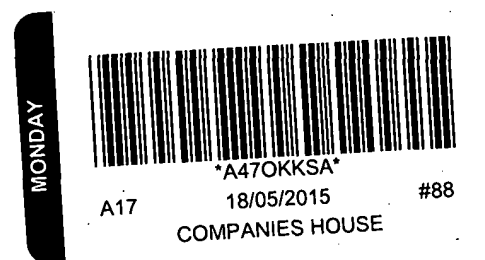


Action Medical Research

Annual Report and Financial Statements

31 December 2014



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

Richard Price - appointed July 2014

The Duchess of Northumberland

The Earl of Snowdon GCVO RDI FSIAD

The Earl of Strathmore and Kinghorne

Trustees

Chair

Richard Price – retired July 2014

Phil Hodgkinson – from July 2014

Honorary Treasurer

Charles Jackson

Esther Alderson

Professor Sarah Bray BA MPhil PhD

Professor Mark Gardiner

Professor Andrew JT George MA PhD DSc

David Gibbs – retired November 2014

Val Remington-Hobbs

Sir John Wickerson LLB – retired July 2014

Caroline Hume-Kendall

Nick Peters

Wendy Ewart – appointed July 2014,

retired December 2014

Luke Bordewich – appointed January 2015

Rachel Molho – appointed January 2015

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

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West Sussex RH12 2DP

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Action Medical Research

Report of the trustees for the year ended 31 December 2014

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 2014.

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 £110 million on medical research leading to successes that include:

- Helping to introduce 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 a unique portable fetal heart rate monitor.
- Contributing to the development of groundbreaking cooling therapy to prevent brain damage in babies.

Today we remain determined to tackle the challenges that disease and disability present by funding some of the best medical research in the world to help children. 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 medical 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. We regularly work with other charities when this helps move research forward.

Action Medical Research relies totally on voluntary income and with more income we could fund more vital research. We are grateful for the hard work of our supporters, volunteers,

committees, researchers, trustees, staff and expert advisers who in partnership help save and change the lives of babies, children and young people.

Strategic report for 2014

Our work in 2014

At Action Medical Research we are 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.

Nineteen new grants were awarded by the charity in 2014, with £3m committed to vital new medical research to help babies and children. New projects included research into premature birth, cystic fibrosis and cancer in children. We currently have £11m invested in the work of more than 230 top researchers, working on over 75 grants across the UK. Details can be found on our website action.org.uk

For over 40 years we have supported the future leaders of research through our groundbreaking Research Training Fellowship scheme, awarding 170 Fellowships and investing over £12m in the scheme. In 2014, we funded three new Research Training Fellows.

Financial review

In 2014, in a challenging environment, we successfully maintained our funding of medical research whilst preserving the charity's total funds carried forward. Total incoming resources in 2014 were £7.455m (2013 £7.929m) with total expenditure of £7.888m (2013 £7.772m). In a successful year for fundraising, voluntary income was £7.2845m (2013 £7.666m which included a large one-off legacy). As a result, in 2014 we were able to spend £4.136m on medical research grants and dissemination (2013 £4.124m).

After gains on investments of £451k (2013 £1.457m), the net increase in funds for the year came to £18k (2013 £1.613m). Total funds of £8.326m were carried forward (2013 £8.309m).

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 independent scientific advisers examine and assess final reports when all projects are completed. In 2014, of 20 final reports assessed, 80 per cent were considered excellent or good, 75 per cent to be of immediate, near or medium term clinical impact and 95 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 2014 considered the impact of a study funded by Action Medical Research contributing to the development of a new type of gene therapy for the treatment of Duchenne muscular dystrophy (DMD), a devastating disease which affects boys and young men and causes progressive muscle weakness. Around 100 baby boys are born with the

genetic condition each year in the UK who are typically diagnosed with the condition when they are between three and five years old.

Work funded by a grant from Action in 1997 to Professor Dickson at the Royal Holloway in London proved that a new type of gene therapy could potentially help boys and young men with DMD and has helped lead to the further development of new treatments and drugs now showing promising results in clinical trials across the world. These therapies slow down the disease progression with the hope that boys can live for longer with fewer or less severe symptoms, so that they can walk for longer and remain independent for longer. It is estimated that around 80 per cent per cent of boys with DMD could be treated with this new type of genetic therapy.

Last year a further project funded by Action started at Newcastle University looking at alternative treatments to reduce the calcium overload which occurs in the muscles of boys and young men who have DMD.

A second new report in 2014 considered the impact of research funded by Action that led to routine screening for congenital hypothyroidism, a thyroid disorder in newborn babies which today affects around 270 babies in the UK each year. If left untreated the condition can cause lifelong physical, developmental and learning disabilities, but if an early diagnosis can be made and treatment is started within the first few weeks after birth, the vast majority of babies are saved from disability.

During the 1970s there was no routine screening for hypothyroidism in newborn babies in the UK and some babies had already developed irreversible brain damage by the time the condition was diagnosed. In 1977 Action Medical Research awarded funding to the late Professor Barbara Clayton at Great Ormond Street Hospital to conduct a pilot screening study. Hypothyroidism was shown to be more common than previously thought and benefits proven of screening newborn babies. In the early 1980s routine screening of all newborn babies was introduced throughout the UK and since then nearly a thousand babies and children have been saved from the effects of this easily treatable condition.

Communicating our work

Action Medical Research has a strong record of supporting high quality research that benefits 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 2014 we generated just over 1,800 articles with higher circulation than ever and a total Advertising Value Equivalent of £1.1m. Highlights included regional TV and radio coverage in Oxford on two research projects.

Celebrity-led stories, including our mascot Paddington Bear, were covered in national and regional press and we again gained widespread coverage for our cycling events.

We kept in touch with supporters through our Touching Lives magazine and regular newsletters. We increased our reach and engagement with over 36,000 people through Facebook, Twitter, Pinterest and our Action blog. Our website again attracted high numbers with over 950,000 visitors, including over 46,000 registering for events, sponsoring people or making a donation.

How we raised money

Our fundraising in 2014 raised income of £7.285m thanks to the efforts of our staff, committees, volunteers and supporters.

Our events programme remained a key contributor to income, particularly cycling activity which included the established Action London to Paris bike ride in July with a new 24 hour route option and a new September event, and the 17 regional RIDE100 series rides. We were extremely grateful for the support of Tesco, whose Badgers cycling event in its eleventh year raised a record amount of £240k. Our programme of special events was also hugely successful. At the annual Champions of CycleSport dinner guests were joined by many of the UK's cycling elite as well as new event sponsors BDO Broadstone raising over £200k. Our ladies lunches, Dine with Davina and the two Killer Heels and Cocktails events in Scotland raised a record breaking total of £192k.

The numbers taking part in our team challenges Race the Sun Brecon and Lake District and the Three Peaks all increased and, with some exceptionally high fundraisers, raised over £500k. Much of the success of our events programme is due to the tremendous support of many dedicated volunteers without whom it would not be possible to stage such a significant programme of activity.

Our community fundraising volunteers also delivered a wide-ranging programme including gift fairs, lunches, dinners, open gardens, golf days and concerts generating important funds and publicity for the charity. The highlight of the summer was the Cream Teas promotion with around 8k delicious teas packed by local volunteers and delivered to homes and workplaces across the UK. Our thanks and appreciation goes to everyone involved who made all these events such a success.

We continued to build sustainable support through regular giving recruitment, testing new channels on the street, in supermarkets and on the phone alongside our established door to door programme. Through these methods over 4,000 new donors were 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.

We continued to work on building our legacy programme increasing promotion of gifts in wills at regional meetings and in our publications. Although less predictable from year to year as illustrated by the fluctuation between this year and last, this income stream is one of the most cost effective forms of fundraising and we are asking all our supporters to consider leaving a gift to the charity.

We are also very grateful to the many trusts, foundations and companies who support the charity, particularly the on-going support of the Henry Smith Charity with whom we have a partnership; the third year of support of One Stop convenience stores who have now raised £103k; and regional estate agents Arun Estates who have been supporting us for two years raising £60k with a further £36.5k donated by MD David Lench who this year raised money by cycling from Land's End to John O'Groats.

A reception held at 10 Downing Street hosted by Samantha Cameron was attended by 120 guests who were able to meet researchers first hand and talk to them about their work funded by Action. The evening was a great success with several significant donations made

and guests making commitments of support. We also held a successful reception for supporters at the top of BT Tower, thanks to the generous support of BT.

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. In 2015 we will be developing our next three year strategy for the period 2016-18 including plans to develop fundraising further to deliver income to fund more vital research to help babies and children and to address the key financial risk, in common with most charities, of maintaining voluntary income.

Where it helps move forward medical research for children, we work together with other charities and in 2014 this included co-funding research projects with nine other organisations including Sands and The Neuroblastoma Society. We awarded our first grant jointly with the Chartered Society of Physiotherapy Charitable Trust researching ways of making walking easier for teenagers with cerebral palsy. We also entered a partnership with Great Ormond Street Hospital Children's Charity whereby in 2015 we will together be funding up to £2m of research projects from across the UK.

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. I would like to express my gratitude to Richard Price, Sir John Wickerson and David Gibbs who retired as trustees during 2014 after many years of sustained and valuable service to the charity. We were delighted to welcome Rachel Molho and Luke Bordewich who joined as new trustees early in 2015.

On 31 December 2014 there were nine 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 at least 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. Most 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.

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 the corporate and 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.

Trading

The charity had one subsidiary at 31 December 2014 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 Christmas cards. Further details can be found in note 5.

Risk management

The trustees consider that the charity has an effective continuous 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 risks identified relate to maintaining voluntary income and the performance of our invested funds. The main non-financial risk identified is the safety of participants on fundraising events. 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 in so far as is possible.

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.

Investments

In 2014 the charity withdrew a net of £233k from its investments (2013 added a net of £73k). After allowing for capital gains in 2014 the value of investments closed the year at £15.1m (2013 £14.8m). 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 2014. As Ruffer LLP achieved a positive return of 3.4% (2013 12.1%) net of fees during 2014, 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 2014, the charity's free reserves (unrestricted funds less fixed assets), including unrealised investment gains stood at £7.915m (2013 £7.891m). 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 currently justified.

By order of the council of trustees

Phil Hodgkinson
Chair
22 April 2015

A handwritten signature in black ink that reads "Phil Hodgkinson". Below the signature is a single horizontal line.

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 2014 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 and trustees 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

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they 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 accounts

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, including the Strategic 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 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 2014 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees including the Strategic Report 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 and 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 returns adequate for our audit have not been received from branches not visited by us; 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.



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

22 April 2015

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Action Medical Research

Statement of financial activities (incorporating an income & expenditure account) for the year ended 31 December 2014

	Note	Unrestricted funds £	Restricted funds £	Total funds 2014 £	Total funds 2013 £
Incoming resources					
Voluntary income	3	5,677,514	1,606,992	7,284,506	7,665,600
Investment income	4	169,079	-	169,079	221,087
Gift aid payment from trading subsidiary	5	1,636	-	1,636	42,502
Total incoming resources		5,848,229	1,606,992	7,455,221	7,929,189
Resources expended					
Cost of generating income					
Cost of generating voluntary income	3	3,551,976	-	3,551,976	3,448,567
Investment management fees		150,851	-	150,851	150,832
Charitable activities					
Grants for medical research		2,715,590	617,324	3,332,914	3,356,317
Medical research dissemination		803,467	-	803,467	767,820
Governance costs		49,236	-	49,236	48,556
Total resources expended	6	7,271,120	617,324	7,888,444	7,772,092
Net (outgoing)/incoming resources		(1,422,891)	989,668	(433,223)	157,096
Transfers between funds	8	989,668	(989,668)	-	-
Realised gains on investments	10	146,388	-	146,388	436,526
Net income/(expenditure) for the year		(286,835)	-	(286,835)	593,623
Other recognised gains & losses					
Unrealised gains on investments	10	304,471	-	304,471	1,019,436
Net movement in funds		17,636	-	17,636	1,613,059
Balances brought forward at 1 January		8,308,585	-	8,308,585	6,695,526
Balances carried forward at 31 December		8,326,221	-	8,326,221	8,308,585

The notes on pages 14 to 24 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.

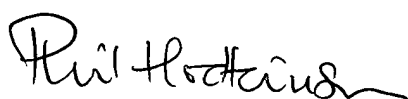
Action Medical Research

Balance sheet as at 31 December 2014 (company no. 549089 England and Wales)

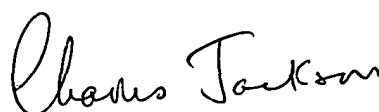
	Note	31 December 2014 £	31 December 2013 £
Fixed assets			
Tangible	9	411,664	417,633
Investments	10	15,054,533	14,836,502
		<u>15,466,197</u>	<u>15,254,135</u>
Current assets			
Debtors	11	1,010,674	901,081
Cash on deposit and at bank		675,280	561,149
		<u>1,685,954</u>	<u>1,462,230</u>
Creditors			
Amounts falling due within one year	12	(6,084,603)	(5,232,388)
Net current liabilities		<u>(4,398,649)</u>	<u>(3,770,158)</u>
Total assets less current liabilities		<u>11,067,548</u>	<u>11,483,978</u>
Creditors			
Amounts falling due after more than one year	12	(2,741,327)	(3,175,392)
Net assets		<u>8,326,221</u>	<u>8,308,585</u>
Funds			
Unrestricted funds (including unrealised gains on investments of £1,631,871 (2013 £1,771,513))		8,326,221	8,301,594
Restricted funds	16	-	6,991
Total funds		<u>8,326,221</u>	<u>8,308,585</u>

The notes on pages 14 to 24 form part of the financial statements.

The financial statements were approved and authorised for issue by the trustees on 22 April 2015 and were signed on their behalf by:



Phil Hodkinson
Chair



Charles Jackson
Honorary Treasurer

Action Medical Research
Cash flow statement for the year ended 31 December 2014

	Note	2014	2013
		£	£
Net cash (outflow) from operating activities	b	(247,157)	(192,161)
Returns on investments and servicing of finance			
Interest and dividends received		169,079	221,087
Capital expenditure and financial investment			
Payments to acquire investment assets		(5,326,925)	(5,950,089)
Payments to acquire tangible fixed assets		(40,620)	(17,409)
Receipts from sale of investment assets		5,559,754	5,876,755
Net cash inflow/ (outflow) from capital expenditure and financial investment		192,209	(90,743)
Increase/(decrease) in cash	a	114,131	(61,817)

Notes to cash flow statement

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

Cash brought forward	561,149	622,966
Cash carried forward	675,280	561,149
Increase/(decrease) in cash	114,131	(61,817)

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

Net (outgoing)/incoming resources	(433,223)	157,097
Depreciation and loss on fixed asset disposals	46,589	46,526
Investment income	(169,079)	(221,087)
Grants authorised	2,985,134	3,005,170
Grants paid	(2,604,783)	(3,027,124)
(Increase) in debtors	(109,593)	(128,897)
Increase/(decrease) in non-grant creditors	37,798	(23,846)
Net cash (outflow) from operating activities	(247,157)	(192,161)

Notes to the financial statements for the year ended 31 December 2014

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 2014 there were 23 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 6.

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	2014	2013
Gross income	£	£	£	£
Donations	3,570,761	1,595,266	5,166,027	4,668,181
Legacies	356,979	1,385	358,364	1,077,150
Challenge events	1,749,774	10,341	1,760,115	1,920,269
Totals	5,677,514	1,606,992	7,284,506	7,665,600
Cost of generating voluntary income				
Donations	2,563,154	-	2,563,154	2,424,962
Legacies	62,076	-	62,076	34,764
Challenge events	926,746	-	926,746	988,841
Totals	3,551,976	-	3,551,976	3,448,567

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

	2014	2013
	£	£
UK equities	69,994	81,845
Overseas equities	69,835	91,506
UK fixed interest	13,090	17,856
Overseas fixed interest	14,438	27,858
Bank deposit interest	1,722	2,022
	169,079	221,087

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 2014 its turnover was £5,715 (2013 £51,763) and the net profit was £1,636 (2013 £42,502). At 31 December 2014 the company had no capital and reserves and a balance due from Action Medical Research of £2,108 (2013 a balance due from Action Medical Research of £9,436).

6. Resources expended

	Staff costs £	Other costs £	2014 £	2013 £
Cost of generating income				
Voluntary income	1,198,048	2,353,928	3,551,976	3,448,567
Investment management fees	-	150,851	150,851	150,832
Total cost of generating income	1,198,048	2,504,779	3,702,827	3,599,399
Charitable activities				
Grants for medical research	-	2,985,134	2,985,134	3,005,170
Grant administration costs	259,844	87,936	347,780	351,147
Total grant expenditure	259,844	3,073,070	3,332,914	3,356,317
Medical research dissemination	503,123	300,344	803,467	767,820
Total charitable expenditure	762,967	3,373,414	4,136,381	4,124,137
Governance costs	21,159	28,077	49,236	48,556
Total resources expended	1,982,174	5,906,270	7,888,444	7,772,092

Grant administration includes central support costs of £65,249 (2013 £64,047).

Medical research dissemination includes central support costs of £99,600 (2013 £96,762).

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:	2014 £	2013 £
Wages and salaries	1,703,618	1,665,303
Social security costs	169,512	172,584
Pension costs	109,044	104,043
Total	1,982,174	1,941,930

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

	2014	2013
Grant administration	7	7
Medical research dissemination	9	9
Fundraising	33	32
Charity governance	1	1
Total	50	49

6. Resources expended (continued)

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

	2014	2013
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
£90,001 to £100,000	1	1

Contributions totalling £30,945 were paid in the period to a defined contribution pension scheme in respect of the above employees (2013 £30,339).

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 2014 £68 was claimed by trustees. In 2013 no expenses were claimed.

7. Expenditure

Included within expenditure are the following costs:	2014	2013
	£	£
Auditor's remuneration for audit work – current year	15,432	15,000
Auditor's remuneration for audit work – prior year	420	-
Fees payable to the auditor for tax and other services	-	1,242
Operating lease payments	19,570	21,969
Depreciation	46,589	46,526

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 2014	755,771	156,533	14,500	926,804
Additions	-	26,960	13,660	40,620
At 31 December 2014	755,771	183,493	28,160	967,424
Depreciation				
At 1 January 2014	365,062	133,234	10,875	509,171
Charge for period	13,916	25,633	7,040	46,589
At 31 December 2014	378,978	158,867	17,915	555,760
Net book value at 31 December 2013	390,709	23,299	3,625	417,633
Net book value at 31 December 2014	376,793	24,626	10,245	411,664

The land cost of the freehold property is estimated by the trustees at £60,000 (2013 £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 2014	31 December 2013
Market value:	£	£
At 1 January	14,836,502	13,307,207
Net funds added/(withdrawn) from portfolio	(232,828)	73,333
Realised gains	146,388	436,526
Unrealised gains	304,471	1,019,436
At 31 December	<u>15,054,533</u>	<u>14,836,502</u>
Being at market value:		
Listed investments		
UK equities	2,964,393	3,182,892
Overseas equities	5,833,055	5,846,232
UK fixed interest	2,944,219	2,495,744
Overseas fixed interest	2,424,559	1,871,450
Foreign currency contracts	171,160	479,292
Unlisted investments		
Alternative investments	715,674	959,419
Associated company	1,473	1,473
	<u>15,054,533</u>	<u>14,836,502</u>
Cost of investments	<u>13,422,662</u>	<u>13,064,989</u>

At 31 December 2014 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	1,019,235	7.17%
US treasury 1.125% TIPS 15/01/2022	1,282,240	9.02%

Foreign currency contracts - at 31 December 2014 the charity had open forward exchange contracts to sell Yen, Dollars and Euros with a total sterling value of £52k. The settlement date for these contracts was 16 January 2015, 13 February 2015 and 13 March 2015. 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 2014 was £109,766 (2013 £115,860) with a profit of £96,546 (2013 £97,574). The total distribution to the charitable company's shareholders was £98,000 (2013 £98,000).

11. Debtors

	31 December 2014	31 December 2013
	£	£
Prepayments	181,787	173,883
Other debtors	665,867	658,060
Income tax recoverable	163,020	69,138
	<u>1,010,674</u>	<u>901,081</u>

12. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£	£	£	£
Research grants payable (note 17)	5,719,918	4,905,502	2,741,327	3,175,392
Trade creditors	20,777	24,408	-	-
Accruals	149,678	118,962	-	-
Action Medical Research (Trading) Ltd.	2,108	9,436	-	-
Taxation and other social security costs	47,863	47,568	-	-
Deferred income	144,259	126,513	-	-
Total	<u>6,084,603</u>	<u>5,232,389</u>	<u>2,741,327</u>	<u>3,175,392</u>

13. Pension scheme

The pension charge for the year comprises:

	2014	2013
	£	£
Action Medical Research group personal pension plan	<u>109,044</u>	<u>104,043</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 22 April 2015 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 possible that transactions may take place with organisations in which the trustee may have an interest, including the awarding of research grants with which one or more trustees may have 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 2014 the charity was committed to making the following annual payments during the next year in respect of operating leases:

	Motor vehicles 2014 £	Motor vehicles 2013 £
Leases which expire:		
Within one year	14,497	4,360
Within two to five years	8,827	12,349
	<u>23,324</u>	<u>16,709</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 2014 the total of this restricted income was £1,606,992 (2013 £872,602) and the amount utilised from this to fund the relevant research and other related costs was £617,324 (2013 £30,491). During the year, £989,668 was transferred to unrestricted funds being a reimbursement of expenditure incurred for restricted fund purposes but met out of the unrestricted fund balances in the first instance.

At 31 December 2014 the charity had a zero balance on restricted fund (2013 £6,991).

17. Research grants

	31 December 2014 £	31 December 2013 £
Research grants payable		
Amounts outstanding at 1 January	8,080,894	8,102,848
New research grants awarded	2,985,134	3,005,170
Amounts paid during the year	(2,604,783)	(3,027,124)
Amount outstanding at 31 December	<u>8,461,245</u>	<u>8,080,894</u>
The outstanding balance is payable:		
Within one year (note 12)	5,719,918	4,905,502
After more than one year (note 12)	2,741,327	3,175,392
	<u>8,461,245</u>	<u>8,080,894</u>

Analysis of awards made in 2014 – please see list on pages 22-24

Institution	Short Title	Grant Award £
Institute of Cancer Sciences, University of Glasgow and Department of Oncology, University College London Hospitals.	Neuroblastoma - improving molecular radiotherapy for childhood cancer	£179,874
University College London, Centre for Nanotechnology and Regenerative Medicine, Division of Surgery and Interventional Science, The Royal Free Hospital, London.	Ear and nose reconstruction - developing implants for children with a small or absent ear or nose	£228,075
Department of Pathology, University of Cambridge.	Cancers of the ovary, testes and other germ cell tumours in children	£197,895
Parturition Research Group, Institute of Reproductive and Developmental Biology, Imperial College London and Department of Obstetrics and Gynaecology, Queen Charlotte's and Chelsea Hospital, Imperial College Healthcare NHS Trust.	Preterm birth – predicting which women are at risk of preterm labour	£156,036
Department of Immunobiology, Department of Infection, Inflammation and Rheumatology and Department of Genetics and Genomic Medicine, Institute of Child Health, University College London and Department of Bone Marrow Transplantation, Great Ormond Street Hospital for Children NHS Trust.	Immune cell recovery following stem cell transplants or HIV treatment	£137,569
Centre for Endocrinology and Centre for Translational Medicine and Therapeutics, William Harvey Research Institute, Barts and The London, Queen Mary's School of Medicine and Dentistry and Department of Paediatric Endocrinology, Institute of Child Health and Great Ormond Street Hospital, University College London.	Craniopharyngiomas – brain tumours near or within the pituitary gland	£190,617
Department of Clinical Neurosciences and Department of Veterinary Medicine, Wellcome Trust - Medical Research Council Cambridge Stem Cell Institute, University of Cambridge.	Demyelinating disorders – neural stem cell therapy for leukodystrophies	£199,751
Department of Neonatology, Institute for Women's Health, Department of Brain Repair and Rehabilitation, Institute of Neurology, Department of Medical Physics and Bioengineering, University College London and Centre for Developing Brain, Kings College London.	Birth asphyxia – preventing brain damage and cerebral palsy using magnesium sulphate combined with cooling therapy	£199,355
Molecular Immunology Unit and Child Health Portex Anaesthesia Unit, Institute of Child Health, University College London.	Cystic fibrosis - developing a new gene therapy	£149,062

Institution	Short Title	Grant Award £
Molecular Haematology Unit, Weatherall Institute of Molecular Medicine, John Radcliffe Hospital, University of Oxford.	Anaemia – improving diagnosis and treatment for severe anaemia	£172,229
Child and Adolescent Psychiatry, Department of Psychology and MRC SGDP Centre, Institute of Psychiatry, King's College London.	ADHD, autism spectrum conditions and tuberous sclerosis	£195,418
School of Psychological Sciences and Health, Ear Nose and Throat Department, Royal Hospital for Sick Children, University of Strathclyde, Glasgow.	Airway reconstruction in children - improving voice outcomes	£11,818
MRC Social Genetic and Developmental Psychiatry, Institute of Psychiatry, King's College London.	ADHD - developing an app to improve diagnosis and treatment of depression	£60,000
MRC Centre for Reproductive Health, The Queen's Medical Research Institute, The University of Edinburgh and the Department of Perinatal Imaging and Health, King's College London.	Cerebral palsy - finding new ways to encourage brain repair	£199,356
Molecular Immunology Unit, Institute of Child Health, University College London.	Chronic granulomatous disorder - gene therapy	£80,249
Department of Infection, Inflammation, Immunity and Physiological Medicine, Department of Genetics, Molecular Immunology Unit, Respiratory, Critical Care and Anaesthesia Section, Institute of Child Health, University College London and Department of Infection, Immunity and Inflammation, University of Leicester.	Primary ciliary dyskinesia - restoring cilia to prevent lung damage	£149,249
School of Biosciences, Cardiff University.	Juvenile Batten disease - developing the first therapy by targeting calcium	£193,328
School of Optometry and Vision Sciences, Cardiff University, School of Biomedical Sciences, University of Ulster, School of Social and Community Medicine, Bristol University, Eye Unit, University Hospital of Wales.	Down syndrome - bifocal glasses and eye movement accuracy	£169,053

Institution	Short Title	Grant Award £
Centre for Research in Rehabilitation and Centre for Sports Medicine and Human Performance, Brunel University, One Small Step Gait Laboratory, Guy's Hospital, Guy's and St. Thomas' Foundation NHS Trust and Development and Research Centre, Royal Free London NHS Foundation Trust.	Cerebral palsy - evaluating resistance training for adolescents	£249,847
Grant adjustments Total grant spend 2014		(£133,647) £2,985,134

Investment & audit committee

Chair
Charles Jackson

David Gibbs – retired November 2014
Richard Price – retired July 2014
Sir John Wickerson LLB – retired July 2014
Luke Bordewich – appointed January 2015
Phil Hodgkinson
Nick Peters

Risk management committee

Chair
David Gibbs – retired November 2014

Esther Alderson – appointed October 2014
Val Remington-Hobbs
Mark Gardiner
Julie Buckler

Steering committee

Chair
Richard Price – retired July 2014
Phil Hodgkinson – from July 2014

Charles Jackson
Julie Buckler

Marketing panel

Chair
Ann Paul - Retired April 2014
Tobin Aldrich – from April 2014

Kate Cox
Andy Dewhurst
David Haseler
Karen Jankel
Julie Buckler
Jenny Edwards
Sarah Moss
Caroline Hume-Kendall – appointed July 2014

Scientific advisory panel

Chair
Professor Sarah Bray BA MPhil PhD

Professor David Edwards MA MBBS DSc MRCP
FRCP FRCPCH, FMedSci
Dr Adam Gibson PhD – retired Jan 2014
Professor Judith Goodship MD FRCP
Professor Nigel Klein MRCP PhD
Professor Sailesh Kotecha PhD FRCPCH – retired
Jan 2015
Professor Thomas MacDonald PhD FRCPATH FMedSci
Mr James Robb MD FRCS – retired Jan 2015
Dr Rod Scott MBChB PhD – retired Jan 2015
Professor Gordon Smith MD PhD FMedSci
Professor Dieter Wolke PhD
Professor Mark Johnson PhD MRCP MRCOG –
appointed Mar 2014
Dr Julie Stebbins DPhil CSci SRCS – appointed April
2014
Professor Fenella Kirkham MB BChir MD FRCPCH –
appointed Dec 2014