

Companies House

Action Medical Research

Annual Report and Financial Statements

31 December 2020

Company registration number: 549089



Patron HRH The Prince Philip Duke of Edinburgh KG KT OM GCVO GBE ONZ QSO AK GCL CC CMM (deceased)

President Field Marshal The Lord Guthrie GCB LVO OBE DL

Vice Presidents

Stephen May
Richard Price
The Duchess of Northumberland

Trustees

Chair
Phil Hodgkinson (retired December 2020)
Luke Bordewich (from January 2021)

Honorary Treasurer
Luke Bordewich (to December 2020)
Richard Wild (from January 2021)

Esther Alderson
Professor Sarah Bray BA MPhil PhD FMedSci (retired December 2020)
Professor David Edwards MA MBBS DSc MRCP FRCP FRCPC FMed Sci
Kathy Harvey
Karen Last
Professor David Rowitch MD PhD ScD
Richard Stoneham-Buck

Charity Management

Chief Executive: Julie Buckler
Director of Finance/Company Secretary: Martin Richardson (retired April 2020); Kabba Njie (joined April 2020)
Director of Fundraising: Lewis Coghlin
Director of Research: Dr Tracy Swinfield
Director of Communications: Sarah Moss

Principal advisers

Auditors

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

McMillan Williams Solicitors Ltd
MW House
41 Chipstead Valley Road
Coulsdon
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Company registration no. 549089 (England and Wales)
Charity registration nos. 208701 and SC039284

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Action Medical Research

Report of the trustees for the year ended 31 December 2020

Action Medical Research (company number 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 2020.

The trustees' report and financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

About Action Medical Research

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

We are committed to fighting for answers that can lead to cures, treatments and medical breakthroughs for some of the toughest fights our children face.

Since we began in 1952 we are proud to have funded over £126 million of medical research (over £350m in today's terms) 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.
- Helping to develop the Hib meningitis vaccine, now a routine immunisation for young children.
- Pioneering a unique portable fetal heart rate monitor.
- Contributing to the development of groundbreaking cooling therapy to prevent brain damage in babies.

We remain determined as ever to tackle the challenges that disease and disability present by funding high quality medical research to help children. There are hundreds of thousands of children all around the UK who desperately need help and we're on a mission to save and change lives through medical research.

We are proud to fund a broad range of research to deliver benefit in pregnancy and to babies, children and young people. We make a difference in targeting rare diseases; preventing infections; tackling premature birth and pregnancy complications and developing treatments for sick and vulnerable babies; and in helping children affected by disabilities and disabling conditions. Today our work includes driving forward research to help protect children in the fight against COVID-19.

We fund cutting-edge medical research across the UK, recommended by our expert Scientific Advisory Panel. We develop partnerships with other charities to help move research forward. We assess the impact of the research we fund and we share the results. To make vital research possible we work hard to raise funds.

We are a charity dependent on voluntary income through fundraising. This income is the key to funding more vital research to save and change children's lives. We are ever grateful to our supporters, volunteers, committees, families, researchers, trustees, staff and expert advisers, who together work so hard to save and change children's lives.

Strategic report for 2020

Our achievements and performance in 2020

At Action Medical Research we save and change the lives of babies, children and young people by funding world-class medical research.

Our funding is invested in high-quality research led by researchers and doctors in NHS hospitals, specialist units and universities across the UK identified through our rigorous, open-competition, peer review process that meets the best practice of the Association of Medical Research Charities. We assess our performance through the amount and quality of research we fund and its impact over time.

Despite the challenges of the pandemic, we successfully awarded eight new grants in 2020, committing £1.557m to vital new medical research projects to help children. We currently have around £11m invested in the work of 230 top researchers working on around 60 research projects across the UK and details can be found on our website www.action.org.uk

We funded three new research projects tackling rare diseases in children and were proud to award three projects on COVID-19 in children

We also awarded two further Research Training Fellowships through our groundbreaking scheme that develops the future leaders of children's research, one researching peanut allergy and one researching treatments for a rare brain disease. Over 45 years we have awarded more than 180 Fellowships and invested over £14m in our scheme. We are proud that that one of the expert scientists who helped develop and test the Oxford/AstraZeneca vaccine against COVID-19 is a former Action Research Training Fellow, Professor Andrew Pollard.

We work together with other organisations and in 2020 this included funding research in partnership with charities including the British Paediatric Neurology Association. We were proud to continue our partnership with LifeArc and make a further three awards together researching rare diseases in children.

COVID-19

Like all charities, in 2020 we needed to adapt quickly to the challenges of the COVID-19 pandemic.

Our first priority was the safety of our people. We moved office based staff to home-working during the crisis, with our team and technology adapting well to the transition. We cancelled or deferred events, moving some to an online basis, and paused face-to-face fundraising.

We quickly adapted our fundraising to minimise losses including through an increased focus on digital fundraising. We launched an emergency appeal and then an appeal to fund COVID-19 children's research projects.

With many researchers recalled to clinical duties and some university research departments closing during lockdown, we kept in touch with researchers leading our existing projects and agreed projects be paused or timelines extended where appropriate.

We were proud not just to be able to continue with existing grants and grant rounds planned for the year to identify new research for funding, but also to launch a call for COVID-19 children's research, funding eight new research projects overall in 2020.

Our staff, supporters, volunteers and researchers stepped up to the effects of the pandemic and together made possible a successful year in demanding circumstances. The need to adapt to make sure the charity is best able to meet the challenges faced unfortunately resulted in reductions in our staff team. Our thanks go to all staff who contributed to Action over such a challenging year.

Along with other businesses and charities around the world, the pandemic affected our income which fell £2m short from our planned fundraising budget. We quickly adapted to protect our research funding and the charity's financial position. We utilised the Government furlough scheme. We adjusted our fundraising plans in light of the pandemic, both reducing costs and launching initiatives better suited to the environment. We reduced planned expenditure on new research over 2020 and 2021. We reviewed our reserves and investment policies. In combination these actions successfully adjusted our income and expenditure plans for the year and going forward, funding research and maintaining the charity's strong financial position. At the year end, despite the challenges faced, we were pleased that the success of our reserves policy and investment performance meant we delivered a positive change in reserves even after our substantial withdrawals to fund our research. We can and do approach 2021 with a degree of confidence, notwithstanding the continuing uncertainty from COVID-19.

Financial review

In 2020 we funded eight new medical research projects to help children. Our total income was £3.600m (2019 £5.612m) with total expenditure of £4.694m (2019 £6.233m). Our voluntary income was £3.404m (2019 £5.497m). We spent £2.589m on medical research grants and dissemination (2019 £3.347m).

Total funds at the end of the year were £6.644m (2019 £6.047m), an increase of £0.597m (2019 £0.281m), with total net gains on investments during 2020 of £1.691m (2019 £901k).

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. The trustees consider it important to demonstrate to supporters and others interested in our work the medical progress being made.

The outcomes of the research we fund is published in peer-reviewed journals and shared at national and international meetings of researchers.

Our independent scientific advisers examine and assess final reports when all projects that we fund are completed. In 2020, of six final reports assessed, 83% were considered to be of a major, sizeable or marked potential level of clinical importance; to be excellent or good; and to be of immediate, near or medium-term clinical impact.

Exciting progress in 2020 included moving a step closer to reducing the risk of preterm birth. Around 60,000 babies are born prematurely every year in the UK and tragically, more than 1,000 of these die. Treatment with progesterone can reduce a woman's risk of giving birth early, but it does not work for everyone. With Action funding, Professor Mark Johnson, of Imperial College London, has been investigating whether combining progesterone with the drug aminophylline is effective in helping reduce the risk of premature birth. The promising results have meant the work is moving towards a full clinical trial in 2022.

In another exciting development, findings from an Action funded study showed how personalised treatment can improve the quality of life for children and young people with asthma. Around 1.1 million children in the UK have asthma, one in 11 children. Professor Somnath Mukhopadhyay, of Brighton's Royal Alexandra Children's Hospital and Sussex Medical School, led the first ever trial of its kind looking at tailoring therapy according to the genetic make-up of over 240 children and young people. The findings showed that children who received personalised treatment had greater improvements to their quality of life than those on standard treatment. We are grateful to the Henry Smith Charity for their generous support of this work.

In a further important step forward, with Action funding, Dr Adam Shortland and his team at Guy's Hospital, London, have developed a new 3D ultrasound imaging technique to screen for hip problems in children with cerebral palsy, leading to earlier detection and treatment.

Almost 2,000 babies born each year in the UK are diagnosed with cerebral palsy, facing lifelong difficulties with movement and coordination. Hip problems are common, with some getting so bad that hips become dislocated, so early and accurate prediction of problems is vital. X-ray scans cannot be carried out often due to radiation exposure and only produce 2D images. The researchers have developed a new index for measuring hip dislocation in children with cerebral palsy from 3D ultrasound images and are developing a new way to screen for hip problems. They hope that more children will start to benefit from the new technique within the next three years.

We also invest in carrying out reviews each year to assess the impact of our research funding over time. A new report in 2020 evaluated the impact of Action funding of £189,315 in 2016 to determine if comprehensive in-school provision of eyecare for children with special educational needs could improve their vision and how they engage in the classroom.

Children with learning disabilities are 28 times more likely to have a serious sight problem than other children, but nearly 40% have never had an eye test or any eyecare. Part of the problem is that access to eyecare can be extremely challenging for children with developmental disabilities and their families. Another barrier is that children with special educational needs may be less able to express, or even recognise, that they have sight problems. These barriers mean that sight problems in children with special needs often remain undiagnosed and untreated, preventing them from reaching their full potential.

In research led by Professor Kathryn Saunders at Ulster University, 200 children and young people from Northern Ireland's biggest special education school took part in the project. The research showed that in-school eyecare in special schools, with glasses dispensed on-site and information shared with teachers and parents, reduced the number of children with unmet visual needs, improved children's vision and resulted in better engagement in the classroom.

The findings were published in 2019 and soon after began to influence provision of in-school vision services for children in special education in England, with further plans to inform provision more widely across the UK in the near future. With around 130,000 children in special schools across the UK, the recommendations from this research could benefit many thousands of children and young people. Children, parents and teachers share their enthusiasm for the SEE Project approach in a [video](#) filmed at Castle Tower School.

For Action, these successes add to our long-standing history of funding research to help children and families and our determination to save and change young lives.

Communicating our work

We share information about the research we fund to help children as well as the results from this research. This includes through our website, blogs, social media channels, printed materials and via the mainstream and specialist press.

In 2020 we generated 286 pieces of coverage with a reach of 600m. Our research featured in a range of national and regional media, including the *Daily Mail*, *Mail online*, *Civil Society*, *The Lancet* and *The West Sussex County Times* and our fundraising events secured coverage in *Cyclist Online* as well as a variety of local and regional radio and print media.

We kept in touch with supporters through our magazines and regular newsletters. We increased our reach and engagement with over 59,800 people through key social media channels and received more than 9,500 page views to our blogs and over 8,500 page views to our news pages. Our website attracted over 409,000 visitors.

How we raised money

Our fundraising in 2020 was, inevitably, heavily impacted by the pandemic. Several income streams, most notably our challenge events and our volunteer-delivered community fundraising, were hit hard, as public-facing activity became almost impossible.

We reacted quickly to minimise the impact on the charity. We shifted our focus to streams and events that could continue despite COVID-19. We spent our fundraising budget very carefully, minimising or cutting costs where we could, including switching activity to low-cost digital channels, and utilised the Government's furlough scheme. Despite our best efforts, overall voluntary income, at £3.4m, was a reduction from the £5.5m we were able to raise in 2019. There were nevertheless a number of successes as we focused efforts on areas which offered the greatest potential in such difficult circumstances.

Income from our regular givers was relatively robust, an area in which we had invested in previous years. We are hugely grateful to the loyalty and generosity of our long term, direct debit supporters, whose contributions provided the charity with resilience in a difficult year.

Trusts and foundations continued to support generously where they could, which was vital in such a challenging year, with this income stream increasing compared with 2019. Our most significant major donors and corporate partners remained loyal, with many making financial contributions and others reaffirming their intention to support when times became easier again. The continued support of BGC, DMH Stallard, Buckles Solicitors, Dietaplements, Brit, Bridgehead Software, Garmin, Liberty Specialty Markets, The Gingerman Group, Airport Parking & Hotels, Price Bailey and Alliance Healthcare along with other smaller corporate partnerships and some very generous individuals, allowed us to raise over £440k and was greatly appreciated.

Despite the challenges, we were also delighted to secure new partnerships with Polypipe, 7IM and Touchstone Underwriting – and December's Big Give matched funding week was supported superbly by our major donors and was our most successful ever.

Although our four flagship social events in Southampton, London, Aberdeen and Glasgow could not go ahead at physical venues as planned, in each case we managed to salvage some income through online auctions and at-home versions of the events. We are particularly grateful to our wonderful celebrity supporter Davina McCall who helped us deliver Davina's Big Night In.

We launched an emergency appeal in March, when the potential impact of the pandemic on our income became clearer, asking our supporters to help us to continue funding medical research. We raised over £90k, which showed that our supporters were prepared to dig deep to support the charity in challenging times. Later in the year we launched an appeal to raise over £1m for research to better understand the impact of COVID-19 on children, and by year end we were almost halfway towards achieving this target. We also remain determined to achieve our £1m income target for our campaign that shines a light on premature birth.

We launched a free wills offer in January, before the pandemic, making it easier than ever for our supporters who want to make or change their will, and we are grateful that some decided to include the charity in their will as they did so. With lockdown it became difficult for interested supporters to make their wills face to face with a solicitor and so we added a second free wills offer, partnering with a firm that provides online wills. Legacy income was lower than expected, with fewer gifts in wills, which appears again to have been affected by the continuing, national backlog in achieving probate. Legacy income remains a vital and cost-effective part of our fundraising, and we are grateful for the kindness shown by all those who remember the charity in their will.

Two cycle rides took place in the autumn in line with social distancing requirements. They proved popular with participants grateful for the opportunity to get out on their bikes in a safe, well organised event.

Our recruitment of new monthly givers was very difficult to deliver with the lockdowns reducing the number of venues available for private site fundraising and footfall well down. It is clear that this will lead to a reduction in income from this important source in future years' income and the lack of acquisition activity meant that the numbers playing our weekly lottery each week reduced from around 8,000 to below 7,000 by the end of 2020. The private site fundraising that we did manage to carry out was, again, in town centres and shopping centres. We again worked with a professional fundraising agency to recruit these new supporters, as we do not have the capacity to carry out this activity with our own staff or volunteers. To ensure that the fundraisers are representing the charity in the way that we and the public expect, our team helps deliver training, monitors the activity through regular mystery shopping and works closely with the agency to ensure any complaints are dealt with effectively and corrective actions taken as required. We ensure that all our third-party agencies are compliant with the Fundraising Regulator's Code of Fundraising Practice, and that they adhere to the Institute of Fundraising guidance on treating donors fairly, which includes a particular focus on protecting vulnerable people. We worked closely with the agencies to ensure that the additional protective measures required by the pandemic were followed diligently, and we were pleased that no complaints were received from members of the public about our private site fundraising.

Overall the charity received only one complaint in 2020, a good result and a reduction from previous years (10 in 2019, 18 in 2018, 25 in 2017 and 35 in 2016). However, we should be cautious to see 2020 as a continuation of this positive trend, as this low number is almost certainly a result of us being able to carry out less fundraising in this unusual year. We had one request from a member of the public, via the Fundraising Preference Service, to be suppressed from future activity.

In the summer we reviewed our fundraising strategy to help the charity grow income again. The impact of COVID-19 will be felt for several years, with income in 2021 predicted to be well short of usual levels, but we are optimistic that a gradual recovery can begin from 2022. Our strong reserves position puts us in a fortunate place to be able to move forward with some degree of confidence despite the ongoing impact of the pandemic upon the wider world and the charity.

Where we are going

Our strategy focuses on our core purpose of funding medical research in pregnancy and to help babies, children and young people. With the pandemic reinforcing the need for and importance of medical research, throughout 2020 we moved quickly to consider both the short terms actions we needed to take, together with the longer-term implications for our charity and work, and we anticipate the need to continue to think flexibly over the year ahead.

We remain committed to funding high-quality research most likely to make a difference that is identified through our rigorous peer review process. We plan to continue to use this strength to work in partnership with other charities to fund children's research. It is important to us to show the impact being delivered through our funding and to share this. Our plans going forward include developing fundraising further across a range of income streams to fund more vital research to help children and to address the key financial risk, in common with most charities, of maintaining voluntary income.

How we are governed

The charity was formed in 1952 and is registered as a charity in England and Wales number 208701 and in Scotland number 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 2020 there were 10 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 normal maximum tenure of trustees is nine years. Our thanks are extended to Phil Hodgkinson and Sarah Bray who retired as trustees at the end of 2020 and remain loyal supporters of the charity. Sarah Bray, a former Chair of our Scientific Advisory Panel, had been a trustee since January 2012. Phil Hodgkinson had served as a trustee since 2012 and as Chair since July 2014. The exemplary commitment of both to the charity is highly appreciated.

The council of trustees currently meets at least four times a year and is supported by five advisory panels or sub committees involving trustees (see inside back cover). 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 in our strategy
- the impact of the work of the charity
- the award of medical research grants
- the financial plan for the current year and further two years
- the lessons learnt from the review of risks
- the governance of the charity including in relation to the Charity Governance Code.

Each year, the skills and experience and diversity 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 and expertise. Potential trustees are then interviewed by a nominating committee formed for the purpose and appointments considered by the council and, if agreed, confirmed at the Annual General Meeting. All trustees are given a full induction programme when they join and are offered opportunities to increase their knowledge and expertise. The trustees regularly undertake a review of their performance as a board, with the most recent full review in 2019 and further discussions of our effectiveness in 2020.

The Chief Executive is responsible for the management of the charity's affairs and for implementing the policies agreed by the trustees. Fundraising, communications, finance and research management are led from the Head Office in Horsham and we also employ home-based staff responsible for charity activities and raising funds around the UK.

The charity has adopted the Charity Governance Code for larger charities. This code asks charities to apply the recommended practices set out in the code or to explain why such practices have not been applied. Previously the charity adopted the Charity Commission's guidance: Hallmarks of an Effective Charity.

The trustees believe that we have substantively applied the Code's recommended practices in all respects save as follows: we conduct formal reviews of the effectiveness of the trustee board every three years, aligned to our strategic planning cycle, rather than annually as recommended by the Code. In addition, we regularly discuss the board's effectiveness and there are mechanisms in place to raise and address issues as they arise. To date our effectiveness reviews have been conducted internally in an open and transparent fashion, led by the Chair and supported by the Honorary Treasurer in respect of the Chair's performance. We believe that this approach is appropriate for a charity of our nature and size, given the cost and induction time required to commission an external evaluation, which our trustees have agreed should remain an option if important issues arise that warrant it.

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 and of 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 FRS 102)
- 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 2020 wholly owned and registered in England and Wales, Action Medical Research (Trading) Limited. There has been no activity on the company which was therefore dormant in 2020 and small scale trading has been carried out directly by the charity.

Risk management

The trustees consider that the charity has an effective continuous risk management mechanism and risk management is considered by the Risk Management Committee and at each 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 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.

The major risks identified relate to maintaining voluntary income and the performance of our invested funds, which in combination ultimately determine the level of new research grants that we can award. Our strategy is based on a broad range of fundraising channels and the active development of further streams to manage our income risks. Our investments are overseen by an Investment & Audit Committee with extensive investment management experience which considers reports quarterly. In addition, we continue actively to address issues of cybersecurity.

Throughout the year trustees monitored, assessed and responded to the risks presented in light of the COVID-19 pandemic, including meeting additionally as required. Overall, the pandemic tested the resilience of the organisation and its business continuity plans, highlighting the importance of the approach taken to reserves and investments, and very much demonstrated the goodwill of staff and commitment of supporters.

Research funding was continued, with the level of new funding adapted over 2020 and 2021. Steps were taken to control expenditure and adapt fundraising to deliver income in changed circumstances. We reviewed our reserves and investments policies and our investments delivered well over the year. We developed our technology systems to adapt to remote working, while working actively to address cybersecurity risks.

Staff management

Action Medical Research is fortunate in its hard-working, skilled and committed staff and never was this more evident than in 2020. The plan and budget approved by the trustees each year allocates resources to train and develop staff in skills needed to meet the charity's needs.

While our headcount reduced at the end of the year, the average head count in 2020 was 57 (2019 55), full-time equivalent 46 (2019 44).

Key management personnel are defined by trustees as the Chief Executive and Directors of Research, Communications, Fundraising and Finance shown on the inside front cover of this report. The total remuneration of this group in 2020 was £423,185 (2019 £424,212). The pay of all staff, including key management personnel, is reviewed annually and considered by a sub committee of the Board of trustees which includes the Chair and Honorary Treasurer. Any increase relating to cost of living may take into consideration external factors as well as the charity's financial position and the economic environment. Market rate reviews are also undertaken.

Investments

Against the backdrop of sharply reduced fundraising income, in 2020 the charity withdrew a net of £1.395m from its investments during the year (2019 withdrew a net of £0.853m). Taking into account unrealised capital gains, the value of investments closed the year at £11.952m (2019 £11.657m) despite this necessarily high level of withdrawals. 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.

The charity has a risk averse investment policy, with the trustees' first priority being to preserve capital in order to meet existing and future grant commitments. The Investment & Audit Committee, a sub-committee of the Board, continues to keep under review the charity's investment strategy and, in coordination with Ruffer LLP our Investment Managers, explore ways of implementing investment strategies that minimise the risk of capital loss. The Investment & Audit Committee will continue to review the allocation of the investment portfolio to ensure it remains appropriate for the charity's funding plans.

Ruffer LLP manages the investment portfolio for the charity on a discretionary basis, which follows strict guidelines in line with the charity's investment policy. The mandate from the trustees specify that the charity does not invest in tobacco or any stock in which tobacco manufacture is the main or a material element due to the negative impact on health. The investments are managed in 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 twelve-month period after all expenses. In pursuit of these objectives, Ruffer LLP allocated a component (12%) of the portfolio to key assets as part of their protection strategy in the year. In 2020 the portfolio achieved a positive return of 15.4% net of fees (2019 a return of 8.4%) and thus the trustees consider that these investment objectives were met in the past year.

Ruffer LLP has been successful in protecting the value of the charity's portfolio in the year against the financial markets' uncertainty and volatility arising from the pandemic. The trustees continue to monitor the situation closely to ensure the charity's ability to realise assets from the portfolio as and when required to fulfil its current and future commitments.

Reserves

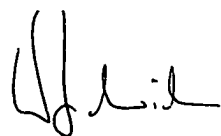
On 31 December 2020, the charity's free reserves (unrestricted funds less tangible fixed assets) including unrealised investment gains stood at £6.349m (2019 £5.736m).

The trustees review their reserve policy annually and in 2020 conducted a full review and continued a dynamic policy to enable the charity to cope in the face of a range of unlikely but plausible downside events which included circumstances that might lead to a significant temporary reduction in fundraising income such as that experienced as a result of COVID-19. Our financial modelling indicates a potential fall in income over the coming year of 20% from levels in 2019 as a result of the impact of the COVID-19 pandemic on the charity's fundraising events activities. A check on the charity's financial position and medium term projections indicate that the charity would be able to continue delivering on its objectives and fulfil commitments as they fall due. Notwithstanding the uncertainty from COVID-19, given our reserves position we can and do approach 2021 with a degree of confidence and have continued to adopt the going concern basis of accounting.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 10 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



Luke Bordewich
Chair
28 April 2021

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

Opinion

We have audited the financial statements of Action Medical Research (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

- ◆ proper and adequate accounting records have not been kept, 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with key management and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of key management and review of minutes of Trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of key management as to where they considered there was susceptibility to fraud,
- ◆ their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of Trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

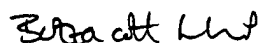
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of key management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 charity'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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Date: 29 April 2021

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

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 2020

		Unrestricted Funds	Restricted Funds	Total Funds 2020	Unrestricted Funds	Restricted Funds	Total Funds 2019
	Note	£	£	£	£	£	£
Income from:							
Donations and legacies	3.1	2,245,445	1,158,965	3,404,410	4,306,547	1,190,948	5,497,495
Investments	3.2	43,642	-	43,642	114,803	-	114,803
Other grants	3.3	151,698	-	151,698	-	-	-
Total income		2,440,785	1,158,965	3,599,750	4,421,350	1,190,948	5,612,298
Expenditure on:							
Raising funds	6.1	2,105,492	-	2,105,492	2,885,932	-	2,885,932
Charitable activities							
Grants for medical research	6.2	1,510,073	402,132	1,912,205	2,011,424	586,700	2,598,124
Medical research dissemination	6.2	676,328	-	676,328	748,462	-	748,462
Total expenditure on charitable activities		2,186,401	402,132	2,588,533	2,759,886	586,700	3,346,586
Total expenditure		4,291,893	402,132	4,694,025	5,645,818	586,700	6,232,518
Net (expenditure)/income before investments		(1,851,108)	756,833	(1,094,275)	(1,224,468)	604,248	(620,220)
Net gains /(losses) on investments	11	1,691,050	-	1,691,050	900,967	-	900,967
Net (expenditure)/income before transfer between funds		(160,058)	756,833	596,775	(323,501)	604,248	280,747
Transfer between funds	9	756,833	(756,833)	-	604,248	(604,248)	-
Net movement in funds		596,775	-	596,775	280,747	-	280,747
Balances brought forward at 1 January		6,046,852	-	6,046,852	5,766,105	-	5,766,105
Balances carried forward at 31 December		6,643,627	-	6,643,627	6,046,852	-	6,046,852

The notes on pages 20 to 31 form part of the financial statements. All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

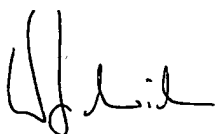
Action Medical Research

Balance sheet as at 31 December 2020 (company no. 549089 England and Wales)

	Note	31 December 2020 £	31 December 2019 £
Fixed assets			
Tangible assets	10	294,511	310,553
Investments	11	11,952,382	11,656,618
		12,246,893	11,967,171
Current assets			
Debtors	12	1,247,873	1,104,850
Cash at bank and in hand		272,227	277,340
		1,520,100	1,382,190
Creditors			
Amounts falling due within one year	13	(5,237,045)	(5,293,165)
Net current liabilities		(3,716,945)	(3,910,975)
Total assets less current liabilities		8,529,948	8,056,196
Creditors			
Amounts falling due after more than one year	13	(1,886,321)	(2,009,344)
Total net assets		6,643,627	6,046,852
The funds of the charity			
Unrestricted funds		6,643,627	6,046,852
Restricted funds	15	-	-
Total charity funds		6,643,627	6,046,852

The notes on pages 20 to 31 form part of the financial statements.

The financial statements were approved and authorised for issue by the trustees on 28 April 2021 and were signed on their behalf by:



Luke Bordewich
Chair



Richard Wild
Honorary Treasurer

Action Medical Research
Statement of cash flows for the year ended 31 December 2020

	Note	2020	2019
Cash flows from operating activities:		£	£
Net cash used in operating activities	a	(1,439,721)	(1,212,451)
Cash flows from investing activities:			
Investment income and interest receivable		43,642	114,803
Payments to acquire investments		(5,640,406)	(8,506,408)
Payments to acquire tangible fixed assets		(4,320)	-
Receipts from disposals of investments		7,355,303	9,402,279
Net cash provided by investing activities		1,754,219	956,674
Change in cash and cash equivalents in the reporting period		314,498	(255,777)
Cash and cash equivalents at the beginning of the period		641,071	896,848
Cash and cash equivalents at the end of the period	b	955,569	641,071

Notes to the statement of cash flows for the year ended 31 December 2019
a) Reconciliation of net income/(expenditure) to net cash flows from operating activities

Net income/(expenditure) for the reporting period (as per the statement of financial activities)	596,775	280,747
Adjustments for:		
Depreciation charges	20,362	22,783
Investment income and interest receivable	(43,642)	(114,803)
(Gains)/loss on investments	(1,691,050)	(900,966)
Grants authorised	1,557,294	2,252,327
Grants paid	(1,954,034)	(2,528,903)
(Increase) in debtors	(143,023)	(298,425)
Increase in non-grant creditors	217,597	74,789
Net cash used in operating activities	(1,439,721)	(1,212,451)

b) Analysis of cash and cash equivalents

Cash at bank and in hand	272,227	277,340
Cash held by investment managers	683,342	363,731
Total cash	955,569	641,071

Notes to the financial statements for the year ended 31 December 2020

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 2020 there were 21 Members.

2. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

a) Basis of preparation and comparative information

The financial statements have been prepared for the year to 31 December 2020. Comparative information reflects the financial results for the year ended 31 December 2019.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities FRS 102 SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

The categorisation of income and expenditure has been updated in these financial statements to better represent the charity's activities. The 2019 figures have been reallocated to the new headings.

b) Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The total eventual impact of the ongoing global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, suppliers, beneficiaries and the wider economy. The charity's financial modelling indicates a potential fall in income over the coming year of 20% from levels in 2019 as a result of the impact of the COVID-19 pandemic on the charity's fundraising events activities. A check on the charity's financial position and medium term projections indicate that the charity would be able to continue delivering on its objectives and fulfil commitments as they fall due.

The charity has sufficient liquid resources to continue as a going concern for the foreseeable future and the trustees believe the charity will be able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements, including sufficient to enable the charity to operate in the exceptional circumstances created by COVID-19.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed below.

The most significant areas of judgement that affect items in the financial statements are detailed below.

c) Critical accounting estimates and areas of judgement

The most significant areas of adjustment and key assumptions that affect items in the financial statements are in respect to:

- assessing the probability of receiving legacies where the charity has been notified of its entitlement;
- estimating the liability for multi-year grant commitments;
- estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge; and
- determining the basis for allocating support costs across expenditure classification.

As set out in these accounting policies under going concern, the trustees have considered the impact of the pandemic on the charity and have concluded that although there have been some negative impacts on income, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

d) Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and other income. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants and donations from government and other agencies and charitable foundations are included as income from activities in furtherance of the charity's objectives where these relate to a specific project or activity or take the form of a contract for services. Where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding, then the income is classified as a donation.

Donations and grants in respect to charitable activities are recognised when the charity has confirmation of both the amount and settlement date. In the event of amounts pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Investment income is recognised once the dividend or interest has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

e) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds include the salaries, direct costs and support costs associated with generating donated income, with the exception of small regional events where it is not practicable to separate costs from income, together with the fees paid to investment managers in connection with the management of the charity's listed investments; and
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations, direct and support costs including governance costs.

Grants are included in full in the statement of financial activities in the year in which they are awarded.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs include the cost of running the administration, governance, finance and IT departments.

Support costs and governance costs are apportioned using percentages based on the time spent on the relevant activities by the employees of the charity.

f) 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.

g) Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their mid-market value as at the balance sheet date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise. 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. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

h) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Debtors have been discounted to the present value of the future cash receipt where such discounting is material.

i) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

k) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

k) Fund structure

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.

l) Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

m) Pension costs

The charity continues to operate a defined contribution scheme. Contributions to this scheme are charged as expenditure when they are payable. The charity's contributions are restricted to the contributions disclosed in note 8. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

n) Subsidiary undertaking

The charity has one subsidiary undertaking, Action Medical Research (Trading) Limited. The company was dormant during the year.

3. Income

	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
3.1 Donations and legacies						
Direct gifts from individuals & trusts	1,603,480	1,134,599	2,738,079	1,897,305	1,153,578	3,050,883
Legacies	297,892	2,350	300,242	370,387	37,370	407,757
Community fundraising	293,771	12,335	306,106	1,150,640	-	1,150,640
Events and other income	50,302	9,681	59,983	888,215	-	888,215
	2,245,445	1,158,965	3,404,410	4,306,547	1,190,948	5,497,495
3.2 Investments						
Investment income	43,642	-	43,642	114,803	-	114,803
	43,642	-	43,642	114,803	-	114,803
3.3 Other grants						
Government grant	151,698	-	151,698	-	-	-
	151,698	-	151,698	-	-	-
Total income	2,440,785	1,158,965	3,599,750	4,421,350	1,190,948	5,612,298

Donations

Income received from supporters, local activities, trusts, regular donations and appeals.

Legacies

Income from legacies notified during the period that can be reasonably measured.

Challenge events

Income from events in UK and overseas organised on behalf of the charity.

Government grant

Income from government grant represents payroll costs reclaimed through the Coronavirus Job Retention Scheme.

4. Investment income

	2020	2019
	£	£
UK equities	10,938	32,398
Overseas equities	20,125	66,943
UK fixed interest	5,628	7,090
Overseas fixed interest	702	2,211
Royalties, profit sharing agreements	-	1,077
Bank deposit interest	2,051	2,346
Unlisted Investments	4,198	2,738
	43,642	114,803

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 years to 31 December 2020 and 31 December 2019 the company was dormant.

6. Expenditure

31 December 2020	Grant awards	Direct costs	Support costs	Total 2020
	£	£	£	£
6.1 Raising funds				
Cost of fundraising		1,819,313	167,416	1,986,729
Investment management costs		118,763	-	118,763
		<u>1,938,076</u>	<u>167,416</u>	<u>2,105,492</u>
6.2 Charitable activities				
Grants for medical research	1,557,294	187,745	167,166	1,912,205
Medical research dissemination	-	377,021	299,307	676,328
	<u>1,557,294</u>	<u>564,766</u>	<u>466,473</u>	<u>2,588,533</u>
Total expenditure	1,557,294	2,502,842	633,889	4,694,025

31 December 2019	Grant awards	Direct costs	Support costs	Total 2019
	£	£	£	£
6.1 Raising funds				
Cost of fundraising		2,580,748	188,302	2,769,050
Investment management costs		116,882	-	116,882
		<u>2,697,630</u>	<u>188,302</u>	<u>2,885,932</u>
6.2 Charitable activities				
Grants for medical research	2,252,328	185,727	160,069	2,598,124
Medical research dissemination	-	454,572	293,890	748,462
	<u>2,252,328</u>	<u>640,299</u>	<u>453,959</u>	<u>3,346,586</u>
Total expenditure	2,252,328	3,337,929	642,261	6,232,518

6.3 Expenditure include charges for:

	Total 2020	Total 2019
	£	£
Lease rentals	3,173	6,509
Fees payable to the charity's auditors for the audit of the financial statements	18,540	18,000
Other fees payable to the charity's auditors	1,300	1,300
Depreciation (note 10)	20,362	22,784
Lease rentals include the hire of photocopiers.		

7. Support Costs

	Staff costs	Other overheads	Total 2020	Total 2019
	£	£	£	£
Cost of raising funds	51,657	115,759	167,416	188,302
Research	118,797	48,369	167,166	160,069
Medical research dissemination	225,521	73,786	299,307	293,890
	395,975	237,914	633,889	642,261

Support costs include the cost of running the administration, governance, finance and IT departments. Support costs are apportioned using percentages based on the time spent on the relevant activities by the employees of the charity.

8. Analysis of staff costs

	2020	2019
	£	£
Wages and salaries	1,634,950	1,590,541
Social security costs	158,248	154,461
Pension costs	111,626	110,566
Redundancy	39,909	-
Total	1,944,732	1,855,568

The pension charge for the year comprises of Action Medical Research Group Personal Pension Plan which is a defined contribution scheme and the charge for the period represents those contributions payable to the scheme in respect of the accounting period.

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

	2020	2019
Grant administration	4	4
Medical research dissemination	5	5
Fundraising	29	28
Support	7	6
Charity governance	1	1
	46	44

The average monthly headcount was 57 staff (2019 55).

The number of staff whose emoluments (including taxable benefits but excluding employer national insurance and pensions contributions) were over £60,000 fell within the following bands:

	2020	2019
£60,001 to £70,000	2	1
£70,001 to £80,000	-	1
£90,001 to £100,000	1	1

8. Analysis of staff costs (continued)

Contributions totalling £23,518 (2019 £33,564) were paid in the period to a defined contribution pension scheme in respect of the above employees.

The total remuneration (including taxable benefits, employer national insurance and pension contributions) of the key management personnel for the year was £423,185 (2019 £424,212).

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 2020 £36 was claimed by one trustee (2019 £138 by one trustee) for travel expenses.

9. 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.

10. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Motor vehicle £	Totals £
Costs				
At 1 January 2020	755,771	224,626	13,660	994,057
Additions	-	4,320	-	4,320
At 31 December 2020	755,771	228,946	13,660	998,377
Depreciation				
At 1 January 2020	448,553	221,291	13,660	683,504
Charge for period	15,678	4,684	-	20,362
At 31 December 2020	464,231	225,975	13,660	703,866
Net book value at 31 December 2020	291,540	2,971	-	294,511
Net book value at 31 December 2019	307,218	3,335	-	310,553

The land cost of the freehold property is estimated by the trustees at £60,000 (2019 £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.

11. Fixed asset investments

	2020	2019
Market value:	£	£
At 1 January	11,656,618	11,608,922
Net funds withdrawn from portfolio	(1,395,286)	(853,270)
Realised gains	53,706	145,418
Unrealised gains	1,637,344	755,548
At 31 December	11,952,382	11,656,618
Listed investments		
UK equities	1,998,435	2,766,414
Overseas equities	3,791,936	3,391,394
UK fixed interest	1,333,073	1,454,126
Overseas fixed interest	2,557,103	2,944,574
Foreign currency contracts	245,262	10,166
Cash held by investment manager	683,342	363,731
Unlisted investments		
Alternative investments	1,341,758	724,740
Associated company (see below)	1,473	1,473
	11,952,382	11,656,618
Cost of investments	10,658,214	11,818,656

At 31 December 2020 listed investments included the following material individual holdings:

	Market value of holding £	Percentage of overall portfolio
Ruffer SICAV Fixed Income	2,446,393	24.65%
Ruffer Multi Strategies Fund Limited	1,341,758	13.52%
Ruffer SICAV UK Mid & Smaller Companies	644,601	6.49%
Ruffer Gold	579,065	5.83%
Ruffer Japanese I Acc	513,521	5.17%

Foreign currency contracts - at 31 December 2020 the charity had open forward exchange contracts.

FWD: EUR Vs. GBP 14/01/2021	£4,729
FWD: USD Vs. GBP 14/01/2021	£7,421
FWD: JPY Vs. GBP 14/01/2021	£7,224

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 2020 was £96,500 (2019 £96,684) with a profit of £79,633 (2019 £84,692). The total distribution to the charitable company’s shareholders was £79,700 (2019 £88,490).

12. Debtors

	31 December 2020 £	31 December 2019 £
Prepayments	172,440	170,779
Accrued income due within 1 year	643,614	490,155
Accrued income due in > 1 year	304,450	228,855
Other debtors	97,612	118,968
Income tax recoverable	29,757	96,093
	1,247,873	1,104,850

13. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2020 £	31 December 2019 £	31 December 2020 £	31 December 2019 £
Research grants payable (note 16)	4,753,074	5,026,791	1,886,321	2,009,344
Trade creditors	51,598	31,360	-	-
Accruals	45,812	100,777	-	-
Taxation and other social security costs	35,426	42,777	-	-
Deferred income	351,135	91,460	-	-
Total	5,237,045	5,293,165	1,886,321	2,009,344

14. Related party transactions

At the meeting of trustees held on 28 April 2021 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 a trustee may have an interest, including the awarding of research grants (see note 18). 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 102 Section 33.

Fundraising, sponsorship and donations totalling £95,228 (2019 £230,071) were received by the charity from trustees.

15. Restricted funds

The charity receives restricted donations, legacies and events income to assist in the charity's funding of specific research projects. In 2020 the total of this restricted income was £1,158,965 (2019 £1,190,948) and the amount utilised from this to fund the relevant research and other related costs was £402,132 (2019 £586,700). During the year, £756,833 (2019 £604,248) 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 2020 the charity had a zero balance in restricted funds (2019 £nil).

16. Research grants

	31 December 2020	31 December 2019
	£	£
Research grants payable		
Amounts outstanding at 1 January	7,036,136	7,312,712
New research grants awarded (note 6)	1,557,294	2,252,327
Amounts paid during the year	(1,954,035)	(2,528,904)
Amount outstanding at 31 December	6,639,395	7,036,135
The outstanding balance is payable:		
Within one year (note 13)	4,753,074	5,026,791
After more than one year (note 13)	1,886,321	2,009,344
	6,639,395	7,036,135

Analysis of awards made in 2020 – please see list on pages 32.

17. Reconciliation of movements on unrealised gains

	2020	2019
	£	£
Unrealised gains at 1 January	(162,038)	102,368
Less: in respect to disposals in year	(181,138)	(1,019,954)
Add: net gains/(losses) arising on revaluations in the year	1,637,344	755,548
Total unrealised gains at 31 December	1,294,168	(162,038)

18. Analysis of awards made in 2020

Institution	Title	Grant Award £
National Heart & Lung Institute, Imperial College London, Imperial College Healthcare Trust	Peanut allergy - improving the safety of immunotherapy	222,319
School of Biomedical Engineering and Imaging Sciences, St Thomas' Hospital, King's College London, King's Health Partners Institute for Women and Children's Health, Evelina London Children's Hospital, Guy's and St Thomas' NHS Foundation Trust #	Brain inflammation - developing new advanced brain scanning techniques	247,811
Institute of Cardiovascular Science, University College London, UCL Centre for Inborn Errors of Metabolism, UCL Great Ormond Street Institute of Child Health, Centre for Inherited Cardiovascular Diseases, Great Ormond Street Hospital for Children	Hypertrophic cardiomyopathy in children - improving diagnosis and monitoring	113,793
Nuffield Department of Medicine, Centre for Medicines Discovery, University of Oxford, Nuffield Department of Medicine, Target Discover Institute, University of Oxford	Developing small molecule inhibitors for a rare childhood seizure disorder	246,406
Departments of Chemistry and Pharmacology, University of Oxford, Department of Physiology, Anatomy and Genetics, University of Oxford	Development of a new therapy for muscular dystrophy	249,999
Translational Health Sciences, Bristol Medical School, St Michael's Hospital, University of Bristol, National Perinatal Epidemiology Unit (NPEU), Nuffield Department of Population Health, University of Oxford, Department of Health Sciences, University of Leicester, Department of Neonatal Medicine, Chelsea and Westminster Hospital campus, Imperial College London, Population Health Sciences, Bristol Medical School, St Michael's Hospital, University of Bristol	Developmental impact of COVID19 in infants	151,287
Paediatric Infectious Research Group, Institute for Infection and Immunity, St George's University of London, Fetal Medicine Unit, Department of Obstetrics and Gynaecology, St George's University Hospitals NHS Foundation Trust, Vaccine Preventable Diseases Centre for Infections and Statistics Unit, Public Health England, London	COVID-19 - understanding infection in pregnant women and their babies	199,995
Division of Medicine, UCL Respiratory, Rayne Institute, University College London, Department of Cellular Genetics, Wellcome Sanger Institute, Cambridge	COVID-19 - why do children respond differently to infection compared to adults?	199,959
Grants		1,631,569
Grant adjustments		(74,275)
Total grant spend 2020 (note 6)		1,557,294

denotes a grant made to an institution with which a trustee, holding office at the time of the decision, had a related party connection. Any trustee with a related party connection is excluded from council decisions approving such grants

Investment & Audit Committee

Chair and Honorary Treasurer
Luke Bordewich – for 2020
Richard Wild – appointed as Chair January 2021

Phil Hodgkinson – retired December 2020
Mark Everitt

Risk Management Committee

Chair
Richard Wild – for 2020
Richard Stoneham-Buck – appointed January 2021

Esther Alderson
Julie Buckler
Karen Last – appointed March 2020

Steering Committee

Chair
Phil Hodgkinson – retired December 2020
Luke Bordewich – appointed January 2021

Richard Wild – appointed January 2021
Julie Buckler

Marketing Insights Panel

Chair
Tobin Aldrich

Julie Buckler
Emily Casson
Kate Cox
Lewis Coghlin
David Haseler
Karen Jankel
Rachel Molho
Sarah Moss
Richard Stoneham-Buck
Robert MacDonald – appointed September 2020

Scientific Advisory Panel

Chair
Professor David Rowitch MD PhD ScD

Dr Claire Booth MBBS MSc PhD MRCPCH
Professor Clare Bryant BSc PhD BVetMed – retired November 2020
Professor Yanick Crow MBBS MRCP CCST PhD FMedSci
Professor Inderjeet Dokal MBChB, MD, FRCP, FRCPCH, FRCPath, FMedSci – retired March 2020
Professor Alicia El Haj FREng FRSB FEAMBES
Professor Jonathan Grigg BSc MBBS MD FRCPCH
Professor Catherine Hawrylowicz PhD
Professor Mark Johnson PhD MRCP MRCOG – retired July 2020
Professor Samantha Johnson PhD CPsychol AFBPsS
Professor Andrea Nemeth BSc MBBS DPhil (Oxon) FRCP
Dr Adam Shortland BSc PhD MIPEM CSci
Professor Shiranee Sriskandan FRCP PhD
Professor Michael Taggart BSc PhD