

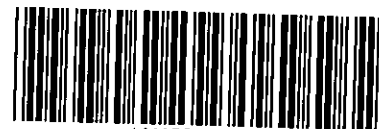
549089

Action Medical Research

Financial Statements

31 December 2008

TUESDAY



AKGT09ZZ

A53

19/05/2009

42

COMPANIES HOUSE

PATRON HRH The Prince Philip Duke of Edinburgh, KG, KT, OM, GBE

PRESIDENT General The Lord Guthrie of Craigiebank, GCB, LVO, OBE

VICE PRESIDENTS

Patrick Brenan, OBE, FCA
 Lady Martin Fitzalan Howard
 Stephen May – appointed March 2008
 The Duchess of Northumberland
 The Earl of Snowdon, GCVO, RDI, FSIAD
 Sir Greville Spratt, GBE, TD, JP, DL, DLitt
 The Earl of Strathmore and Kinghorne
 The Duchess of Wellington

TRUSTEES

CHAIRMAN

Dr. Keith McCullagh – retired 27 July 2008
 Richard Price – appointed Chairman 20 August 2008

HONORARY TREASURER

Paul R. Biddle, FCA

Professor Mark Gardiner – appointed 6 February 2009
 Professor Andrew J.T. George, MA, PhD, FRCPATH, FRSA
 David Gibbs
 Val Hammond, BA, CIMgt, FRSA
 Professor David S. Holder, LMA, MA PhD, FInstP, FRCP
 Colin Hunsley, BSc, CEng, MIMechE
 Charles Jackson
 Karen Jankel, BSc
 Professor Alexander S. McNeish, MSc, MB FRCP, FRCPSG, FRCPCH, FMedSci – retired 28 October 2008
 Diana Marsland
 Anne Palmer
 Ann Paul
 Sir William Wells – retired 28 October 2008
 Sir John Wickerson, LLB

CHARITY MANAGEMENT

Chief Executive: Simon Moore, CB – retired January 2009
 Julie Buckler – appointed January 2009
 Director of Finance: Martin Richardson, FCMA, ACIS
 Director of Fundraising: Lewis Coghlin, BA (Hons)
 Director of Research: Dr. Tracy Swinfield, PhD
 Director of Communications: Debra Broadhurst BA (Hons), Dip CAM
 Head of Human Resources: Linda Jordan, FCIPD – retired December 2008

PRINCIPAL ADVISERS

Auditors

Horwath Clark Whitehill LLP
 St. Bride's House
 10 Salisbury Square
 London EC4Y 8EH

Bankers

National Westminster Bank PLC
 Westminster Branch
 PO Box 3038
 57 Victoria Street
 London SW1H 0HN

Investment Managers

Ruffer LLP
 80 Victoria Street
 London
 SW1E 5JL

Solicitors

Ormerods
 64-70 High Street
 Croydon, CRO 9XN

Company registration no. 549089
 Charity registration nos. 208701 and SC039284

Registered office:
 Vincent House
 Horsham
 West Sussex RH12 2DP

Tel: 01403 210406
 Fax: 01403 210541

Email: info@action.org.uk
 Website: www.action.org.uk

ACTION MEDICAL RESEARCH

REPORT OF THE TRUSTEES FOR THE PERIOD ENDED 31 DECEMBER 2008

Overview

Action Medical Research is a charity whose objects are to promote research into the prevention, management and cure of disabling diseases and conditions. This is achieved by supporting a range of medical research projects selected on the basis of their scientific quality and likelihood of bringing about real benefits to patients. The results and impact of this work are disseminated to a wide audience.

The charity relies totally on voluntary income to fund cutting-edge medical research projects. Our work can be delivered only through a very active partnership of researchers, supporters, volunteers, trustees and staff who unite to achieve vital progress in medical science for the benefit of patients.

This report covers the work of Action Medical Research for the 14 months to 31 December 2008.

The fourteen month period for the report and accounts arises as we changed our reporting year end from 31 October to 31 December, a date that ties in better with other organisations with whom we work.

The period saw a number of significant developments for the charity.

After very careful thought we revisited our charitable remit and determined that we would turn our future focus towards child health. This is an area where the charity has a particularly proud history and one where our scientific advisers identify major unmet need. We are confident that we can make a difference to children's lives.

The period saw the retirement of our chairman Dr Keith McCullagh. Keith showed great leadership in helping us to redefine our charitable focus and leaves us with our gratitude for his contribution. I am honoured that Action Medical Research's trustees have kindly elected me, one of their number, to succeed Keith.

After eight tireless and very successful years Simon Moore retired as our chief executive. He leaves us with our sincere thanks for his work with us. In January 2009 our new chief executive, Julie Buckler, joined us. She comes to us with a strong background in charity management.

Activity in the period

As with many charities we have felt the impact of the financial uncertainty that has affected the UK and global economies. This uncertainty had greatest impact around legacy valuations and ongoing corporate support. However, despite the difficult market conditions, and in line with the completion of a three-year business plan, the charity was proud to be able to commit £3m to 23 vital new medical research projects as well as substantially achieving the other targets which the trustees had set as the key aims for the year.

Total incoming resources were £6,567,405 with total expenditure of £7,770,361. Although this resulted in net outgoing resources of £1,202,956, investment gains of £1,431,232 allowed our reserves to be carried forward with a balance of £5,436,342.

We were able to use well the opportunity presented by the 50th anniversary of Paddington Bear, the charity's fundraising mascot. The number of schools and nurseries that took part in Bring Your Bear more than doubled in 2008, with the event grossing more than £180,000.

Following an extremely successful event at St James's Palace hosted by our patron, HRH The Duke of Edinburgh, the number of Action Partners (who pledge at least £5,000 pa for three years) more than doubled in 2008; we now have more than 20 partners supporting us in this way.

The charity launched a new website at the start of 2009, incorporating many new features that will continue to assist all our supporters raise funds for the charity and keep up to date with all the exciting new developments in medical research.

Grants for research

We select our research work by inviting applications for grants to support medical research projects from researchers at any hospital or university in the UK. Each application is evaluated by a rigorous peer review process. National and international experts in that particular field first give their opinion of the proposed work and the application is then reviewed by one of our two advisory panels of world-class medical researchers. The trustees award grants based on the recommendations of these panels.

The following two examples show the way in which Action Medical Research funding can take medical science forward.

Maggots offer hope of new antibiotic for MRSA

A project led by Professor Ratcliffe at Swansea University discovered a new type of antibiotic in maggot secretions that can tackle up to twelve different strains of MRSA, as well as *E. coli* and *C. difficile*. The antibiotic, named Seraticin™, is derived from the maggot secretions of the common green bottle fly (*Lucilia sericata*) and scientists hope to develop it into an injection, pill or ointment.

So far, the research team has purified Seraticin™ and undertaken the study of its structure and the mechanism by which it prevents infection. Action Medical Research continued to support this research with a new award in 2008 to help develop the next steps to complete the identification of the compound and develop a way to synthesise it. It can then be tested on human cells and eventually in clinical trials in order to determine its medical effectiveness and properties as a novel antibiotic.

Practice makes perfect

Approximately five per cent of children, that is roughly one child in every classroom, are affected by Developmental Coordination Disorder (DCD), also called dyspraxia. Support from the charity enabled scientists from the University of Leeds to develop a set of practical guidelines for use by teachers, childcare professionals and parents that will help pre-schoolchildren with coordination difficulties to improve their dexterity.

A second project enabled psychologists at the Institute of Education, University of London and Oxford Brookes University to develop new coordination and handwriting tests that will identify teenagers who need extra help at secondary school and college.

Details of all the work currently being funded can be found on our website www.action.org.uk.

The public benefit and impact of our work

The trustees confirm that they have referred to the guidance contained in the Charity Commission general guidance on public benefit when reviewing the charity's aims and objectives.

The trustees consider it very important that we are able to demonstrate to all our supporters the medical progress being made.

Our scientific advisors examine the final reports from all our researchers when projects are complete and assess them for their quality of research and their likely clinical impact. These results indicate very clearly that the charity is supporting real progress in medicine and that we are achieving

our charitable objectives. In the 14 month period, 80% of projects assessed were of excellent or very good scientific quality and all indicated immediate to medium term clinical impact.

Explaining the longer term impact of our research projects in lay terms is becoming increasingly important. The charity has an excellent record of supporting high quality research with real patient benefit and in making the results of this work available to all, by targeting the specialist and consumer press, and featuring in our literature and on our website.

Communicating our work

The charity's media activity over the year has focused on the most promising medical research projects as well as supporting key fundraising events.

Professor Ratcliffe's project to purify and synthesise maggot secretions ultimately to develop a new type of antibiotic to tackle MRSA and other superbugs (see Grants for research above) proved a hugely successful media story. Coverage spread across the world and appeared on many websites including BBC online, the ITN lunchtime and evening news, CNN, The Daily Mail, The Sun, The Mirror, as well as regional and specialist medical media.

Two stories were released during dyspraxia awareness week which resulted in coverage on BBC South Today, Oxford Radio, The Times Educational Supplement and other education publications. Other stories included a project which may help stroke patients to speak; spinal injury repair; stem cell treatment for brittle bones in babies in the womb; and advances in the problem of itchiness.

Celebrity Zoe Ball backed the Bring Your Bear fundraising event again this year, with a higher level of media coverage than in previous years in both the educational and regional press. Thanks to new support from celebrity Aggie McKenzie, the Etape cycling event also received good local coverage in Scotland with a double-page spread in the Daily Record.

During the year the charity stepped up its campaign to urge the Government to prioritise research into premature birth with the launch of a new microsite and the production of the Tiny Lives Charter – a cross-party call to MPs to establish a national research strategy to tackle this common and costly problem. Media coverage included BBC Breakfast News, The Mirror, Prima Baby magazine and regional press and radio. The charity has also benefited from free poster advertising from media owner Clear Channel in the form of roadside campaigns and posters. These posters have helped raise awareness of the work of the charity.

How we raised money

The trustees would like to thank the many volunteers who provide significant support in raising funds and who promote the work of the charity throughout the United Kingdom.

We achieved an outstanding result – an increase of some 30% – from our volunteer supporters around the country (community fundraising), with a range of new and growing events standing us in good stead for the future.

Trust fundraising remains a vital element of our overall income, with donations again over the £1m figure. Our agreement with the Henry Smith Charity, who use our peer review process to select high quality research projects, has worked particularly well and we are grateful for this support.

The difficult economic conditions have had the greatest immediate impact on legacy income, where we have seen the fall in property values hit legacy income hard. Income in the 14 months was 60% down on levels recorded in 12 months in 2007.

Individual giving income has remained stable despite the difficult economic conditions. We will continue to work to encourage those who give to us on a regular basis to maintain the value of their

gift. We also continue to look at new methods to recruit new regular donors because of the long term, more predictable income generated.

Challenge events such as the London to Paris bike ride remain an important part of the income mix for the charity. This one event netted in excess of £325,000, and we have also grown income from other cycling events in 2008.

The cost of generating funds increased in the 14 months ending 31 December 2008 from 43% in the 2007 financial statements to 50%. This can be largely explained by the significant drop in legacy income, which for Action Medical Research as for most charities is the lowest cost form of fundraising income. In addition, the extra two months' operating costs were not matched by an increase in income, as the final two months of the year tend to be less active in terms of fundraising.

Where we are going

Plans for 2009 will be affected to some extent by the wider economic situation and we will need to be flexible and ready to adjust activities as necessary. In 2009 we aim:

- to identify and fund vital medical research projects focused on making a real difference to the lives of babies and children
- to raise funds: through an expanded programme of cycling events; the recruitment of ten new Action Partners; and testing a mass participation event targeted at the corporate sector
- to investigate collaborative projects with other medical research charities
- to use the internet to inform the wider public of the work of the charity and how they can support our work.

We will also review the strategy of the charity to deliver real benefit through our child health focus.

How we are governed

The charity was formed in 1952 and is registered as a charity in England & Wales no. 208701 and in Scotland no. SC039284. Its governing instruments are the Memorandum and Articles of Association, which were adopted on 10 July 1996, and amended on 12 July 2000, 2 July 2003 and 30 October 2007. Action Medical Research is incorporated under the Companies Act 1985 as a company limited by guarantee having no share capital. For the purpose of this Act, the chairman and other trustees (none of whom receives any remuneration) are the directors of the company. A full list of trustees, together with the charity's registered office, key management and advisers, is shown on the inside front cover of these financial statements.

On 31 December 2008 there were 13 trustees. They are elected for a term of three years although retiring trustees are eligible for re-election in accordance with the Memorandum and Articles of Association. The Council of trustees meets four times a year and is supported by five advisory sub committees or panels (see page 19) which are each chaired by a serving trustee. All key decisions, including the allocation of charitable funds for research, are made by the trustees in Council.

Meetings of the Council of trustees regularly address the following:

- the way ahead for the charity expressed in the strategic plan
- the consequent financial plan for the current year and for two further years thereafter
- the award of medical research grants
- the lessons learnt from the review of risks
- the impact of the work of the charity

Each year, the skills and expertise required within the Council is reviewed to help the charity deliver the objectives in its plans. If gaps are identified, or a vacancy occurs during the year, new trustees are sought with the appropriate skills or experience. Potential trustees are then interviewed and appointments recommended to the Council.

All trustees are given a full induction programme when they join the charity and are offered training opportunities thereafter.

The chief executive is responsible for the day to day management of the charity's affairs and for implementing the policies agreed by the trustees. The staff are based at the head office in Horsham, West Sussex, from where the fundraising, communications, finance and personnel functions and the research administration are managed. The charity also employs nine community fundraising managers who take responsibility for charity activities and raising funds in regions around the UK.

Statement of trustees' responsibilities

The trustees are responsible for the policies and strategies of Action Medical Research. Charity and company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its financial activities during the year. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and statements of recommended practice, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The trustees have responsibility for the maintenance, by management, of proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have taken steps that are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

So far as each of the trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditors are unaware. Each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Trading

The charity had one subsidiary at 31 December 2008 wholly owned and registered in England, Action Medical Research (Trading) Limited. The principal activity of this company is the business derived from the sale of Christmas cards. A Gift Aid payment equal to its profits for the period of £1,182 was made to Action Medical Research.

Risk management

The trustees consider that the charity has an effective risk management mechanism and risk management is a standing item at every Council meeting. The risk management committee have identified the principal risk as a loss of income caused by a reputational issue. The trustees believe that controls are in place to minimise this risk.

A risk register is maintained that assesses the potential impact and likelihood of all major risks. These are debated with management and the chief executive reports on steps taken to mitigate them. The trustees are therefore satisfied that the right processes are in place to identify the major risks to which the charity is exposed and that systems are in place to manage them.

Staff management

Action Medical Research is fortunate in having dedicated, loyal and skilled staff. The business plan produced each year by the management and approved by the trustees allocates resources to develop and train staff in skills to meet the needs of fundraising and administration.

Investments

The charity had investment assets of £11.4m at 31 December 2008, £6m of which is allocated to cover grant commitments that will fall due over the next two years. The remaining £5.4m is held as uncommitted reserves explained below.

Ruffer LLP manages the charity's investments. The investment policy is to hold a balanced portfolio principally invested in equities (excluding any tobacco-related holdings) and bonds. Performance of the investment managers will be judged against an absolute return rather than by tracking market indices. Ruffer LLP have seen very good results in the latter part of 2008, maintaining the value of the portfolio, and performance is moving closer to the targets set by the trustees. The trustees are monitoring the situation closely, given the very uncertain current market conditions.

Reserves

The trustees review their reserves policy annually and currently consider that the charity should hold reserves of about £5 million to cover the charity should it suffer an immediate drop in income caused by external unforeseeable circumstances. This sum would provide for operating costs and charitable expenditure for a 12 month period. On 31 December 2008, reserves stood at £5.4m.

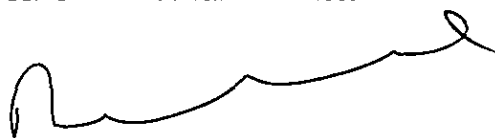
Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements. The trustees are content that the market value of Vincent House, Horsham is in excess of the amount shown on the balance sheet, but do not consider that the cost of obtaining a professional valuation is justified.

Auditors

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By order of the Council of trustees



Richard Price
Chairman
21 April 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTION MEDICAL RESEARCH

We have audited the financial statements of Action Medical Research for the period ended 31 December 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes set out on pages 9 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Action Medical Research for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 trustees' remuneration and other transactions with the charity is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been prepared in accordance with the Companies Act 1985 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of the Trustees is consistent with the financial statements.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

Date 21 April 2009

St Bride's House
10 Salisbury Square
London, EC4Y 8EH

ACTION MEDICAL RESEARCH
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME
& EXPENDITURE ACCOUNT) FOR THE PERIOD ENDED 31 DECEMBER
2008

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 14 months 2008 £	Total funds 12 months 2007 £
Incoming resources					
Voluntary income	3	4,977,150	1,208,310	6,185,460	5,902,525
Investment income	4	380,763	-	380,763	344,669
Gift aid payment from trading subsidiary	5	1,182	-	1,182	10,332
Total incoming resources		5,359,095	1,208,310	6,567,405	6,257,526
Resources expended					
Cost of generating income					
Cost of generating voluntary income	3	3,062,509	87,137	3,149,646	2,582,495
Investment management fees		123,873	-	123,873	95,900
Charitable activities					
Grants for medical research		3,184,327	320,150	3,504,477	3,355,438
Medical research dissemination		948,666	-	948,666	784,334
Governance costs		43,699	-	43,699	36,610
Total resources expended	6	7,363,074	407,287	7,770,361	6,854,777
Net incoming/(outgoing) resources		(2,003,979)	801,023	(1,202,956)	(597,251)
Transfers between funds	8	801,023	(801,023)	-	-
Realised gains/(losses) on investments		590,204	-	590,204	202,726
Net expenditure for the period		(612,752)	-	(612,752)	(394,525)
Other recognised gains & losses					
Unrealised gains/(losses) on investments		841,028	-	841,028	104,988
Net movement in funds		228,276	-	228,276	(289,537)
Balances brought forward at 1 November		5,208,066	-	5,208,066	5,497,603
Balances carried forward at 31 December		5,436,342	-	5,436,342	5,208,066

The notes on pages 12 to 18 form part of the financial statements.

ACTION MEDICAL RESEARCH
BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 December 2008 £	31 October 2007 £
Fixed assets			
Tangible	9	498,911	522,103
Investments – at market value	10	11,360,911	10,098,250
		<u>11,859,822</u>	<u>10,620,353</u>
Current assets			
Debtors	11	1,034,902	1,457,749
Cash on deposit and at bank		654,900	643,376
		<u>1,689,802</u>	<u>2,101,125</u>
Creditors			
Amounts falling due within one year	12	(5,751,391)	(4,853,231)
Net current liabilities		<u>(4,061,589)</u>	<u>(2,752,106)</u>
Total assets less current liabilities		7,798,233	7,868,247
Creditors			
Amounts falling due after more than one year	12	(2,361,891)	(2,660,181)
Total net assets		<u>5,436,342</u>	<u>5,208,066</u>

Funds

Unrestricted funds (including unrealised gains on investments of £875,041 (2007: £34,013))	5,436,342	5,208,066
Total funds	<u>5,436,342</u>	<u>5,208,066</u>

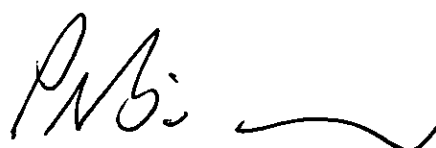
The notes on pages 12 to 18 form part of the financial statements.

The financial statements were approved and authorised for issue by the Trustees on 21 April 2009 and were signed on their behalf by:

Richard Price
Chairman



Paul Biddle
Honorary Treasurer



ACTION MEDICAL RESEARCH
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008

	Note	31 December 2008 £	31 October 2007 £
Net cash outflow from operating activities	a	(520,498)	(192,176)
Returns on investments and servicing of finance			
Interest and dividends received		380,763	344,669
Capital expenditure and financial investment			
Payments to acquire investment assets		(8,521,062)	(4,584,795)
Payments to acquire tangible fixed assets		(17,312)	(27,825)
Receipts from sale of investment assets		8,689,633	4,625,557
Net cash inflow from capital expenditure and financial investment		151,259	12,937
Increase in cash	b	11,524	165,430

Notes to cash flow statement

a) Reconciliation of net outgoing resources to net cash outflow from operating activities

Net outgoing resources	(1,202,956)	(597,251)
Depreciation	40,504	43,256
Investment income	(380,763)	(344,669)
Grants authorised	3,061,454	3,009,481
Grants paid	(2,591,864)	(2,263,498)
Decrease/(Increase) in debtors	422,847	(184,447)
Increase in creditors	130,280	144,952
Net cash outflow from operating activities	(520,498)	(192,176)

b) Reconciliation of movements in cash with movements in net funds

Cash brought forward	643,376	477,946
Cash carried forward	654,900	643,376
Increase in Cash	11,524	165,430

**NOTES TO THE FINANCIAL
STATEMENTS FOR THE PERIOD
ENDED 31 DECEMBER 2008**

1. LIABILITY OF MEMBERS

The company is limited by guarantee having no share capital and, in accordance with Clause 7 of the Memorandum of Association, every Member, as defined by Clause 2 of the Articles of Association (as amended by Special Resolution passed 10 July 1996), is liable to contribute a sum not exceeding £10 in the event of the Charity being wound up while a Member or within one year thereafter. At 31 December 2008 there were 25 Members.

2. ACCOUNTING POLICIES

a) Format of financial statements

The financial statements are drawn up in accordance with Companies Act and applicable accounting standards, including the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), and the historic cost convention, except in relation to investments which are stated at market value.

b) Incoming resources

Voluntary income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable certainty. For legacies, entitlement is considered established once the charity has been notified of an impending distribution. Grants receivable from trusts are included when the related conditions for entitlement to the grants have been met. All other income is accounted for on an accruals basis.

c) Resources expended

Grants are provided for in full in the year in which they are awarded. In order to cover increases in salaries and equipment costs between the date of authorisation of grants and their average anticipated date of payment, each award is increased by the Trustees' estimate of the additional amounts required.

Rentals payable under operating leases are charged as expenditure on a straight line basis over the lease term.

Other expenditure is accounted for on an accruals basis.

Fundraising expenditure comprises staff costs and direct costs of specific fundraising events with the exception of small regional events where it is not practicable to separate costs from income.

Governance costs relate to charity compliance with constitutional and statutory requirements.

Support costs are allocated on the basis of time spent or proportion of the service used by respective activities.

d) Fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Fixed assets are depreciated over their estimated useful life. Furniture and equipment and motor vehicles are depreciated at the rates of 20% and 25% per annum on cost respectively. The building element of the freehold property is depreciated at 2% on cost.

e) Investments

Investments are stated in the balance sheet at their mid market value at the year-end date.

f) Fund accounting

Unrestricted funds comprise amounts available for the general purposes of the Charity. Restricted funds are donations or legacies which are given by the donor for a specific purpose within the overall aims of Action Medical Research.

g) Pension scheme

The Charity continues to operate a defined contribution scheme. Contributions to this scheme are charged as expenditure when they are payable.

h) Subsidiary undertaking

The Charity has one subsidiary undertaking, Action Medical Research (Trading) Limited. This is not consolidated on the grounds of immateriality.

3. Voluntary income

	Unrestricted funds	Restricted funds	14 months 2008	12 months 2007
Gross income	£	£	£	£
Donations	3,389,799	1,043,880	4,433,679	3,909,286
Legacies	194,295	1,430	195,725	493,745
Challenge events	1,393,056	163,000	1,556,056	1,499,494
Totals	4,977,150	1,208,310	6,185,460	5,902,525
Cost of generating voluntary income				
Donations	2,205,101	-	2,205,101	1,664,023
Legacies	53,485	-	53,485	42,982
Challenge events	803,923	87,137	891,060	875,490
Totals	3,062,509	87,137	3,149,646	2,582,495

Donations

Income received from supporters, local activities, trusts, regular donations and appeals. The costs are those of providing support and arranging activities.

Legacies

Income from legacies notified during the period that can be reasonably measured. The costs are those of administering legacies and marketing for future legacies.

Challenge events

Income from events in UK and overseas organised on behalf of the Charity. The costs are those of the events and the development of new events for future years.

4. Investment income

	14 months 2008	12 months 2007
	£	£
UK equities	33,057	18,808
Overseas equities	68,312	53,086
UK fixed interest	191,112	179,755
Overseas fixed interest	60,477	61,397
Bank deposit interest	27,805	31,623
	380,763	344,669

5. Subsidiary undertaking

The Charity has one subsidiary company limited by guarantee as follows:

Action Medical Research (Trading) Limited whose principal activity is derived from a mail order catalogue and other trading activities.

For the 14 months to 31 December 2008 its turnover was £19,555 and the net profit was £1,182. A Gift Aid payment of £1,182 was made to the Charity. At 31 December 2008 the company had no capital and reserves and a balance due to Action Medical Research of £2,942.

6. Resources expended

	Staff costs £	Other costs £	14 months 2008 £	12 months 2007 £
Cost of generating income				
Voluntary income	1,265,409	1,884,237	3,149,646	2,582,495
Investment management fees	-	123,873	123,873	95,900
Total cost of generating income	1,265,409	2,008,110	3,273,519	2,678,395
Charitable activities				
Grants for medical research	-	3,061,454	3,061,454	3,009,481
Grant administration costs	354,764	88,259	443,023	345,957
Total grant expenditure	354,764	3,149,713	3,504,477	3,355,438
Medical research dissemination	600,493	348,173	948,666	784,334
Total charitable expenditure	955,257	3,497,886	4,453,143	4,139,772
Governance costs	16,911	26,788	43,699	36,610
Total resources expended	2,237,577	5,532,784	7,770,361	6,854,777

Grant administration includes central support costs of £65,855 (2007 £56,798)

Medical research dissemination includes central support costs of £123,479 (2007 £106,496)

Staff costs:	14 months 2008 £	12 months 2007 £
Wages and salaries	1,938,465	1,506,858
Social security costs	189,135	153,042
Pension costs	109,977	89,469
Total	2,237,577	1,749,369

The average number of full-time equivalent employees, analysed by function, was :

	14 months 2008	12 months 2007
Grant administration	8	8
Medical research dissemination	11	11
Fundraising	32	30
Charity governance	1	1
Total	52	50

The number of staff whose emoluments fell within the following bands was:

	14 months 2008	12 months 2007
£70,001 to £79,000	-	1
£90,001 to £99,000	1	-

Contributions totalling £5,570 were paid in the period to a defined contribution pension scheme in respect of the above employee (2007 – £4,602).

Trustee remuneration

No fees are paid to Trustees for their services as board members. Directly incurred expenses are reimbursed, if claimed, and in the period to 31 December 2008 £255 expenses were claimed by two Trustees. In 2007 £286 expenses were claimed by three Trustees.

7. Expenditure

Included within expenditure are the following costs:

14 months 2008 12 months 2007

	£	£
Auditors' remuneration	18,752	17,500
Operating lease payments	17,097	18,252
Depreciation	40,504	43,256

8. Transfers

During the year the charity was awarded grants from third parties to support specific research projects which had been funded in previous years from the charity's unrestricted funds. These grants have been recorded as restricted income and then transferred to reflect the reimbursement from the restricted to unrestricted funds.

9. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Totals £
Costs			
At 1 November 2007	752,652	402,653	1,155,305
Additions	3,119	14,193	17,312
Disposals	-	28,489	28,489
At 31 December 2008	755,771	388,357	1,144,128
Depreciation			
At 1 November 2007	279,250	353,952	633,202
Charge for period	16,235	24,269	40,504
Disposals	-	28,489	28,489
At 31 December 2008	295,485	349,732	645,217
Net book value at 31 October 2007	473,402	48,701	522,103
Net book value at 31 December 2008	460,286	38,625	498,911

The land cost of the freehold property is estimated by the Trustees at £60,000 (2007: £60,000).
All fixed assets are held for the Charity's own use.

10. Fixed asset investments

	31 December 2008	31 October 2007
Market value:	£	£
At beginning of period	10,098,250	9,831,298
Net funds withdrawn from portfolio	(168,571)	(40,762)
Realised gains	590,204	202,726
Unrealised gains	841,028	104,988
At end of period	<u>11,360,911</u>	<u>10,098,250</u>
Being at market value:		
UK equities	848,665	1,623,132
Overseas equities	3,894,693	2,715,450
UK fixed interest	4,061,803	3,756,174
Overseas fixed interest	2,229,626	2,002,021
Foreign currency contracts	324,651	-
Unlisted investments – Associated company	1,473	1,473
	<u>11,360,911</u>	<u>10,098,250</u>
Cost of investments	<u>10,485,870</u>	<u>10,064,237</u>

Unlisted investments – associated company: this represents the Charity's 24.9% shareholding in Helpcards Limited.

The principal activity of Helpcards Limited is the publishing of Christmas cards. Its turnover for the year ended 30 April 2008 was £85,501 with a profit of £66,364. The distribution to charity shareholders was £68,000.

11. Debtors

	31 December 2008	31 October 2007
	£	£
Prepayments	217,098	100,720
Other debtors	670,981	1,077,259
Income tax recoverable	143,881	269,438
Action Medical Research (Trading) Ltd	2,942	10,332
	<u>1,034,902</u>	<u>1,457,749</u>

12. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2008	31 October 2007	31 December 2008	31 October 2007
	£	£	£	£
Research grants payable	5,358,033	4,590,153	2,361,891	2,660,181
Trade creditors	87,543	78,252	-	-
Accruals	181,878	108,577	-	-
Deferred income	123,937	76,166	-	-
Action Medical Research (Trading)	-	83	-	-
Total	<u>5,751,391</u>	<u>4,853,231</u>	<u>2,361,891</u>	<u>2,660,181</u>

13. Research grants

Research grants payable

	31 December 2008 £	31 October 2007 £
Amounts outstanding 1 November	7,250,334	6,504,351
New research grants awarded	3,061,454	3,009,481
Amounts paid during the year	(2,591,864)	(2,263,498)
Amount outstanding 31 December	<u>7,719,924</u>	<u>7,250,334</u>
The outstanding balance is payable:		
Within 12 months	5,358,033	4,590,153
After more than one year	<u>2,361,891</u>	<u>2,660,181</u>
	<u>7,719,924</u>	<u>7,250,334</u>

Schedule of grants awarded in the period ending 31 December 2008

	number of grants	£
Cranfield University	1	66,010
University of Aberdeen	1	158,210
University of Bristol	1	139,453
University of Hull	1	159,638
University of Leicester	1	111,355
University of Manchester	1	167,311
University of Salford	1	62,867
University of Wales Swansea	1	196,845
University of Warwick	1	95,698
Imperial College	2	153,937
University of Birmingham	2	250,797
University of Oxford	2	246,496
University of Cambridge	3	534,159
University College London	5	752,035
	<u>23</u>	<u>3,094,811</u>
Adjustment to previous grant awards	-	(33,357)
Total new research grants awarded	<u>23</u>	<u>3,061,454</u>

14. Pension scheme

The pension charge for the year comprises:

	14 months 2008 £	12 months 2007 £
Action Medical Research group personal pension plan	109,977	89,469

The Group Personal Pension Plan is a defined contribution scheme and the charge for the period represents those contributions payable to the scheme in respect of the accounting period.

15. Related party transactions

At the meeting of Trustees held on 21 April 2009 the Trustees confirmed that, following appropriate enquiries, they were not aware of any related party transactions which required disclosure in the financial statements, but wished to disclose the following Trustee connection:

Karen Jankel is Managing Director of Paddington and Co. Ltd. who have allowed the Charity to use Paddington Bear as its mascot. This is given free of charge. The use of Paddington Bear by the Charity is subject to an agreement, which has been reviewed by all Trustees.

Due to the nature of the Charity's operations and the composition of the Trustees (some being drawn from medical or research organisations), it is inevitable that transactions will take place with organisations in which the Trustee may have an interest, including the awarding of research grants with which the Trustee has connections. All grant transactions involving organisations in which a Trustee may have an interest are conducted at arms length and in accordance with the Charity's financial regulations and normal procedures. No such transactions were identified which should be disclosed under Financial Reporting Standard 8 "Related Party Disclosures".

16. Operating lease commitments

At 31 December 2008 the Charity was committed to making the following payments during the next year in respect of operating leases:

	Motor vehicles 2008 £	Motor vehicles 2007 £
Leases which expire:		
Within one year	1,765	15,921
Within two to five years	-	2,942
	<u>1,765</u>	<u>18,863</u>

Investment & audit committee

Chairman
Paul R. Biddle

David Gibbs
Charles Jackson
Dr. Keith McCullagh – retired 27 July 2008
Richard Price – joined 20 August 2008
Sir John Wickerson – Solicitor to the Charity

Risk management committee

Chair
Val Hammond, BA, CIMgt, FRSA

Colin Hunsley, BSc, CEng, MIMechE
Karen Jankel, BSc

Marketing committee

Chair
Ann Paul

Mark Astarita – retired January 2008
Debra Broadhurst
Lewis Coghlin
Kate Cox
Michael Hapgood
David Haseler
Karen Jankel
Diana Marsland

Advisory panel on medical engineering, orthopaedics and hard tissue research

Chairman
Professor David S. Holder, LMA, MA PhD, FInstP, FRCP

Dr. Gonzalo Alarcon, MD, PhD
Dr. Jane Burrridge, PhD – retired October 2008
Professor Cosimo de Bari, MD, PhD
Professor Sandra Downes, PhD – retired October 2008
Professor David Marsh, MD, FRCS – retired October 2008
Professor Philip Rowe, PhD, BSc (Hons)
Dr. Caroline Stewart, PhD, CEng, SRCS – appointed May 2009
Ruth Sutherland, BSc, MBA
Tim Theologis, MD, MSc, PhD, FRCS

Scientific advisory panel

Chairman
Professor Andrew J.T. George, MA, PhD, FRCPath, FRSA

Professor Noel J. Buckley, BA, MA, PhD
Professor Janet A. Eyre, DPhil, FRCPCH – retired October 2008
Professor Adam H.R. Finn, MA, PhD, FRCPCH – retired October 2007
Dr. Paul Heath, MB – appointed March 2008
Professor Neil Marlow, DM, FRCPH
Professor Jane E. Norman, MD, MRCOG
Dr. Finbar O'Callaghan, MA, MSc, PhD, FRPCH – appointed February 2008
Dr. Lucy Raymond, MA, DPhil, FRCP – appointed February 2008
Professor Steve Thornton, DM, MRCOG
Professor Andrew J. Wardlaw, FRCP, PhD
Professor Susan C. Wray, PhD – retired October 2008