance with the Civil Service Commissioners' Recruitment Code, ensuring that all recruitment is carried out on the basis of fair and open competition, and selection on merit. The arrangements, subject to internal management checks, were also audited by Anite PS Consulting on behalf of the Civil Service Commissioners in March 2004. SASA made two exceptions to the Civil Service Commissioners' Recruitment Code where short-term appointments were extended beyond 12 months. The first exception was a temporary member of staff who had successfully gained permanent employment with the Agency and health clearance was awaited. The second was when the recruitment of a permanent member of staff took slightly longer than expected. Both temporary contracts were terminated at the earliest opportunity and within the maximum allowed time of twenty-four months.

During 2003-04 SASA held 14 open recruitment competitions and appointed 15 candidates to permanent posts and one to a 3 year fixed term appointment (11 Band A and 5 Band B). Of these appointees at Band A, 6 were female and 5 were male, and at Band B, 2 were female and 3 were male. None was from an ethnic minority and none declared a disability. One specialist post at Band B had to be re-advertised at open competition. Eight other posts were filled: 3 on promotion (all from Band A to B); 2 staff members took up new posts under restructuring arrangements (one Band A and one Band B); and 3 staff members applied successfully for progression posts (all within Band A).

At 31 March 2004 the Agency employed 146 staff but also had 14 vacancies in the process of being filled.

Staff by Pay Band & Gender at 31 March 2004

| | Males | | Females | | Total | |
|----------------------|-----------|------------|-----------|------------|------------|------------|
| | No. | % | No. | % | No. | % |
| Senior Civil Service | 1 | 1.4 | 0 | 0 | 1 | 0.7 |
| Band C | 14 | 20.0 | 2 | 2.6 | 16 | 11.0 |
| Band B | 25 | 35.7 | 40 | 52.7 | 65 | 44.5 |
| Band A | 30 | 42.9 | 34 | 44.7 | 64 | 43.8 |
| TOTAL | 70 | 100 | 76 | 100 | 146 | 100 |

In addition, SASA employed around 100 temporary inspectors for the Seed Potato Classification Scheme. All of these staff were based at SEERAD Area Offices throughout Scotland.

The Executive introduced Competency Based interviewing for all selection, promotion and recruitment boards during 2003-04, and all members of SASA staff involved received appropriate training.

SASA continues to operate an induction club for new members of staff which allows them to meet other new staff and to gain information on SASA and the wider Scottish Executive.

Information Technology

This year, the Agency maintained its connection to the Government Secure Intranet. As part of SASA's policy of maintaining compatibility with the Scottish Executive's IT infrastructure, SASA produced a plan and a cost for upgrading the Agency's infrastructure over a 3 to 4 year period. The design of the new infrastructure was completed and the deployment of new database, email and file servers was started. As part of this project, and in conjunction with the Finance section, a new policy for the disposal of redundant equipment was devised and implemented.

Although no major new IT projects were undertaken in the year, progress was made on a joint project with SEERAD to re-organise service delivery for the Seed Potato Classification Scheme. A number of smaller systems were investigated/implemented:

- a project to develop a description of the current services supporting GM Consents and Inspections with a view to recommending how best to manage and process this information in the future;
- a system for managing the Agency slide collection. The slide collection is now in the process of being digitised; and
- following the launch in 2001 of a website dedicated to providing descriptions of European potato cultivars, the first phase of a project to provide an automated means of integrating new data into the European Cultivated Potato Database was undertaken.

Improvements were made to existing systems, for example:

- progress in data sharing between the Cereal Certification and Seed Testing database systems. The intention is that the 2 systems will share names and addresses.
- new functionality, in the form of new reports to grain stores, was added to the database system used to collect and process pesticide usage survey information.
- the system for managing the production of seed labels for the Seed Potato Classification System, introduced in 2001, was enhanced to provide the information required to generate invoices. This system was tested during the 2003-04 season with the intention of full deployment during 2004.

Health and Safety

SASA continued to develop a strong and positive health and safety culture. The SASA Management Board gives a lead on H&S by designating a senior manager (Dr Kevin O'Donnell) with specific responsibility for this issue.

The Agency's policy can be summarised as follows:

- to provide adequate control of the health and safety risks arising from our work activities;
- to consult with our employees on matters affecting their health and safety;
- to provide and maintain safe plant and equipment;
- to ensure safe handling and use of substances;
- to provide information, instruction and supervision for employees;
- to ensure that all employees are competent to do their tasks, and to give them adequate training;
- to prevent accidents and cases of work-related ill health;
- to maintain safe and healthy working conditions; and
- to review and revise this policy as necessary at regular intervals

During 2003-04, a system of Health and Safety Liaison Officers (HSLOs) was set up. HSLOs for each scientific section, and for Administration, act as a focus for H&S issues and information in the immediate workplace and carry out quarterly workplace audits to ensure that SASA's H&S policies are being followed.

The SASA Health and Safety Committee is made up of management and staff representatives and met 3 times during the year.

The Health Promotion Group organised a series of campaigns on specific health issues during the year, as well as another successful Positive Living Day. This focus on the positive aspects of health resulted in SASA attaining the Scotland's Health at Work Bronze Award.

Annual Accounts 2003-04

Foreword to the Accounts

The accounts have been prepared in accordance with a Direction given by the Scottish Ministers in pursuance of Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The Direction is reproduced at Appendix 1 to the accounts.

Background Information

The Scottish Agricultural Science Agency (SASA) was established as an Executive Agency of the Department, which is now the Scottish Executive Environment and Rural Affairs Department (SEERAD), in April 1992, as part of the Government's Next Steps Initiative. It was designated a Simpler Agency in October 1992.

From 1 April 1998 the Agency has been subject to the funding arrangements of a net running costs regime. The Agency is funded by Annual Budget Act of the Scottish Parliament.

Principal Activities

The Agency exists to provide government with expert scientific and technical advice on agricultural crops, horticultural crops and aspects of the environment. It also performs statutory and regulatory work in relation to national, European Union and other international legislation and agreements on plant health, bee health, variety registration and crop improvement; genetic resources; regulation of genetically modified organisms, and the protection of crops, food and the environment. There were no significant changes in areas of activity during 2003-04.

Review of Financial Performance

The Agency's key financial objectives are to fulfil the Service Level Agreement (SLA) with SEERAD within the budget allocated for the year and to recover full economic costs for charged services. In addition to the £6.07 million income received from SEERAD, a further £2.43 million was received against sales invoices for externally-charged fees. This gave an excess of income over expenditure for the year of £1.03 million.

The charges for the SLA are set to recover the full economic cost of providing the agreed services including the recovery of certain externally-charged fees. Charges for the latter are set nationally from consolidated UK or Scottish memorandum trading accounts or by recovering an agreed percentage of the estimated full cost as a matter of current Government policy and as authorised by Scottish Ministers.

During the year a review of the charging basis for plant health services, some of which are provided by SASA, was completed by SEERAD. The review concluded that certain charges were unlawful as there was no adequate statutory basis for them. Action is now being taken by SEERAD to repay customers the amounts levied before the suspension of charging in 2001. At the same time, work is under way to introduce appropriate legislation to place the charges concerned on a statutory basis.

Payment Performance

SASA aims to adhere, where possible, to the CBI Code of Payment Practice which requires all invoices to be paid within 30 days of receipt of a valid invoice. The average percentage of supplier invoices paid within the Code of Practice terms in 2003-04 was 96.8% (2002-03 85.3%).

Future Developments

In December 2000, Scottish Ministers first gave approval to co-locate the Agency headquarters with its field activities at Gogarbank Farm. The detailed plans have been completed and detailed planning consent given in February 2004. Construction work will start in summer 2004 and occupancy will take place in Spring 2006. Plans are progressing to dispose of the East Craigs site following transfer to the new headquarter building.

Research and Development

SASA undertakes a limited amount of research and development in developing new scientific techniques to support its statutory and regulatory objectives. All research costs are charged to the Income and Expenditure Account when incurred.

Fixed Assets

During the year the Agency acquired scientific equipment, computer hardware, software and capital works amounting to £1,337,000 of authorised capital expenditure, including an investment of £993,000 in assets which will be brought into use in future years.

SASA Management Board

The senior management team at the end of the financial year was as follows:

| | |
|------------------|--|
| Dr R K M Hay | - Director |
| Mr S R Cooper | - Deputy Director and Head of Pesticides, Plant Varieties and Seeds Division |
| Dr K J O'Donnell | - Head of Potato and Plant Health Division |
| Mrs S M Quinn | - Head of Administration |
| Mr R K McLaren | - Relocation Project Manager |
| Prof C Pollock | - Non Executive Director |

Dr R K M Hay will take early retirement from the post of Director on 31 August 2004. Professor Gordon Machray will replace him and will take up his post on 1 September 2004.

With the exception of the non Executive Director, the other members of the management team are appointed as members of the UK Civil Service. These appointments are all subject to conditions set out in the Civil Service Management Code. Remuneration falls in line with Scottish Executive pay structure and is subject to pay awards negotiated with the relevant unions. Additional information on salary and pension entitlements can be found at note 3 to the accounts.

Employment Policy

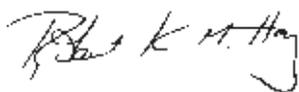
SASA operates in line with Civil Service policies and endorses the commitment on diversity and equality of opportunity for all employees.

Recruitment Policy

SASA manages its recruitment in accordance with the Civil Service Commissioners' Recruitment Code. This ensures that recruitment is carried out on a basis of fair and open competition and selection on merit. The recruitment arrangements in place are subject to internal management checks and were also audited by Anite PS Consulting on behalf of the Civil Service Commissioners in March 2004.

Disabled Employees

SASA is an equal opportunity employer and takes full cognisance of the Public Service Code of Practice on the employment of people with disabilities. As an Agency, when an employee becomes disabled whilst in our employment, where reasonably practical, we would retrain and redeploy.



DR R K M HAY

Director

10 August 2004

Statement of Agency's and Accountable Officer's Responsibilities

Under Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed the Scottish Agricultural Science Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction, shown as an Appendix to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by the Scottish Ministers, 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 a "going concern" basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Principal Accountable Officer for the Scottish Executive has designated the Director of the Scottish Agricultural Science Agency as the Accountable Officer for the Agency. His relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, were set out in the revised *"Memorandum to Accountable Officers from the Principal Accountable Officer"*, dated March 2004.

Statement of Internal Control

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of these risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts and accords with guidance from Scottish Ministers, subject to the specific points noted below.

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- a management board which meets monthly to consider the strategic plans and operational management of the organisation and the various position reports on the internal functions;
- regular reports by internal audit which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control (on systems they have reviewed), together with recommendations for improvement;
- periodic reports from the chairman of the Agency's audit committee to the SASA Management Board concerning internal control issues;
- adoption of formal project management disciplines by project boards, including regular reports to the SASA Management Board;
- regular reports from managers on steps taken to minimise risk in their areas of responsibility;
- formal risk management strategy;
- maintenance of an Agency Corporate Risk Register; and
- detailed monthly monitoring of budgets vs. expenditure.

During the year it came to my attention that one project was not being managed according to the agreed project management procedures, resulting in a breach in my system of internal control. In addition the specific conflict of interest protocol relating to the supplier was not followed strictly. A detailed internal audit review of the project was completed by early June 2004 and changes in procedures initiated. These have been endorsed by the SASA Audit Committee.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.



DR R K M HAY

Director

10 August 2004

Auditor's Report to the Scottish Parliament and the Auditor General for Scotland

To the Scottish Parliament and the Auditor General for Scotland

I have audited the financial statements on pages 18 to 29 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the accounting policies set out on pages 22 to 23.

The report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Agency, the Chief Executive and Auditor

As described on page 14 the Agency and Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of expenditure and receipts. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland, and guided by the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers and whether, in all material respects:

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

I also report if, in my opinion, the Foreword is not consistent with the audited financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 15 complies with Scottish Executive guidance on statements on the system of internal control. I report if, in my opinion, the statement does not comply with the guidance, or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report, and consider whether it is consistent with the financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinions

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, which requires compliance with relevant United Kingdom 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 expenditure and receipts shown in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency'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 fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

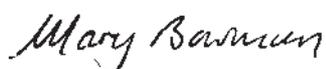
Financial statements

In my opinion the financial statements give a true and fair view of the state of affairs of the Scottish Agricultural Science Agency at 31 March 2004 and of the excess of income over expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Regularity

In my opinion, in all material respects:

- the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.



Audit Scotland
Osborne House
1/5 Osborne Terrace
Edinburgh
EH12 5HG

Mary Bowman, CPFA
Senior Audit Manager

18 August 2004

Income and Expenditure Account

for the year ended 31 March 2004

| | | 2004 | 2003 |
|---|--------------|-------|-------|
| | | £000 | £000 |
| Income | <i>Notes</i> | | |
| Income from SLA | | 6,073 | 5,760 |
| Income from other activities | | 2,425 | 2,604 |
| | 2 | 8,498 | 8,364 |
| Expenditure | | | |
| Staff costs | 3 | 4,456 | 4,177 |
| Depreciation | 6 | 624 | 726 |
| Other operating charges | 4 | 1,936 | 1,828 |
| | | 7,016 | 6,731 |
| Net income before interest on capital | | 1,482 | 1,633 |
| Interest on capital | 5 | 453 | 668 |
| Excess of income over expenditure transferred to general reserve | | 1,029 | 965 |

Statement of Recognised Gains and Losses

for the year ended 31 March 2004

| | 2004 | 2003 |
|-----------------------------------|------|-------|
| | £000 | £000 |
| Net gain on revaluation of assets | 407 | 1,902 |

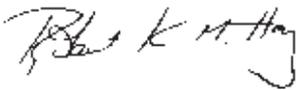
The notes on pages 22 to 30 form part of these accounts.

Balance Sheet

at 31 March 2004

| | Notes | 2004 | | 2003 | |
|---|-------|-------|---------------|------|---------------|
| | | £000 | £000 | £000 | £000 |
| Fixed Assets | | | | | |
| Tangible assets | 6 | | 13,171 | | 12,053 |
| Current Assets | | | | | |
| Stocks | | 10 | | 8 | |
| Debtors | 7 | 1,010 | | 560 | |
| | | | | | |
| | | 1,020 | | 568 | |
| Trade Creditors: amounts falling due within one year | | 445 | | 485 | |
| | | | | | |
| Net Current Assets | | | 575 | | 83 |
| Total Assets less Current Liabilities | | | 13,746 | | 12,136 |
| Financed by: | | | | | |
| Capital and Reserves | | | | | |
| General reserve | 8 | | 9,990 | | 8,750 |
| Revaluation reserve | 9 | | 3,756 | | 3,386 |
| | | | | | |
| | | | 13,746 | | 12,136 |

The notes on pages 22 to 30 form part of these accounts.



DR R K M HAY
 Director
 10 August 2004

Cash Flow Statement

for the year ended 31 March 2004

| | Notes | 2004 | | 2003 | |
|--|-------|------|---------|------|---------|
| | | £000 | £000 | £000 | £000 |
| Net Cash Inflow from Operating Activities (note i) | | | 1,579 | | 2,528 |
| Capital Expenditure and Financial Investment (note ii) | | | (1,217) | | (931) |
| Transfer to SEERAD | | | (362) | | (1,599) |
| Decrease in cash in the year (note iii) | | | 0 | | (2) |

Notes to the Cash Flow Statement

Note i: Reconciliation of excess income over expenditure to operating cash flows

| | Notes | 2004 | | 2003 | |
|---|-------|-------|-------|-------|-------|
| | | £000 | £000 | £000 | £000 |
| Excess of income over expenditure | | | 1,029 | | 965 |
| Adjustments for non-cash transactions: | | | | | |
| Depreciation charges | | 624 | | 726 | |
| Interest on capital | | 453 | | 668 | |
| Audit fee | 4 | 18 | | 16 | |
| Services provided by Scottish Executive | 4 | 65 | | 65 | |
| Loss/(Profit) on sale of fixed assets | 4 | 1 | | (120) | |
| | | | 1,161 | | 1,355 |
| Adjustments for movements in working capital: | | | | | |
| (Increase) in stock | | (2) | | - | |
| (Increase)/Decrease in debtors | | (450) | | 51 | |
| (Decrease)/Increase in creditors | | (159) | | 157 | |
| | | | (611) | | 208 |
| Net cash inflow from operating activities | | | 1,579 | | 2,528 |

Note ii: Analysis of capital expenditure and financial investment

| | | 2004 | 2003 |
|---|--------------|--------------|-------------|
| | <i>Notes</i> | £000 | £000 |
| Payments to acquire tangible fixed assets | 6 | 1,218 | 1,065 |
| Receipts from sale of tangible fixed assets | | (1) | (134) |
| | | 1,217 | 931 |

Note iii: Reconciliation of net cash flow to movement in net funds

| | 2004 | 2003 |
|---|-------------|-------------|
| | £000 | £000 |
| Cash at bank and in hand at 31 March 2003 | 0 | 2 |
| Cash at bank and in hand at 31 March 2004 | 0 | 0 |
| Decrease in cash in year | 0 | (2) |

Notes to the Accounts

for the year ended 31 March 2004

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with the Accounts Direction issued by the Scottish Ministers on 29 March 2001.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets and stocks, where material, at their value to the Agency by reference to their current costs.

Fixed assets

The Agency generally capitalises assets costing £1,000 or more which have a useful economic life of more than one year. However this threshold is varied for works projects (over £10,000), IT (over £100) and fixtures and fittings (over £100).

Departmental Estate is treated as an asset of the Agency, although legal ownership now rests with the Scottish Ministers. This reflects the Agency's position as the principal beneficial user of this property.

The valuation of land and buildings is on the basis of open market value for existing use. Professional valuations of land and buildings are carried out every 5 years, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

Land and buildings are revalued in the years between professional valuations using indices published in the Valuation Office's Property Market Report. Other tangible fixed assets, excluding computers, are revalued annually using appropriate CSO Indices.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets under construction, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

| | |
|--------------------------------|--------------------|
| Freehold buildings & dwellings | 30-60 years |
| Fixtures & fittings | over 5 years |
| Plant & machinery | over 10 years |
| Transport machinery | over 5 to 10 years |
| Information technology | over 3 to 5 years |

Depreciation is charged to the income and expenditure account on the revalued amount of the relevant assets. The element of depreciation which relates to the revaluation (realised gain on revaluation) is transferred from the revaluation reserve to the general fund.

Asset lives are reviewed periodically to ensure that they continue to represent a reasonable estimate of useful economic life.

Donated tangible fixed assets are capitalised at their valuation on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the income and expenditure account.

Stocks

Stock is stated at the lower of net current replacement cost or net realisable value. Provision is made where necessary for obsolescent, slow moving and defective stocks. Consumables are written off in the year of purchase.

Research and development

Expenditure on research is not capitalised. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets the criteria specified in SSAP 13. Other development expenditure is capitalised if it meets the criteria specified in the RAM which are adapted from SSAP 13 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated project, or according to the asset category if the asset is to be used for subsequent production work.

Income

The Agency is not primarily a trading organisation. It provides services, primarily to SEERAD, under a Service Level Agreement for which a charge is made. Receipts from the Service Level Agreement, together with receipts from fees for seed certification, seed and variety testing, statutory pesticides work and other activities are presented as income net of value added tax.

Value Added Tax

Irrecoverable VAT is charged to the Income and Expenditure Account in the year in which it is incurred, apart from that which is capitalised as part of asset values.

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes which are described in Note 3. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

Early Departure Costs

The Agency is required to meet the additional costs of benefits above those provided by the normal PCSPS benefits in respect of employees who retire early. The full costs are charged to the income and expenditure account when the early retirement has been agreed as required under the provision of the resource accounting manual.

2. ANALYSIS OF INCOME AND EXPENDITURE

An analysis of income and expenditure by division is given below:

| | Income 2003-04 £000 | Expenditure 2003-04 £000 | Net Divisional Outturn 2003-04 £000 | Income 2002-03 £000 | Expenditure 2002-03 £000 | Net Divisional Outturn 2002-03 £000 |
|--|---------------------------|--------------------------------|---|---------------------------|--------------------------------|---|
| Support Services | 335 | 3,225 | (2,890) | 307 | 3,113 | (2,806) |
| Pesticides, Plant Varieties and Seeds | 3,741 | 1,972 | 1,769 | 3,719 | 2,008 | 1,711 |
| Potato and Plant Health | 4,422 | 2,272 | 2,150 | 4,338 | 2,278 | 2,060 |
| | 8,498 | 7,469 | 1,029 | 8,364 | 7,399 | 965 |

The net cost of the support services is recovered in charges for services made by the other divisions.

The significant excess of income over expenditure relates in the main to the Seed Potato Classification Scheme. Although a number of services are provided by SEERAD Agricultural Staff for which no charge is currently made, the costs are recovered in setting fees to third parties for this scheme.

3. STAFF NUMBERS AND RELATED COSTS

3.1 Staff Costs

| | 2003-04 £000 | 2002-03 £000 |
|-----------------------------------|----------------------|-----------------|
| Wages and salaries | 3,647 ⁽¹⁾ | 3,389 |
| Social security costs | 233 | 207 |
| Other pension costs | 430 | 416 |
| Agency staff and contractor costs | 253 | 386 |
| | 4,563 | 4,398 |
| Less: capitalised staff costs | (107) | (221) |
| | 4,456 | 4,177 |

⁽¹⁾ includes £118,000 early retirement costs

The Principal Civil Service Pension Schemes (PCSPS) to which most of the Agency's employees are members are unfunded multi-employer defined benefit schemes, but the Agency is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2003-04, normal employer contributions of £429,958 were payable to the PCSPS (2002-03 £416,111) at rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contribution rates are to be reviewed every 4 years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred; and they reflect past experience of the scheme.

3.2 Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

| | 2003-04 Number | | | 2002-03 Number |
|-----------------------------------|-------------------------------|------------|------------------------------|-------------------|
| | Senior Management Board | Officials | Agency and Contractors | Total |
| Staff in scientific divisions | - | 119 | 2 | 121 |
| Staff in support service | 5 | 46 | 2 | 53 |
| Staff engaged in capital projects | - | - | 2 | 2 |
| | 5 | 165 | 6 | 176 |
| | | | | 175 |

The salary and pension entitlements of the most senior managers of the Agency during the year were:

| Name and Title | Salary ⁽¹⁾ | Real increase in pension at age 60 | Total accrued pension ⁽²⁾ at age 60 at 31 March 2004 and related lump sum | CETV at 31 March 2003 | CETV at 31 March 2004 | Real Increase in CETV ⁽³⁾ |
|---|-----------------------|------------------------------------|--|-----------------------|-----------------------|--------------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Dr R K M Hay <i>Director</i> | 65-70 | 0-2.5 | 25-30 plus 75-80 lump sum | 460 | 500 | 20 |
| Mr S R Cooper <i>Deputy Director</i> | 55-60 | 0-2.5 | 20-25 plus 60-65 lump sum | 389 | 413 | 7 |
| Dr K J O'Donnell <i>Head of Potato and Plant Health</i> | 45-50 | 0-2.5 | 5-10 plus 15-20 lump sum | 78 | 94 | 10 |
| Mrs S M Quinn <i>Head of Admin. (part time)</i> | 25-30 | 0-2.5 | 15-20 plus 0-5 lump sum | 226 | 242 | 3 |
| Mr R K McLaren <i>Relocation Project Manager</i> | 50-55 | 0-2.5 | 15-20 plus 45-50 lump sum | 251 | 270 | 5 |
| Prof C Pollock <i>Non-Executive Director</i> | Nil | - | - | - | - | - |

No benefits in kind were paid.

⁽¹⁾ Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

⁽²⁾ Pension details assume no commutation of pension for lump sum for premium scheme members.

⁽³⁾ Real increase in CETV after adjustment for inflation and changes in market investment factors.

Pension

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of 3 statutory based "final salary" defined benefit schemes (**classic**, **premium** and **classic plus**). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium** and **classic plus** are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality "Money Purchase" stakeholder arrangement with a significant employer contribution (**partnership pension account**).

Employees get tax relief on their contributions. These are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium** and **classic plus**. Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater. **Classic Plus** is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**. The **Partnership Pension Account** is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these are matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website: www.civilservice-pensions.gov.uk.

Columns 4 and 5 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 6 is the difference between columns 4 and 5 after adjustment of column 4 to reflect the same market valuation factors as used to calculate the CETV at the end of the reporting period, an inflation adjustment factor between the start and end of the reporting period, and less the pension scheme contributions made by the member during the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total actual service as a civil servant, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the Scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. It includes any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

| 4. OTHER OPERATING CHARGES | 2003-04 | 2002-03 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Personnel | 93 | 49 |
| Premises | 627 | 697 |
| Transport | 225 | 238 |
| Supplies and services | 907 | 883 |
| Non-cash items: | | |
| Loss/(Profit) on disposal of fixed assets | 1 | (120) |
| Audit fee ⁽¹⁾ | 18 | 16 |
| Services provided by Scottish Executive | 65 | 65 |
| | <u>1,936</u> | <u>1,828</u> |

⁽¹⁾ The audit fee is a notional charge, as notified to us by our auditors Audit Scotland

5. INTEREST ON CAPITAL EMPLOYED

Interest of £453,000 (2002-03 £668,000) has been charged in the Income and Expenditure Account on the basis of 3.5% of the average cost of capital employed by the Agency in accordance with the Resource Accounting Manual. Capital employed is defined as Total Assets less Current Liabilities, but excludes donated assets where the charge is nil.

6. TANGIBLE FIXED ASSETS - £000

| | Land & buildings | Dwellings | Transport Equipment | Plant & Machinery | Information Technology | Furniture & Fittings | Assets under construction | Total |
|--------------------------------------|------------------|-----------|---------------------|-------------------|------------------------|----------------------|---------------------------|--------|
| Replacement Cost or Valuation | | | | | | | | |
| At 1 April 2003 | 7,541 | 1,860 | 535 | 4,105 | 2,709 | 380 | 828 | 17,958 |
| Additions | – | – | 53 | 207 | 77 | 7 | 993 | 1,337 |
| Disposals | – | – | – | (38) | (144) | – | – | (182) |
| Transfers | – | – | – | – | (6) | – | 6 | – |
| Revaluation adjustment | 64 | 358 | (11) | (6) | – | – | – | 405 |
| At 31 March 2004 | 7,605 | 2,218 | 577 | 4,268 | 2,636 | 387 | 1,827 | 19,518 |
| Depreciation | | | | | | | | |
| At 1 April 2003 | – | – | 332 | 2,958 | 2,270 | 345 | – | 5,905 |
| Provided in year | 175 | 26 | 47 | 213 | 149 | 14 | – | 624 |
| On disposals | – | – | – | (36) | (144) | – | – | (180) |
| Revaluation adjustment | – | 5 | (5) | (2) | – | – | – | (2) |
| At 31 March 2004 | 175 | 31 | 374 | 3,133 | 2,275 | 359 | – | 6,347 |
| Net Book Value | | | | | | | | |
| At 31 March 2003 | 7,541 | 1,860 | 203 | 1,147 | 439 | 35 | 828 | 12,053 |
| At 31 March 2004 | 7,430 | 2,187 | 203 | 1,135 | 361 | 28 | 1,827 | 13,171 |

The land and buildings at the East Craigs site together with the farm at Gogarbank were valued independently, as at 31 March 2003, by Gerald Eve, Chartered Surveyors.

The revaluation adjustment of £405,000 and backlog depreciation of -£2,000 were transferred to the revaluation reserve.

Reconciliation of fixed asset additions to capital expenditure cash flow:

| | £000 |
|---------------------------------|--------------|
| Creditor at 1 April 2003 | 117 |
| Fixed asset additions | 1,337 |
| Creditor at 31 March 2004 | (236) |
| | <hr/> |
| Payment to acquire fixed assets | 1,218 |

| 7. DEBTORS | 2004 | 2003 |
|---|--------------|-------------|
| | £000 | £000 |
| Trade debtors | 580 | 222 |
| Other debtors | 118 | 1 |
| Prepayments and accrued income | 312 | 337 |
| | 1,010 | 560 |
| | | |
| 8. GENERAL RESERVE | | |
| | £000 | |
| At 1 April 2003 | 8,750 | |
| Transfer to SEERAD | (362) | |
| Non-cash transactions: | | |
| Interest on capital | 453 | |
| Notional costs | 83 | |
| Transfer of realised element of revaluation reserve | 37 | |
| Excess of income over expenditure | 1,029 | |
| At 31 March 2004 | 9,990 | |
| | | |
| 9. REVALUATION RESERVE | | |
| | £000 | |
| At 1 April 2003 | 3,386 | |
| Surplus arising on indexation during the year | 405 | |
| Backlog depreciation | 2 | |
| Transfer to general reserve in respect of the realised element of revaluation reserve | (37) | |
| At 31 March 2004 | 3,756 | |
| | | |
| 10. CAPITAL COMMITMENTS | 2004 | 2003 |
| | £000 | £000 |
| Contracted | 441 | 764 |
| Authorised but not contracted | 30,690 | - |

11. OTHER FINANCIAL COMMITMENTS

At 31 March 2004 the Agency was committed to making payment of £4,600 (£7,000 at 31 March 2003) in respect of land and building operating leases which expire within one year.

The Agency has not entered into any non-cancellable contracts (which are not operating leases) at 31 March 2004 (Nil at 31 March 2003).

12. CONTINGENT LIABILITY

There were no material contingent liabilities at 31 March 2004 (Nil at 31 March 2003).

13. RELATED PARTY TRANSACTIONS

SASA is an Executive Agency of the Scottish Executive Environment and Rural Affairs Department. SEERAD is regarded as a related party with which SASA has had various material transactions during the year. In addition SASA has had various material transactions with other central Government bodies. Most of these transactions have been with the Pesticides Safety Directorate and the Department of Environment, Food and Rural Affairs.

The Head of IT is a partner in Alice Software, an organisation with which SASA had an agreement to supply IT software, maintenance and support in the year amounting to £71,416. There were no other material transactions during the year with the Director, managerial staff and other related parties.

Direction by the Scottish Ministers in Accordance with Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2001 and subsequent financial years shall comply with the accounting principles and disclosure requirements of the edition of the Resource Accounting Manual which is in force for the year for which the statement of accounts are prepared.
2. The statement of accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
3. In accordance with the requirements of the Manual:
 - 3.1 When preparing its income and expenditure account the Scottish Agricultural Science Agency shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies Act 1985 to the extent that such requirements are appropriate to the Scottish Agricultural Science Agency.
4. This direction shall be reproduced as an appendix to the Statement of Accounts. This direction supersedes the one dated 25 April 2000.

Signed by the authority of the Scottish Ministers

P S COLLINGS

29 March 2001

Representational Duties of SASA Staff During 2003-04

Senior Management Group

Dr R K M Hay

- Editor of Annals of Botany
- Committee of Heads of Agricultural and Biological Organisations in Scotland (CHABOS)
- Scottish Executive Cross-Cutting Group on Science and Technology

Dr K J O'Donnell

- Crop Protection in Northern Britain: Standing Committee
- Crop Protection in Northern Britain: 2004 Organising Committee Conference
- British Crop Protection Council: Board Member
- Scottish Seed Potato Consultative Panel: Chair
- UK Seed Potato Committee

S R Cooper

- Biomathematics and Statistics Scotland Management Advisory Committee
- Plant Varieties and Seeds Committee
- National List and Seeds Committee

Mrs S M Quinn

- Scottish Administration Employment Network

Official Seed Testing Station

R Don

- ISTA Germination Committee: Chair
- ISTA Moisture Committee: Vice Chair
- ISTA Tetrazolium Testing Committee: Vice Chair

Mrs G McLaren

- Member of ISTA Germination Committee
- Member of ISTA Vigour Committee

Mrs V Cockerell

- ISTA Seed Health Committee: Chair
- BCPC Seed Treatment Working Group

Mrs C A Cadger

- Member of ISTA Proficiency Committee

Herbage & Vegetable Crops Section

F N Green

- UPOV Technical Working Party for Vegetables
- International Seed Testing Association – Nomenclature Committee: Member
- European Community Plant Variety Office Vegetable Experts Working group
- EU Technical Assistance Information Office (DG Engagement)
- EU Oilseed Rape Comparative Trial Group
- UK Vegetables DUS Centre: Chair
- UK Plant Genetic Resources Group

Dr J C Davey

- Scottish Executive Assessor to ACRE (Advisory Committee on Releases to the Environment)
- European Enforcement Project on Deliberate Release and Monitoring

T Christie

- EU Onion and Shallot Comparative Trial Group
- UK Vegetables DUS Centre: Member
- UPOV Biochemical & Molecular Techniques Working Group: Ad hoc subgroup on molecular techniques for Oilseed Rape

J Kerr

- European Enforcement Project on Deliberate Release and Monitoring: Monitoring (EEP-Mon) Group
 - Sampling of bulk grain lots (Hamburg, Germany)
- Scottish Executive representative at the 1st European Genetically Modified Crops Coexistence Conference

G D Campbell

- UK Vegetables DUS Centre: Member
- Partner in GENRES Project: Future of the European Carrot

K M Pearson

- National List – Inter Departmental Herbage VCU Group

Mrs L J B McCarthy

- UK Vegetables DUS Centre: Member

Miss G Hull

- UK Vegetables DUS Centre: Member and Minute Secretary

Library

Mrs L J Clark

- Scottish Agricultural Librarians Group (SALG)
- Agency Information Group
- Scottish Working Party on Official Publications (SWOP)

Cereals Section

G P Hall

- National List – Inter Departmental Combinable Crops VCU Group
- EU Cereals Comparative Trials Group
- OECD Seeds Schemes Committee
- ISTA Bulking and Sampling Committee
- AIC (Scottish Council) Seeds Committee

Pesticide Usage & Wildlife Management Section

Dr C J Griffiths

- Advisory Committee on Pesticides
- Inter-Departmental Secretariat
- Working Party on Pesticide Usage Surveys
- Inter-Departmental Fertilisers Evaluation Committee

Dr F G L Hartley

- DEFRA Rabies Wildlife Control Working Group
- Goose Science Advisory Group
- Partnership for Action against Wildlife Crime: Scottish Working Group

J P Snowden

- Working Party on Pesticide Usage Surveys

Chemistry Section

Dr K Hunter

- ACP – Environmental Panel

Dr G Keenan

- RSC Analytical Methods Committee: High Accuracy Analysis on Mass Spectrometry Sub-Committee

D A Lindsay

- ACP Pesticides Residue Committee
- PRC Analytical Sub-group

Potato Section

Dr S F Carnegie

- National List Potato VCU Group: Chair
- VTSC Growers Association Committee
- Seed Potato Consultative Panel
- UK Seed Potato Committee
- UN ECE Specialised Section on Standardisation of Seed Potatoes
- EU Seed Potato Experts Group

Mrs A M Cameron

- National List Potato VCU Group: Member

Ms H Campbell

- National List Potato VCU Group: Minute Secretary

Plant Health Section

Dr J M Chard

- UK Plant Health Co-ordination Group
- Standing Committee of the Association for Crop Protection in Northern Britain

Dr C J Jeffries

- EU Virus Experts Group: Co-ordinator
- EPPO Potato Phytosanitary Measures Panel
- EAPR Virology Section: Chair

Dr J Wood

- Advisory Committee on Genetic Modification
- ACGM Technical Sub-Committee

Dr A Schlenzig

- EU Mycology Network

Virology & Zoology Section

Dr J Pickup

- BCPC Science & Technology Committee, Pests and Diseases Working Group
- Scottish Aphid-borne Virus Working Party
- AAB Specialist Group Committee for Nematology
- Scottish Seed Potato Consultative Panel

Mrs I Browning

- EAPR Virology PVY^{MTN} Working Group: Co-ordinator

Seed Potato Classification Scheme Section**W J Rennie**

- British Crop Protection Council Board of Management
- Scottish Seed Potato Consultative Panel: Chair
- Crop Protection in Northern Britain, Standing Committee: Chair
- British Potato Council Seed Potato Forum

C Laing

- Scottish Seed Potato Consultative Panel

Miss C J Landels

- Scottish Seed Potato Consultative Panel

Diagnostics & Molecular Biology Section**Dr G Saddler**

- International Committee on Systematics of Prokaryote: Vice Chair
- International Society for Plant Pathology Committee on Taxonomy of Plant Pathogenic Bacteria: Convener
- Society for General Microbiology: Convener of Systematics and Evolution Group Committee
- UPOV Working Group for Biochemical & Molecular Techniques

A Reid

- Association of Applied Biologists Nematology Subgroup Committee
- UPOV Working Group for Biochemical & Molecular Techniques

V Mulholland

- UPOV Biochemical & Molecular Techniques Working Group: Ad hoc subgroup on molecular techniques for Oilseed Rape

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