

Action Medical Research

**Annual Report and Financial
Statements**

31 December 2013



Company registration number: 549089

Patron HRH The Prince Philip Duke of Edinburgh KG KT OM GBE

President Field Marshal The Lord Guthrie GCB LVO OBE DL

Vice Presidents

Patrick Brennan OBE FCA

Stephen May

The Duchess of Northumberland

The Earl of Snowdon GCVO RDI FSIAD

The Earl of Strathmore and Kinghorne

Trustees

Chair

Richard Price

Honorary Treasurer

Charles Jackson

Esther Alderson

Professor Sarah Bray BA MPhil PhD

Professor Mark Gardiner

Professor Andrew JT George MA PhD DSc

David Gibbs

Phil Hodgkinson

Val Remington-Hobbs

Sir John Wickerson LLB

Caroline Hume-Kendall – Appointed July 2013

Nick Peters – Appointed September 2013

Charity Management

Chief Executive: Julie Buckler

Director of Finance/Company Secretary:

Martin Richardson FCMA ACIS

Director of Fundraising: Jenny Edwards

Director of Research: Dr Tracy Swinfield

Director of Communications: Sarah Moss

Principal advisers

Auditor

Buzzacott LLP

130 Wood Street

London

EC2V 6DL

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

45 Friends Road

Croydon CR0 1ED

Company registration no. 549089 (England and Wales)

Charity registration nos 208701 and SC039284

Registered office:

Vincent House

Horsham

West Sussex RH12 2DP

T 01403 210406

F 01403 210541

E info@action.org.uk

action.org.uk

Action Medical Research

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2013

Action Medical Research (company no. 549089) is a charity whose objects are to promote research into the prevention, management and cure of disabling diseases and conditions.

This report covers the work of Action Medical Research for the 12 months to 31 December 2013

The trustees report has been prepared in accordance of Part 8 of the Charities Act 2011 and the statement of recommended practice (SORP). It also meets the requirements for a directors' report set out in the Companies Act 2006 and meets the requirements for a strategic report as set out in The Companies Act 2006 (Strategic and Directors' Report) Regulations 2013.

About Action Medical Research

Action Medical Research is a UK-wide charity saving and changing children's lives through medical research.

Since it began in 1952 the charity has spent over £100 million on medical research leading to successes that include:

- Introducing the first polio vaccines in the UK.
- Discovering the importance of taking folic acid before and during pregnancy to prevent spina bifida
- Developing the use of ultrasound technology in pregnancy
- Testing the rubella vaccine.
- Pioneering the fetal heart rate monitor.
- Contributing to the development of groundbreaking cooling therapy to prevent brain damage in babies

Today we continue to tackle the challenges that disease and disability present by funding some of the best medical research in the world to help children. Despite enormous progress in medicine, all around the UK today there are hundreds of thousands of sick and disabled children who desperately need help. Research is the key to saving many children from a lifetime of suffering

At Action we fund a broad range of research most likely to deliver real benefit to babies, children and young people. We want to make a difference in premature birth, pregnancy complications and treating sick and vulnerable babies, as well as in preventing infections and helping children affected by disabilities, disabling conditions and rare diseases.

We do this by funding cutting-edge medical research across the UK recommended by our Scientific Advisory Panel of world class experts. We assess the impact of the research we fund and share the results. We raise funds to make this vital research possible

Action Medical Research relies totally on voluntary income to fund critical medical research to help babies and children. Our work is delivered through a very successful partnership of supporters, volunteers, committees, researchers, trustees and staff and we work with other charities when this helps move research forward.

Strategic report for 2013

Our work in 2013

Action Medical Research is proud to find and fund some of the best medical research in the world to save and change the lives of babies, children and young people. Our rigorous scientific review process ensures that funding goes to only the best doctors and researchers in children's hospitals, specialist units and universities all across the UK.

In 2013 Action Medical Research celebrated the 40th year of our groundbreaking Research Training Fellowship scheme funding the future leaders of research. Since 1973 the charity has awarded 167 Fellowships, investing over £11m in the scheme. In 2013, Action Medical Research was proud to fund three new Research Training Fellows as part of a total of over £3m committed to vital new medical research to help babies and children.

Twenty-two new grants were awarded in total by the charity in 2013. New projects included research into preterm birth, meningitis and cerebral palsy. We currently have £10m currently invested in the work of more than 240 top researchers, working on over 75 projects across the UK. Details can be found on our website action.org.uk

Financial review

In 2013 we continued to work hard to raise funds in a difficult economic environment. Total incoming resources in 2013 were £7.929m (2012 £6.947m) with total expenditure of £7.772m (2012 £7.683m). Voluntary income was £7.666m (2012 £6.625m).

After gains on investments of £1.46m (2012 £0.36m), the net increase in funds for the year came to £1.6m (2012 £378,475 outflow). Total funds of £8.309m were carried forward (2012 £6.696m).

The public benefit and impact of our work

The trustees have referred to the Charity Commission's guidance on public benefit in relation to the charity's aims and objectives. They consider it important to demonstrate the medical progress being made to supporters and others interested in our work.

Our scientific advisors examine and assess final reports when all projects are completed. In 2013, of 24 final reports assessed, 88 per cent were considered excellent or good, over 70 per cent to be of immediate, near or medium term clinical impact and 90 per cent to be of a major, sizeable or marked potential level of clinical importance.

Reviews are also carried out each year to assess the impact of the charity's research funding over time. A new report in 2013 considered a project by a team funded by Action in 2001 who developed the Oxford Foot Model. This has helped improve treatment planning to relieve pain for thousands of children who have cerebral palsy and other conditions affecting their feet and walking.

Developed by a team of surgeons, engineers and researchers, the Oxford Foot Model is used where there is a problem with the foot moving during walking, and helps doctors make decisions about how to treat people with a wide range of conditions affecting feet, such as cerebral palsy or club foot. Every year an estimated 4,000 children worldwide now benefit from having their foot movement assessed whilst walking in this way. For many, doctors are

more able to make decisions about whether to operate or not, and what type of surgery or treatment to give.

A second report considered research into fetal MRI scanning funded by Action in 2007 in conjunction with WellChild. Sometimes doctors notice potential problems with a baby's development during ultrasound scanning but more information is needed to help decide the best treatment. Images using magnetic resonance imaging (MRI) methods for adults were blurred and incomplete. To address this and with funding from Action, a team at Hammersmith Hospital in London developed methods to take multiple scans of babies' brains and then slot them together to make clear, three dimensional images.

The new, more detailed pictures provide doctors with information that can help them to decide whether delivering a baby sooner is more likely to lead to better brain growth. The improved techniques can give more accurate diagnoses of brain disorders that can lead to problems such as cerebral palsy or autism. More recently the methods have been used to research the effects of intrauterine growth restriction on a baby's development.

Communicating our work

Action Medical Research has an excellent record of supporting high quality research with real benefit to people and making the results of this work available to the research community and the public. This includes through our literature, website and social media channels, as well as specialist and consumer press.

In 2013 we generated just over 1,600 articles with a circulation of over 75m and a total Advertising Value Equivalent of over £850,000. Highlights included two TV news pieces covering research funded into obstructive sleep apnoea and premature birth.

Celebrity-led stories were covered in national and regional press, promoting our cycle rides and activities like our charity Christmas cards received national online coverage.

We kept in touch with supporters through our magazine and regular newsletters. We increased our reach and engagement with over 13,000 people through Facebook, Twitter, Pinterest and our Action blog. Our website again attracted high numbers with over 983,000 visitors, including over 46,000 registering for events, sponsoring people or making a donation.

How we raised money

2013 was a successful year for fundraising with several significant donations, particularly from gifts in wills. This, combined with the outstanding efforts of our hard working staff, committees, volunteers and supporters, raised fundraising income of £7 666m.

Our events programme remained a key contributor to income, particularly cycling activity which included the Action London to Paris bike ride and the 20 regional RIDE100 series rides. We were extremely grateful for the support of Trek who sponsored our RIDE100 programme for the second year and of Tesco, whose Badgers cycling event in its tenth year raised over £235,000. Our programme of special events was also hugely successful. At the annual Champions of CycleSport dinner guests were joined by cycling legends and Olympic medallists as well as event sponsors Wiggle, Frog Bikes, One Stop and Rouleur, raising more than £185,000. In Scotland two Killer Heels and Cocktails events raised £110,000 and in Northern Ireland the annual Celebration of Motorsports dinner raised £20,000.

The numbers taking part in our team challenges Race the Sun, Three Peaks and the PLOD overnight walks all increased. Much of the success of our cycling events and PLODs is due to the dedicated support of many exceptional volunteers without whom it would not be possible to stage such a significant programme of activity. We are hugely grateful to all who worked so hard on our many events.

Our community fundraising volunteers delivered a wide-ranging programme including gift fairs, lunches, dinners, open gardens, golf days and concerts generating important funds and publicity for the charity. Our thanks and appreciation goes to everyone involved who made these events such a success.

We continued to build sustainable support through regular giving recruitment, testing new channels alongside our established door to door programme with around 4,800 new donors signed up. Despite the significant investment needed for this activity, the long-term nature of support from these donors gives the charity important financial security.

Legacy donations in 2013 were a valuable income source, with a number of very generous gifts received totalling £1m. We plan to develop this cost effective income stream further over the next few years. We are also very grateful to the many trusts, foundations and companies who support the charity, particularly the Henry Smith Charity with whom we have a partnership, the Garfield Weston Foundation who agreed to fully fund a project on Down syndrome and sleep apnoea and the staff of Marks and Spencer whose cycling efforts generated a donation of £227,000.

In the 40th year of our Research Training Fellowship scheme we were delighted to be able to showcase the work of several of the outstanding projects we are funding at a reception held at Buckingham Palace hosted by our Patron HRH The Duke of Edinburgh. The evening was attended by 100 guests and resulted in welcome donations and commitments of support.

Where we are going

The trustees remain committed to our focus on funding medical research to help babies, children and young people, confident in the strength of our peer review process to fund the very best research most likely to make a difference. The trustees plan to develop fundraising further to deliver income to fund more vital research to help babies and children and to address the key financial risk of maintaining voluntary income.

Where it helps move forward medical research for children, we work together with other charities and in 2013 this included co-funding research projects with both The Brain Tumour Charity and with New Zealand charity Cure Kids.

Structure, governance and management

How we are governed

The charity was formed in 1952 and is registered as a charity in England and 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 2006 as a company limited by guarantee having no share capital. For the purpose of this Act, the chair 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 2013 there were 12 trustees. Each year one third of the trustees retire or are eligible for re-election in accordance with the Memorandum and Articles of Association. The council of trustees currently meets four times a year and is supported by five advisory sub committees or panels (see inside back cover) which are each chaired by a 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 strategy
- the financial plan for the current year and further two years
- 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 are reviewed to help the charity deliver its objectives. If gaps are identified or a vacancy occurs, 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 and are offered training opportunities.

The Chief Executive is responsible for the management of the charity's affairs and for implementing the policies agreed by the trustees. Staff are based at the Head Office in Horsham, West Sussex, from where fundraising, communications, finance and research administration are managed. The charity also employs 13 community fundraising staff who take responsibility for charity activities and raising funds in regions around the UK.

Statement of trustees' responsibilities

The trustees (who are also directors of Action Medical Research for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);

- make judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the 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 charitable company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Staff management

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

Trading

The charity had one subsidiary at 31 December 2013 wholly owned and registered in England and Wales, Action Medical Research (Trading) Limited. The activity of this company includes business derived from the sale of merchandise and other commercial activities. Further details can be found in note 5.

Key policies

Risk management

The trustees consider that the charity has an effective risk management mechanism and risk management is considered at every council meeting. A risk register is maintained that assesses the potential impact and likelihood of all major risks, including key financial risks,

and is reviewed by management, the risk management committee and council. The main financial risk identified relates to maintaining voluntary income. The trustees are 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.

Investments

In 2013 the charity added a net £73k to its investments. After allowing for capital gains in 2013 the value of investments closed the year at £14.8m (2012 £13.3m) These investments are held to ensure that the charity is able to meet its grant liabilities and as part of the free reserves of the charity.

Ruffer LLP manages investments for the charity on a discretionary basis. Their mandate from the trustees, which excludes tobacco related investments, is to manage a globally diversified portfolio with the objectives of both preserving capital and achieving an absolute return in excess of at least twice the Bank of England base Rate in any 12 month period after all expenses. In pursuit of these objectives, Ruffer LLP allocated a small component (2.3%) of the portfolio to Ruffer illiquid funds in 2013. As Ruffer LLP achieved a positive return of 12.1% (2012 3.6%) net of fees during 2013, the trustees consider that these investment objectives were met.

Reserves

The trustees review their reserves policy annually and currently consider that the charity should hold free reserves of around £5m to cover the charity's operating costs and charitable expenditure for a 12 month period should it suffer an immediate drop in income caused by external unforeseeable circumstances.

On 31 December 2013, the charity's free reserves (unrestricted funds less fixed assets), including unrealised investment gains of £1.8m stood at £7.89m (2012 £6.06m). Any sustainable reserves balance over the agreed reserves policy is considered for expenditure on a strategic basis.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements. The trustees are satisfied 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.

By order of the council of trustees



Richard Price
Chair
23 April 2014

Independent auditor's report to the trustees and members of Action Medical Research

We have audited the financial statements of Action Medical Research for the year ended 31 December 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of trustees and auditor

The trustees are also directors of the charitable company for the purposes of company law. As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Buzzacott LLP

Catherine Biscoe, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

2 May 2014

Action Medical Research

Statement of financial activities (incorporating an income & expenditure account) for the year ended 31 December 2013

	Note	Unrestricted funds £	Restricted funds £	Total funds 2013 £	Total funds 2012 £
Incoming resources					
Voluntary income	3	6,792,998	872,602	7,665,600	6,624,874
Investment income	4	221,087	-	221,087	283,840
Gift aid payment from trading subsidiary	5	42,502	-	42,502	38,123
Total incoming resources		7,056,587	872,602	7,929,189	6,946,837
Resources expended					
Cost of generating income					
Cost of generating voluntary income	3	3,448,567	-	3,448,567	3,385,773
Investment management fees		150,832	-	150,832	138,970
Charitable activities					
Grants for medical research		3,325,826	30,491	3,356,317	3,321,918
Medical research dissemination		767,820	-	767,820	787,617
Governance costs		48,556	-	48,556	48,306
Total resources expended	6	7,741,601	30,491	7,772,092	7,682,584
Net (outgoing)/ incoming resources		(685,014)	842,111	157,097	(735,747)
Transfers between funds	8	1,028,086	(1,028,086)	-	-
Realised gains on investments	10	436,526	-	436,526	191,363
Net income/(expenditure) for the year		779,598	(185,975)	593,623	(544,384)
Other recognised gains & losses					
Unrealised gains on investments	10	1,019,436	-	1,019,436	165,909
Net movement in funds		1,799,034	(185,975)	1,613,059	(378,475)
Balances brought forward at 1 January		6,502,560	192,966	6,695,526	7,074,001
Balances carried forward at 31 December		8,301,594	6,991	8,308,585	6,695,526

The notes on pages 13 to 23 form part of the financial statements. All of the above results are derived from continuing activities. There was no other recognised gains or losses other than those stated above.

Action Medical Research

Balance sheet as at 31 December 2013 (company no. 549089 England and Wales)


	Note	31 December 2013 £	31 December 2012 £
Fixed assets			
Tangible	9	417,633	446,750
Investments	10	14,836,502	13,307,206
		<u>15,254,135</u>	<u>13,753,956</u>
Current assets			
Debtors	11	901,081	772,184
Cash on deposit and at bank		561,149	622,966
		<u>1,462,230</u>	<u>1,395,150</u>
Creditors			
Amounts falling due within one year	12	(5,232,388)	(3,628,534)
Net current liabilities		<u>(3,770,158)</u>	<u>(2,233,384)</u>
Total assets less current liabilities		<u>11,483,978</u>	<u>11,520,572</u>
Creditors			
Amounts falling due after more than one year	12	(3,175,392)	(4,825,046)
Net assets		<u>8,308,585</u>	<u>6,695,526</u>
Funds			
Unrestricted funds (including unrealised gains on investments of £1,771,513 (2012 £1,972,175))		8,301,594	6,502,560
Restricted funds	16	6,991	192,966
Total funds		<u>8,308,585</u>	<u>6,695,526</u>

The notes on pages 13 to 23 form part of the financial statements.

The financial statements were approved and authorised for issue by the trustees on 23 April 2014 and were signed on their behalf by



Richard Price
Chair



Charles Jackson
Honorary Treasurer

Action Medical Research
Cash flow statement for the year ended 31 December 2013

	Note	2013	2012
		£	£
Net cash (outflow) from operating activities	b	(192,161)	(1,201,278)
Returns on investments and servicing of finance			
Interest and dividends received		221,087	283,840
Capital expenditure and financial investment			
Payments to acquire investment assets		(5,950,089)	(4,916,967)
Payments to acquire tangible fixed assets		(17,409)	(31,930)
Receipts from sale of investment assets		5,876,755	5,367,165
Net cash (outflow)/ inflow from capital expenditure and financial investment		(90,743)	418,268
(Decrease) in cash	a	(61,817)	(499,170)

Notes to cash flow statement

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

Cash brought forward	622,966	1,122,136
Cash carried forward	561,149	622,966
(Decrease) in cash	(61,817)	(499,170)

b) Reconciliation of net incoming /(outgoing) resources to net cash (outflow) from operating activities

Net incoming /(outgoing) resources	157,097	(735,747)
Depreciation and loss on fixed asset disposals	46,526	58,023
Investment income	(221,087)	(283,840)
Grants authorised	3,005,170	2,959,133
Grants paid	(3,027,124)	(3,243,963)
(Increase)/decrease in debtors	(128,897)	88,071
(Decrease) in creditors	(23,846)	(42,955)
Net cash (outflow) from operating activities	(192,161)	(1,201,278)

Notes to the financial statements for the year ended 31 December 2013

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 2013 there were 25 Members.

2. Accounting policies

a) Basis of preparation

The financial statements are drawn up in accordance with the Companies Act 2006 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. After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 5.

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. 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 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. IT equipment is depreciated at 33% per annum on cost. The building element of the freehold property is depreciated at 2% on cost.

e) Investments

Quoted investments are included in the accounts at their mid-market values at the balance sheet date. Alternative investments for which there is no readily identifiable market price are included at the most recent valuations from their respective managers. Realised gains and losses represent the differences between individual investment disposal proceeds and the related opening market values, or costs if acquired in the year.

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	2013	2012
	£	£	£	£
Gross income				
Donations	3,890,331	777,850	4,668,181	4,248,488
Legacies	982,917	94,233	1,077,150	407,898
Challenge events	1,919,750	519	1,920,269	1,968,488
Totals	6,792,998	872,602	7,665,600	6,624,874
Cost of generating voluntary income				
Donations	2,424,962	-	2,424,962	2,188,375
Legacies	34,764	-	34,764	27,972
Challenge events	988,841	-	988,841	1,169,426
Totals	3,448,567	-	3,448,567	3,385,773

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

	2013	2012
	£	£
UK equities	81,845	127,200
Overseas equities	91,506	111,789
UK fixed interest	17,856	20,970
Overseas fixed interest	27,858	21,789
Bank deposit interest	2,022	2,092
	221,087	283,840

5. Subsidiary undertaking

The charity has one subsidiary company limited by guarantee: Action Medical Research (Trading) Limited whose principal activity is derived from the sale of merchandise and other commercial activities

For the year to 31 December 2013 its turnover was £51,763 (2012 £49,497) and the net profit was £42,502 (2012 £41,402). At 31 December 2013 the company had no capital and reserves and a balance due from Action Medical Research of £9,436 (2012 a balance due from Action Medical Research of £14,926)

6. Resources expended

	Staff costs £	Other costs £	2013 £	2012 £
Cost of generating income				
Voluntary income	1,161,018	2,287,549	3,448,567	3,385,773
Investment management fees	-	150,832	150,832	138,970
Total cost of generating income	1,161,018	2,438,381	3,599,399	3,524,743
Charitable activities				
Grants for medical research	-	3,005,170	3,005,170	2,959,133
Grant administration costs	269,041	82,106	351,147	362,785
Total grant expenditure	269,041	3,087,276	3,356,317	3,321,918
Medical research dissemination	490,419	277,401	767,820	787,617
Total charitable expenditure	759,460	3,364,677	4,124,137	4,109,535
Governance costs	21,452	27,104	48,556	48,306
Total resources expended	1,941,930	5,830,162	7,772,092	7,682,584

Grant administration includes central support costs of £64,047 (2012 £63,230)

Medical research dissemination includes central support costs of £96,762 (2012 £95,536).

Central support costs include the cost of running the administration, finance and IT departments. Costs have been allocated based on usage of these services.

Staff costs	2013 £	2012 £
Wages and salaries	1,665,303	1,658,909
Social security costs	172,584	172,688
Pension costs	104,043	98,190
Total	1,941,930	1,929,787

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

	2013	2012
Grant administration	7	7
Medical research dissemination	9	10
Fundraising	32	31
Charity governance	1	1
Total	49	49

6. Resources expended (continued)

The number of staff whose emoluments were over £60,000 fell within the following bands:

	2013	2012
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
£90,001 to £100,000	1	1

Contributions totalling £30,339 were paid in the period to a defined contribution pension scheme in respect of the above employees (2012 £29,165)

Trustee remuneration

No fees are paid to trustees for their services as board members. Directly incurred expenses are reimbursed, if claimed, and in the year to 31 December 2013 no expenses were claimed by trustees. In 2012 no expenses were claimed.

7. Expenditure

Included within expenditure are the following costs:	2013	2012
	£	£
Auditor's remuneration for audit work – current year	15,000	15,000
Auditor's remuneration for audit work – prior year	-	400
Fees payable to the auditor for tax and other services	1,242	-
Operating lease payments	21,969	21,002
Depreciation	46,526	58,023

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 £	Motor vehicle £	Totals £
Costs				
At 1 January 2013	755,771	139,124	14,500	909,395
Additions	-	17,409	-	17,409
At 31 December 2013	755,771	156,533	14,500	926,804
Depreciation				
At 1 January 2013	351,146	104,249	7,250	462,645
Charge for period	13,916	28,985	3,625	46,526
At 31 December 2013	365,062	133,234	10,875	509,171
Net book value at 31 December 2012	404,625	34,875	7,250	446,750
Net book value at 31 December 2013	390,709	23,299	3,625	417,633

The land cost of the freehold property is estimated by the trustees at £60,000 (2012 £60,000)

All fixed assets are held for the charity's own use. The trustees are satisfied 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

10. Fixed asset investments

	31 December 2013	31 December 2012
Market value:	£	£
At 1 January	13,307,207	13,400,133
Net funds added/(withdrawn) from portfolio	73,333	(450,198)
Realised gains	436,526	191,363
Unrealised gains	1,019,436	165,909
At 31 December	<u>14,836,502</u>	<u>13,307,207</u>

Being at market value:

Listed investments

UK equities	3,182,892	2,343,394
Overseas equities	5,846,232	5,590,270
UK fixed interest	2,495,744	2,078,953
Overseas fixed interest	1,871,450	2,062,224
Foreign currency contracts	479,292	408,595

Unlisted investments

Alternative investments	959,419	822,298
Associated company	1,473	1,473
	<u>14,836,502</u>	<u>13,307,207</u>

Cost of investments	<u>13,064,989</u>	<u>11,333,560</u>
---------------------	-------------------	-------------------

At 31 December 2013 listed investments included the following material individual holdings:

	Market value of holding £	Percentage of overall portfolio
UK treasury 0 125% index linked 22/11/2019	982,874	6.8%
US treasury 1.625% TIPS 15/01/2018	731,663	5.1%

Foreign currency contracts - at 31 December 2013 the charity had open forward exchange contracts to sell Yen, Dollars and Euros with a total sterling value of £2.5m. The settlement date for these contracts was 16 January 2014, 14 February 2014 and 14 March 2014. These contracts were entered into to reduce the charity's currency risk following the greater global diversification of its investment holdings. The forward exchange contracts have all been revalued at the applicable year end exchange rates and the resulting unrealised translation gains/(losses) are included within the overall value of the relevant investments above.

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 2013 was £115,860 with a profit of £97,574. The total distribution to the charitable company's shareholders was £98,000.

11. Debtors

	31 December 2013	31 December 2012
	£	£
Prepayments	173,883	224,994
Other debtors	658,060	503,628
Income tax recoverable	69,138	43,562
	<u>901,081</u>	<u>772,184</u>

12. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	£	£	£	£
Research grants payable (note 17)	4,905,502	3,277,802	3,175,392	4,825,046
Trade creditors	24,408	28,274	-	-
Accruals	162,838	134,249	-	-
Action Medical Research (Trading) Ltd.	9,436	14,926	-	-
Taxation and other social security costs	3,691	6,694	-	-
Deferred income	126,513	166,589	-	-
Total	<u>5,232,388</u>	<u>3,628,534</u>	<u>3,175,392</u>	<u>4,825,046</u>

13. Pension scheme

The pension charge for the year comprises.

	2013	2012
	£	£
Action Medical Research group personal pension plan	<u>104,043</u>	<u>98,190</u>

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.

14. Related party transactions

At the meeting of trustees held on 23 April 2014 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:

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"

15. Operating lease commitments

At 31 December 2013 the charity was committed to making the following annual payments during the next year in respect of operating leases

	Motor vehicles 2013 £	Motor vehicles 2012 £
Leases which expire.		
Within one year	4,360	8,709
Within two to five years	12,349	9,500
	<u>16,709</u>	<u>16,209</u>

16. Restricted funds

The charity receives restricted donations, legacies and events income to assist in the charity's funding of specific research projects. In 2013 the total of this restricted income was £872,602 (2012 £807,347) and the amount utilised from this to fund the relevant research and other related costs was £30,491 (2012 £401,231).

At 31 December 2013 the charity had one restricted fund of £6,991 (2012 £192,966) This balance relates to unspent grant administration fees for the project investigating Down Syndrome and sleep apnoea supported by Garfield Weston Foundation. The 2012 balance all related to the Walkinshaw Research Training Fellowship Fund which was spent during 2013

17. Research grants

	31 December 2013 £	31 December 2012 £
Research grants payable		
Amounts outstanding at 1 January	8,102,848	8,387,678
New research grants awarded	3,005,170	2,959,133
Amounts paid during the year	(3,027,124)	(3,243,963)
Amount outstanding at 31 December	<u>8,080,894</u>	<u>8,102,848</u>
The outstanding balance is payable		
Within one year (note 12)	4,905,502	3,277,802
After more than one year (note 12)	3,175,392	4,825,046
	<u>8,080,894</u>	<u>8,102,848</u>

Analysis of awards made in 2013 – please see list on pages 21- 23

Institution	Short Title	Grant Award £
Maternal and Fetal Health Research Centre, University of Manchester and St Mary's Hospital, Manchester	Stillbirth – predicting complications following a reduction in baby's movements	£133,955
Gene Transfer Technology Group UCL Institute for Women's Health, London, Wolfson Centre for Gene Therapy, Molecular Immunology Unit, Biochemistry Research Group, Clinical and Molecular Genetics Unit, UCL Institute of Child Health, London and Metabolic Medicine Department, Great Ormond Street Hospital for Children, London. Supported by Walkinshaw Research Training Fellowship fund.	Argininosuccinic aciduria – developing gene therapy for this metabolic disorder	£198,473
Royal College of Obstetricians and Gynaecologists, London and administered by The British Maternal and Fetal Medicine Society	Preterm birth clinical study group	£5,000
Department of Experimental Psychology, University of Oxford, Department of Paediatric Rheumatology, Nuffield Orthopaedic Centre, Oxford University Hospitals, Centre for Pain Research, University of Bath and Psychology Department, Institute of Psychiatry, Kings College London.	Chronic pain in young people – a new treatment tool	£140,538
Department of Physics, Lancaster University and Blenheim House Child Development and Family Support Centre, Blackpool Teaching Hospitals NHS Foundation Trust.	Autism spectrum conditions – improving diagnosis in young children	£79,117
Department of Psychology, University of Hertfordshire, Hatfield, Department of Vision and Hearing Sciences, Anglia Ruskin University, Cambridge, School of Psychology, University of Glasgow, School of Psychology, University of Sussex, Brighton and Department of Psychology, University of Essex, Colchester	Autism spectrum conditions and visual anomalies	£127,936
Stem Cell and Neurotherapies group, Institute of Human Development, University of Manchester.	Sanfilippo IIIB – investigating stem cell gene therapy for a lysosomal storage disease	£181,633
Department of Pharmacology, University of Oxford	Lysosomal storage diseases – development of metal-based treatments	£200,000
Molecular Immunology Unit, Institute of Child Health, London.	X-linked lymphoproliferative disease – development of T cell gene therapy	£106,108

Institution	Short Title	Grant Award £
Maternal and Fetal Health Research Centre, Institute of Human Development, University of Manchester, St Mary's Hospital, Manchester, Department of Midwifery, Mid-Yorkshire Hospitals NHS Trust, Department of Maternal-Fetal Medicine, Birmingham Women's Hospital NHS Foundation Trust and Department of Maternity and Imaging, Liverpool Women's Hospital NHS Foundation Trust.	Stillbirth – investigating maternal behaviours	£191,080
Department of Cell and Developmental Biology, University College London and Department of Molecular Neuroscience, Institute of Neurology, University College London.	Mitochondrial disease – developing new treatments for children	£192,243
Prenatal Therapy Group, Institute for Women's Health, University College London and Centre for Cardiovascular Biology and Medicine, University College London	Fetal growth restriction – investigating gene therapy	£199,962
School of Cancer Sciences, University of Birmingham, Birmingham Children's Hospital, Electronic, Electrical and Computer Engineering, University of Birmingham and Department of Medical Physics, University Hospitals Birmingham	Brain cancer – improving diagnosis using scanning technology	£194,548
Centre for Fetal Care, Queen Charlotte's and Chelsea Hospital, Imperial College London, Department of Fetal Medicine, Addenbrookes Hospital, Cambridge, Department of Physiology, Development and Neuroscience, University of Cambridge, Joint department of Physics, Institute of Cancer Research (ICR), Royal Marsden Hospital	Twin-twin transfusion syndrome	£102,258
Imaging and Biophysics Unit, Institute of Child Health, University College London, Department of Neurodisability and Radiology Department, Great Ormond Street Hospital for Children, London in conjunction with the Academic Unit of Clinical and Experimental Sciences, Paediatric Neurosciences, University of Southampton.	Cerebral palsy – understanding how brain damage causes loss of movement	£37,500
Academic Department of Paediatrics, Royal Alexandra Children's Hospital, Brighton and Sussex Medical School, University of Sussex, Department of Child Health, Royal Aberdeen Children's Hospital, University of Aberdeen, Centre for Paediatrics, Blizard Institute, Barts and The London School of Medicine and Dentistry, Queen Mary, University of London, Asthma and Allergy Research Group and Medical Research Institute, Ninewells Hospital, University of Dundee	Asthma – 'personalising' treatment by using a genetic test	£196,625
Sir William Dunn School of Pathology, University of Oxford	Meningitis and septicaemia – developing next generation MenB vaccines	£199,991

Institution	Short Title	Grant Award £
Department of Imaging and Biophysics, Department of Radiology, Department of Neurosciences and Developmental Cognitive Neuroscience Unit UCL Institute of Child Health and Great Ormond Street Hospital for Children, Wellcome Trust Centre for Neuroimaging, UCL Institute of Neurology, Department of Medical Physics and Bioengineering, University College London, Neural Development Unit, Birth Defects Research Centre and Department of Histopathology, UCL Institute of Child Health, London.	Epilepsy in children – improving scanning before surgery	£164,035
School of Engineering, University of Glasgow and Department of Otolaryngology, Royal Hospital for Sick Children, Glasgow.	Breathing difficulties – developing a stent for tracheal (windpipe) deformities in children	£117,527
The MRC Centre for Neuromuscular Diseases, Institute of Genetic Medicine, Newcastle University and the Department of Cardiology, Freeman Hospital, Newcastle.	Duchenne muscular dystrophy – investigating a new drug treatment	£129,298
Institute of Cellular Medicine and Faculty of Medical Sciences, Newcastle University in conjunction with the School of Pharmacy and Pharmaceutical Sciences, Cardiff University	Preterm birth – stopping the uterus from contracting too soon	£183,040
Institute of Medical Sciences, University of Aberdeen and Department of Clinical Ophthalmology, Centre of Vision and Vascular Science, Queens University, Belfast	Cataract treatment – understanding what drives lens regeneration	£191,577
		3,272,444
Grant adjustments		(267,274)
Total grant spend 2013		3,005,170

Thank you

We are hugely grateful to the many individuals, trusts and foundations who have so generously donated to the vital work supported by Action Medical Research. We would also like to express our thanks to the organisations listed below for their contributions and involvement with the charity.

Thank you too to those who have made provision for Action in their will and to those, named below, who left us a legacy gift in 2013

Supporters

180 Amsterdam
Air Partner
Arun Estates
Bank of England
BDO Northern Ireland
Elsoms Seeds
Executive Council of the Inn of Court of Northern Ireland
Frog Bikes
Giveacar
Give as you Live
Hain Daniels
Halliday Frazer Munro
High 5
ICAP
Keepmoat
Knight Frank
Lord and Lady Lurgan Trust
Marks & Spencer
Milton Damerel Trust
Next Retail
One Stop
Paddington Bear Retail
Paddington & Co
Stobart Group
Taylors of Harrogate

Tesco
The Big Give
The Mason le Page Charitable Trust
The Recycling Factory
Trek
Wiggle

Legacies

Barbara Billingham,
Beryl Burns
Viola Dunkley
Lady Martin Fitzalan Howard
Louise Grover
Irene Harling
Joan Horrocks
Doreen Kirby
Faith Lake
Ida Lyons
Jean McBoyle
Joy Mills
June Moore
Wendy Parker
Rachel Pemberton
Helen Smith
Cecil Varney
Patricia Worton

Investment & audit committee

Chair
Charles Jackson

David Gibbs
Richard Price
Sir John Wickerson LLB
Phil Hodgkinson
Nick Peters – appointed April 2013

Risk management committee

Chair
David Gibbs

Val Remington-Hobbs
Mark Gardiner
Julie Buckler

Steering committee

Chair
Richard Price

Charles Jackson
Julie Buckler

Marketing committee

Chair
Ann Paul

Tobin Aldrich
Kate Cox
Andy Dewhurst
David Haseler
Karen Jankel
Katie Stringer – retired January 2013
Julie Buckler
Jenny Edwards
Sarah Moss

Scientific advisory panel

Chair
Professor Sarah Bray BA MPhil PhD

Professor David Edwards MA MBBS DSc MRCP
FRCP FRCPCH, FMedSci
Dr Adam Gibson PhD
Professor Judith Goodship MD FRCP
Professor N J Klein MRCP PhD
Professor Sailesh Kotecha PhD FRCPCH
Professor Thomas MacDonald PhD FRCPath FMedSci
Professor Neil Marlow DM FRCP FRCPCH FMedSci
– retired February 2013
Mr James Robb MD FRCS
Dr Rod Scott MBChB PhD
Professor Gordon Smith MD PhD FMedSci
Dr Caroline Stewart PhD CEng SRCS – retired
October 2013
Professor Catherine Williamson MRCP – retired
October 2013
Professor Dieter Wolke PhD