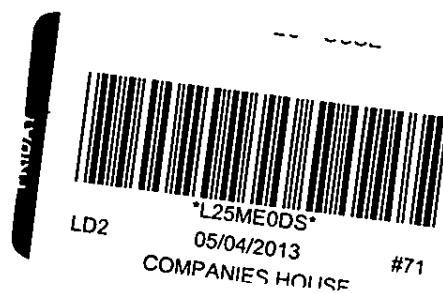

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012



THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

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THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2012**

Trustees

Miss Joanna Kaye
Mr Patrick Burgess MBE, Chair
Mr Guy Weston
Dr Jeffrey Herbert
Sir Martin Sorrell

Company registered number

02161565

Charity registered number

800365

Registered office

10 St Bride Street, London, EC4A 4AD

Company secretary

Mrs Diana Rawstron

Director of the Institute

Professor the Lord Kakkar

Auditors

haysmacintyre, Fairfax House, 15 Fulwood Place, London, WC1V 6AY

Bankers

Coutts & Co, 440 Strand, London, WC2R 0QS

Solicitors

Goodman Derrick LLP, 10 St Bride Street, London, EC4A 4AD

President

Emeritus Professor Vijay Kakkar OBE

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2012

The Trustees, who for the purposes of the Companies Act are directors of the Thrombosis Research Institute (the Institute), submit their annual report and the audited financial statements of The Thrombosis Research Institute for the year ended 31 July 2012. The Trustees confirm that the annual report and financial statements of the Institute comply with current statutory requirements, the requirements of the Institute's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and organisational structure

The Institute is registered as a company limited by guarantee and is constituted under a Memorandum of Association dated 4 September 1987 and is a registered charity number 800365.

The Institute is administered by a Board of unpaid directors, who are also the Charity Trustees, and they are responsible for the overall management and control of the Institute. The number of Trustees of the Board should be between three and twelve. They meet at least three times a year to formulate the policies for the Institute research, and to approve the budgets, annual accounts and reports.

The Director of the Institute is responsible for the implementation of policies agreed by the Trustees.

The day to day running of the Institute is delegated to the Director of the Institute, Professor the Lord Kakkar, who keeps the Board fully informed between meetings.

Method of appointment or election of Trustees

Trustees are appointed as vacancies arise based upon an assessment of key skills required from amongst board members. Individuals are appointed for their relevant skills and their potential for guiding the Institute forward. The appointment is adopted by a vote of the entire Board of Trustees.

Policies adopted for the induction and training of Trustees

New trustees normally meet with the Institute Director and the Chair of the Trustees and members of the finance and research staff. Together they present the new trustees with background information about the Institute and other relevant information.

The Trustees bring under review the skills required by the TRI Board from time to time, and ensure that their composition covers all necessary areas.

Related party relationships

The Thrombosis Research Institute is connected with the Thrombosis Research Trust (a charitable trust which is a registered charity no. 275275) which has the object of promoting and funding research into the prevention and treatment of thrombosis disease, and which it fulfills by supporting the Thrombosis Research Institute.

At the year-end, the majority of the Trustees of the Institute were also Trustees of Thrombosis Research Trust.

Thrombosis Education Limited rents premises from the Institute. One of its directors is Lady Kakkar, the wife of the Institute's Director.

Fees were paid to Dr Sanjay Kakkar, the brother of the Institute's Director, in relation to consultancy work in respect of clinical trials.

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2012

Risk management

The Trustees are responsible for the management of risks faced by the Institute, and a formal review of the Institute's risk management processes has taken place. The Trustees are satisfied that the major risks have been identified and that they have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

POLICIES AND OBJECTIVES

The Thrombosis Research Institute's key objectives are to develop and extend research into thrombosis and to disseminate the results thereof to the public and to enhance medical research generally in order to improve clinical outcomes for those at risk of thrombosis and related disorders. In setting the objectives, the Trustees confirm that they have complied with the duty imposed by section 17 of the Charities Act 2011 pursuant to which they are obliged to have due regard to public benefit guidance published by the Charity Commission, in deciding the Institute's activities.

Aims of the Institute and mission statement

The Thrombosis Research Institute aspires to remain a world leader in conquering thrombosis through the combined excellence in research, therapeutic innovation and education. To achieve these aims, the Trustees have set the following objectives:

Strategies for achieving objectives

The Board of Trustees maintain dedicated research facilities of the highest standard to enable its scientific staff to pursue basic and clinical research that fulfils the Institute's objectives, including the development of the TRI India.

Grant making policies

The Institute awards grants to various individuals to enable them to study in the field of thrombosis research. It also funds research in other countries. During the year, grants were given to enable research to be carried out in India. The Institute also paid grants in the year totalling £14,180 (2011: £15,400) to the Department of Molecular Immunology, University of Szeged (Hungary) who are collaborating with the Institute in the vaccine development project.

Volunteers

All the members of the Board of Trustees are volunteers. None of them hold contracts with the Institute.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The Institute has continued to focus on its principal activities of research and education in the field of thromboembolic disease and related disorders.

On the research side, the focus has continued in three broad areas: venous thromboembolic disease, atherothrombosis, and cancer associated thrombosis. The principal basic science laboratories being the Garry and Mary Weston laboratory, the Proteomics and Biochemistry laboratory, and the Protein Chemistry laboratory have continued to work in an integrated fashion to execute multidisciplinary programmes focusing on novel targets in atherosclerosis, the identification of individuals at high risk for the development of venous and arterial thromboembolic disease, and an understanding of the mechanisms by which heparins exert an anti-cancer effect. The integrated laboratory programme has facilitated both translational and supported clinical research in

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2012

the three principal areas of interest. This multidisciplinary approach has continued to maximise the potential to rapidly translate laboratory findings into meaningful clinical research opportunities.

The joint programmes in collaboration with TRI India, principally focusing on atherothrombosis, have yielded further important insights into the problem of early onset arterial disease in Asian populations and provide a firm basis for future translational and clinical research opportunities.

Programmes in cancer associated thrombosis continue to focus on mechanistic studies to understand the potential anti-tumour effects of anti-thrombotic drugs and in the design of further clinical trials to assess the potential impact of anti-thrombotic therapy for cancer patients.

A continuing portfolio of translational and clinical research activities in venous thromboembolism is targeted in the development of novel antithrombotic therapies and the identification of novel methods for identifying patients who are at particular risk for developing thromboembolic disease.

New approaches to vaccine development are also being pursued, and significant progress has been made in finding the right antigen on which the vaccine should be based, and early results in experimental models have been very encouraging.

A programme of research dedicated to understanding the global burden of thromboembolic stroke in patients with atrial fibrillation, identified in a broad range of clinical settings, and providing the opportunity to understand 'real world' outcomes, continues to recruit strongly in 30 countries and over 900 sites.

The Institute continues to support educational activities by regularly bringing together clinicians and scientists in the field of thromboembolic disease.

The Trustees anticipate that the current programmes of research that are now well established will continue to deliver important contributions in the coming years.

Fundraising activities/income generation

The Trustees regularly review the opportunities, and are currently in the process of identifying projects for specific funding. There is an ongoing programme for fundraising.

Investment policy and performance

For the year under review, the Institute's endowment funds were placed with Ruffer LLP for long-term investment in the stock markets. Surplus operational funds were placed on call deposits with its bank.

GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial Review

The Institute continues to raise funds for its core and educational activities. As a result of reduced interest rates, investment income, which derives from bank deposits, has remained low.

The Trustees consider the financial health of the Institute to be good. The Institute continues to attract funds to support its activities of research and education.

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2012

Reserves policy

The Institute is engaged in carrying out scientific research and clinical trials which require it to maintain a state of the art research facility, and for which the Trustees consider it prudent to maintain reserves where possible of not less than one year's running expenses. Given the levels of unrestricted annual expenditure of £6,936,549 in order to carry out its activities this year, the Trustees consider it would be prudent to maintain the unrestricted liquid reserves of £5,801,462 currently retained, representing funds that have been hypothecated to particular projects for which grants have been received. The availability of funds can be crucial both in relation to the ability to undertake new projects and the ability to purchase new equipment.

The Trustees at their meetings monitor the position of the Institute reserves regularly.

FUTURE DEVELOPMENTS

The Trustees will continue to raise funds to support the core objectives. Venous thrombosis remains the commonest avoidable cause of hospital deaths, and arterial thrombosis as manifest by heart attacks and strokes is one of the most important and fastest growing public health challenges in developing economies. The research programme therefore remains of the highest relevance.

The long-term clinical research project into the worldwide incidence and treatment of atrial fibrillation and outcome in clinical practice continues to be part of the research programme, the results of which will be of great significance to global health practice.

Transfer of knowledge through continued educational activities will remain of vital importance in ensuring the various best knowledge can be translated into clinical benefit for patients.

TRUSTEES' RESPONSIBILITIES

The Trustees (who for the purposes of company law are directors of The Thrombosis Research Institute) are responsible for preparing the Trustees' report 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Institute and of the incoming resources and application of resources, including the income and expenditure, of the Institute 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 Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in operation.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Institute 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 Institute's website. Legislation in the United Kingdom governing the preparation and

THE THROMBOSIS RESEARCH INSTITUTE
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2012

dissemination of financial statements may differ from legislation in other jurisdictions

AUDITORS

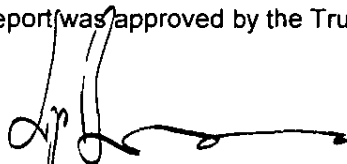
The auditors, haysmacintyre have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting

Provision of information to Auditors

So far as each of the Trustees, is aware at the time the report is approved

- there is no relevant audit information of which the Institute's auditors are unaware, and
- the Trustees, have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

This report was approved by the Trustees on 18 March 2013 and signed on their behalf by



Patrick Burgess, Chair

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE THROMBOSIS RESEARCH INSTITUTE

We have audited the financial statements of The Thrombosis Research Institute for the year ended 31 July 2012 which comprise the Statement of financial activities, the Balance sheet, 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. 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, 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.

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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. 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 July 2012 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE THROMBOSIS RESEARCH INSTITUTE

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 requires us to report to you if, in our opinion

- 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



Murtaza Jessa (Senior statutory auditor)

for and on behalf of

haysmacintyre

Chartered Accountants

Registered Auditors

Fairfax House

15 Fulwood Place

London

WC1V 6AY

18 March 2013

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2012**

	Note	Endowment funds 2012 £	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	-	-	35,525	35,525	310,217
Activities for generating funds		-	-	21,826	21,826	92,701
Investment income		-	-	15,324	15,324	16,237
Incoming resources from charitable activities	3	-	-	7,310,186	7,310,186	8,048,164
TOTAL INCOMING RESOURCES		-	-	7,382,861	7,382,861	8,467,319
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating income		-	-	-	-	212
Charitable activities	4	-	93,507	6,887,181	6,980,688	9,119,510
Governance costs	6	-	-	49,368	49,368	57,760
TOTAL RESOURCES EXPENDED		-	93,507	6,936,549	7,030,056	9,177,482
NET (RESOURCES EXPENDED) / INCOMING RESOURCES BEFORE REVALUATIONS		-	(93,507)	446,312	352,805	(710,163)
Gains and losses on revaluations of investment assets	10	14,918	-	-	14,918	-
NET MOVEMENT IN FUNDS FOR THE YEAR		14,918	(93,507)	446,312	367,723	(710,163)
<i>Total funds at 1 August 2011</i>		<i>1,417,000</i>	<i>889,270</i>	<i>5,355,150</i>	<i>7,661,420</i>	<i>8,371,583</i>
TOTAL FUNDS AT 31 JULY 2012		£ 1,431,918	£ 795,763	£ 5,801,462	£ 8,029,143	£ 7,661,420

All activities relate to continuing operations

The notes on pages 11 to 28 form part of these financial statements

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)
REGISTERED NUMBER 02161565

BALANCE SHEET
AS AT 31 JULY 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		2,762,530		2,863,349
Investments	10		1,432,760		842
			<u>4,195,290</u>		<u>2,864,191</u>
CURRENT ASSETS					
Debtors	11	1,434,898		3,383,575	
Cash at bank		5,397,735		8,950,982	
		<u>6,832,633</u>		<u>12,334,557</u>	
CREDITORS: amounts falling due within one year	12	(2,412,448)		(6,903,745)	
NET CURRENT ASSETS			4,420,185		5,430,812
TOTAL ASSETS LESS CURRENT LIABILITIES			8,615,475		8,295,003
CREDITORS: amounts falling due after more than one year	13		(586,332)		(633,583)
NET ASSETS			<u>£ 8,029,143</u>		<u>£ 7,661,420</u>
CHARITY FUNDS					
Endowment funds	14		1,431,918		1,417,000
Restricted funds	14		795,763		889,270
Unrestricted funds	14		5,801,462		5,355,150
TOTAL FUNDS			<u>£ 8,029,143</u>		<u>£ 7,661,420</u>

The financial statements were approved by the Trustees on 18 March 2013 and signed on their behalf, by


Patrick Burgess, Chair


Guy Weston - Trustee

The notes on pages 11 to 28 form part of these financial statements

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

1.2 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2% straight line
Plant & Machinery	- 25% reducing balance
Motor Vehicles	- 25% reducing balance

1.3 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

1. ACCOUNTING POLICIES (continued)

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements

Investment income, gains and losses are allocated to the appropriate fund

1.7 Incoming resources

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Statement of financial activities

1.9 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources

Governance costs are those incurred in connection with compliance with constitutional and statutory requirements

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

1. ACCOUNTING POLICIES (continued)

1 10 Pensions

For staff employed since 1st January 2009, the Institute operates a defined contribution Group Personal Pension Plan

For staff employed prior to 1st January 2009, the Institute participates in three defined benefit pension schemes (as mentioned below) and the pension charge is based on actuarial valuations

The Institute participates in the Superannuation Arrangements of the University of London (SAUL), Universities Superannuation Scheme (USS) and NHS Pension Scheme details of which are given in note 19 All schemes are centralised defined benefit schemes, and are contracted out of the State Earnings Related Pension Scheme Assets of the schemes are held in separate funds administered by their trustees The Institute is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore as required by FRS 17 "Retirement benefits", accounts for the schemes as if they were defined contribution schemes As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period

The SAUL and USS schemes are "last man standing" schemes so that in the event of insolvency of any of the participating employers in SAUL or USS respectively, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation

Each scheme is formally valued every three years by a professionally qualified independent actuary using the Projected Unit Method Informal reviews of the position are carried out between formal valuations Pension costs are assessed in accordance with the advice and recommendations of the actuary based on the latest valuations of the schemes The expected cost of providing pensions is charged to the SOFA so as to spread the cost over the service lives of employees in such a way that the pension costs equal the annualised long term cash outlay to the scheme

1 11 Grant making

The Institute awards grants to various individuals to enable them to study in the field of thrombosis research and also funds research in other countries During the year, grants were given to enable research to be carried out in India and Hungary

2. VOLUNTARY INCOME

	Total funds 2012 £	Total funds 2011 £
General donations	£ 35,525	£ 310,217

THE THROMBOSIS RESEARCH INSTITUTE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

3. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Total funds 2012 £	Total funds 2011 £
Research	7,082,460	7,681,573
Education and Symposia	227,726	366,591
	<u>£ 7,310,186</u>	<u>£ 8,048,164</u>

4. RESOURCES EXPENDED

	Direct staff costs £	Direct - other costs £	Support costs £	Total 2012 £	Total 2011 £
Cost of generating funds					
Rental expenditure	-	-	-	-	212
Sub total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212</u>
Charitable activities					
Research	652,517	4,738,194	1,152,150	6,542,861	8,684,226
Education and Symposia	62,296	298,433	77,098	437,827	435,284
Sub total	<u>656,641</u>	<u>5,036,627</u>	<u>1,229,248</u>	<u>6,980,688</u>	<u>9,119,510</u>
Governance	<u>29,075</u>	<u>11,600</u>	<u>8,693</u>	<u>49,368</u>	<u>57,760</u>
Total	<u>£ 743,888</u>	<u>£ 5,048,227</u>	<u>£ 1,237,941</u>	<u>£ 7,030,056</u>	<u>£ 9,177,482</u>

THE THROMBOSIS RESEARCH INSTITUTE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

5. SUPPORT COSTS COMPRISE OF:

	Research £	Education & Symposia £	Governance £	Cost of generating funds £	2012 £	2011 £
Staff costs	619,036	41,424	4,671	-	665,131	762,730
Premises costs	204,916	13,712	1,546	-	220,174	256,345
Other costs	328,198	21,962	2,476	-	352,636	182,985
Total	£ 1,152,150	£ 77,098	£ 8,693	£ -	£ 1,237,941	£ 1,202,060

Support costs have all been allocated to activities as above based on staff costs

6. GOVERNANCE COSTS

	2012 £	2011 £
Staff costs	29,075	37,979
Audit fees	11,600	12,208
Support costs	8,693	7,573
Total	£ 49,368	£ 57,760

7. NET (RESOURCES EXPENDED) / INCOMING RESOURCES

This is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the charity	103,353	90,336

During the current and previous year, no Trustees received any remuneration, benefits in kind or any reimbursed expenses

THE THROMBOSIS RESEARCH INSTITUTE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

8. STAFF COSTS

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	1,094,771	1,214,293
Social security costs	120,403	125,564
Pension costs	91,798	96,550
	<u>£ 1,306,972</u>	<u>£ 1,436,407</u>

The average monthly number of during the year was as follows

	2012 No	2011 No
Research staff	11	12
Support & Administrative staff	7	7
	<u>18</u>	<u>19</u>

The number of higher paid employees was

	2012 No	2011 No
In the band £60,001 - £70,000	1	0
In the band £80,001 - £90,000	0	1
In the band £140,001 - £150,000	0	1
In the band £170,001 - £180,000	1	0
In the band £230,001 - £240,000	1	0
In the band £310,001 - £320,000	0	1
	<u>3</u>	<u>3</u>

The above figures exclude pension payments made to the Institute's President amounting to £131,121 (2011 £129,647)

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9 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & Machinery £	Motor Vehicle £	Total £
Cost				
At 1 August 2011	3,905,342	1,692,320	29,346	5,627,008
Additions	-	2,568	-	2,568
Disposals	-	(13,890)	-	(13,890)
At 31 July 2012	3,905,342	1,680,998	29,346	5,615,686
Depreciation				
At 1 August 2011	1,464,078	1,288,713	10,868	2,763,659
Charge for the year	48,825	50,495	4,033	103,353
On disposals	-	(13,856)	-	(13,856)
At 31 July 2012	1,512,903	1,325,352	14,901	2,853,156
Net book value				
At 31 July 2012	£ 2,392,439	£ 355,646	£ 14,445	£ 2,762,530
At 31 July 2011	£ 2,441,264	£ 403,607	£ 18,478	£ 2,863,349

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £	2011 £
Plant & machinery	£ 75,082	£ 100,109

10. FIXED ASSET INVESTMENTS

	Listed investments £	Shares in group undertakings £	Loans to group undertakings £	Total £
Market value				
At 1 August 2011	-	2	840	842
Additions	1,417,000	-	-	1,417,000
Revaluations	14,918	-	-	14,918
At 31 July 2012	£ 1,431,918	£ 2	£ 840	£ 1,432,760
Historical cost	£ 1,417,000	£ 2	£ 840	£ 1,417,842

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10. FIXED ASSET INVESTMENTS (continued)

Investments at market value comprise:

	2012 £	2011 £
Listed investments	1,431,918	-
Group companies (see below)	842	842
Total market value	<u>£ 1,432,760</u>	<u>£ 842</u>

All the fixed asset investments are held in the UK

Listed investments

The investment shown above consists entirely of shares in the CF Ruffer Absolute Return Account

Group undertakings

The investments in group undertakings consist of shares and loans in the Institute's two subsidiary undertakings, as follows

TRI Technology Transfer Limited (intellectual property)

TRI Clinical Trials Limited (research and development)

The subsidiaries remained dormant throughout the financial year and have therefore not been consolidated in these financial statements

11. DEBTORS

	2012 £	2011 £
Trade debtors	300	24,118
Other debtors	1,250,047	2,802,336
Prepayments	4,375	641
Tax recoverable	180,176	556,480
	<u>£ 1,434,898</u>	<u>£ 3,383,575</u>

Included in Other debtors is the sum of £1,130,851 invoiced to funders of the clinical research project on atrial fibrillation in respect of the running costs of the project. Settlement of this was delayed due to operational delays in patient recruitment for the Registry

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12. CREDITORS:
Amounts falling due within one year

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	47,253	59,496
Trade creditors	649,662	2,714,867
Other creditors	28,800	14,279
Accruals and deferred income	1,686,733	4,115,103
	<u>£ 2,412,448</u>	<u>£ 6,903,745</u>

Included in Accruals and deferred income is deferred income of £1,130,850 relating to the funding of the clinical research project on atrial fibrillation. Operational delays in patient recruitment postponed income originally due in the year to 31 July 2012, and the income has been deferred to the following financial year.

13. CREDITORS:
Amounts falling due after more than one year

	2012 £	2011 £
Other loans	586,332	586,332
Net obligations under finance leases and hire purchase contracts	-	47,251
	<u>£ 586,332</u>	<u>£ 633,583</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2012 £	2011 £
Repayable other than by instalments	<u>£ 586,332</u>	<u>£ 586,332</u>

The loans are from the connected charity, The Thrombosis Research Trust, and are considered to be long term debts where the terms of repayment are likely to be in excess of five years. The loans are interest free.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012 £	2011 £
Between one and five years	<u>£ -</u>	<u>£ 47,251</u>

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14. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Designated funds					
Fixed asset fund	2,863,349	-	(100,819)	-	2,762,530
Vaccine development fund	122,579	90,000	(185,541)	-	27,038
	<u>2,985,928</u>	<u>90,000</u>	<u>(286,360)</u>	<u>-</u>	<u>2,789,568</u>
 General funds	 2,369,222	 7,292,861	 (6,650,189)	 -	 3,011,894
Total Unrestricted funds	<u>5,355,150</u>	<u>7,382,861</u>	<u>(6,936,549)</u>	<u>-</u>	<u>5,801,462</u>

The Fixed asset fund was set up to assist in identifying those funds that are not free funds and represents the net book value of tangible fixed assets

The Vaccine development fund was set up from donations to be spent on basic science research to develop an antithrombotic vaccine

Endowment funds

	Brought Forward £	Incoming Resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Garfield Weston Fund	250,000	-	-	2,632	252,632
Margaret Thatcher Fund	122,000	-	-	1,284	123,284
Emmanuel Kaye Fund	1,045,000	-	-	11,002	1,056,002
	<u>1,417,000</u>	<u>-</u>	<u>-</u>	<u>14,918</u>	<u>1,431,918</u>

Garfield Weston Fund - an endowment fund has been set up from a grant awarded by the Garfield Weston Foundation. The income from this fund will be used to support the Weston Chair of Molecular Medicine

Margaret Thatcher Fund - an endowment fund has been set up from a grant awarded by the Margaret Thatcher Foundation. The income from this fund will be used to support the Thatcher Chair of Biological Chemistry

Emmanuel Kaye Fund - an endowment fund has been set up from a grant awarded in memory of Sir Emmanuel Kaye. The income from the fund will be used to support the Kaye Chair of Thrombosis Innovation

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14. STATEMENT OF FUNDS (continued)

Restricted funds

	Brought Forward £	Incoming Resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Indian Mortality Study	154,388	-	-	-	154,388
UK Oncology	54,298	-	-	-	54,298
Cancer and Thrombosis Symposium at NCRI Conference	23,340	-	-	-	23,340
Thrombosis 2020	648,562	-	(93,507)	-	555,055
Emmanuel Kaye Chair	8,682	-	-	-	8,682
	<u>889,270</u>	<u>-</u>	<u>(93,507)</u>	<u>-</u>	<u>795,763</u>
Total Funds	<u>£ 7,661,420</u>	<u>£ 7,382,861</u>	<u>£(7,030,056)</u>	<u>£ 14,918</u>	<u>£ 8,029,143</u>

Indian Mortality Study - funds received in respect of the Indian Mortality study is to set up a Registry of VTE to assess mortality outcomes in hospitalised patients in India

UK Oncology - funds received to organise meetings of oncologists to review and advise on internationally available oncology guidelines for adoption in UK practice, and also advise on communication of problems of cancer associated thrombosis

Cancer and Thrombosis Symposium at NCRI Conference - the funds have been collected to organise a symposium at this meeting

Thrombosis 2020 - the fund has been set up to collect funds for the organisation of meetings to consider the problem of venous thromboembolism (VTE)

Emmanuel Kaye Chair - income from the Endowment Fund to support the Kaye Chair of Thrombosis Innovation

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Designated funds	2,985,928	90,000	(286,360)	-	2,789,568
General funds	2,369,222	7,292,861	(6,650,189)	-	3,011,894
	<u>5,355,150</u>	<u>7,382,861</u>	<u>(6,936,549)</u>	<u>-</u>	<u>5,801,462</u>
Endowment funds	1,417,000	-	-	14,918	1,431,918
Restricted funds	889,270	-	(93,507)	-	795,763
	<u>£ 7,661,420</u>	<u>£ 7,382,861</u>	<u>£(7,030,056)</u>	<u>£ 14,918</u>	<u>£ 8,029,143</u>

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15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment funds 2012 £	Restricted funds 2012 £	Unrestricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	-	-	2,762,530	2,762,530	2,863,349
Fixed asset investments	1,431,918	-	842	1,432,760	842
Current assets	-	795,763	6,036,870	6,832,633	12,334,557
Creditors due within one year	-	-	(2,412,448)	(2,412,448)	(6,903,745)
Creditors due in more than one year	-	-	(586,332)	(586,332)	(633,583)
	<u>£ 1,431,918</u>	<u>£ 795,763</u>	<u>£ 5,801,462</u>	<u>£ 8,029,143</u>	<u>£ 7,661,420</u>

16. RELATED PARTY TRANSACTIONS

The Thrombosis Research Institute is connected with the Thrombosis Research Trust which has the object of promoting and funding research into the prevention and treatment of thrombosis diseases. During the year there were no grants or donations given by Thrombosis Research Trust to Thrombosis Research Institute. Thrombosis Research Institute has loans of £586,332 (2011: £586,332) repayable to the Thrombosis Research Trust.

Thrombosis Education Limited rents premises from the Institute. One of its directors is Lady Kakkar, the wife of the Institute's Director. Rent received in the year amounted to £16,625 (2011: £32,100).

Fees amounting to £41,331 (2011: £21,000) were paid to Dr Sanjay Kakkar, the brother of the Institute's Director in relation to consultancy work in respect of clinical trials. There were no amounts owing at the year-end.

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17. PENSIONS

Group Personal Pension Plan

The Institute operates a defined contribution Group Personal Pension Plan which is open to all staff employed since 1st January 2009. The scheme has been established in accordance with the Government's Stakeholder Regulations as well as the new Personal Pension Accounts proposed for 2012. The contribution structure has been set at an employer's contribution of 10% of pensionable salary and employee's contribution of 6%. The Institute's pension contributions paid in respect of this plan for the year was £29,337 (2011 £19,491).

The Institute participates in three defined benefit pension schemes for staff employed prior to 1st January 2009. The detail of these schemes are as follows:

Superannuation Arrangements of the University of London (SAUL)

The Institute participates in a centralised defined benefit scheme for all qualifying employees. The assets are held in separate trustee administered funds. The Institute has now adopted FRS17 for accounting for pension costs. It is not possible to identify the Institute's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid in 2012 of £8,853 (2011 £11,328) in accordance with paragraphs 8 - 12 of FRS17.

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowances for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Financial assumptions

IPre-retirement discount rate	6.8% p.a.
Post-retirement discount rate	4.7% p.a.
Price inflation (RPI)	3.5% p.a.
Price inflation (CPI)	2.8% p.a.
General salary increases	3.75% p.a. until 31 March 2014, 4.50% thereafter
Pension increases in payment	2.8% p.a.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,505,200,000 which represents 95% of the required funding level.

Based on the strength of the employer covenant and the Trustee's long-term investment strategy, the Trustee and the employers agreed to maintain employer and member contributions at 13% of salaries and 6% of salaries respectively following the valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed the Scheme to be in a deficit of £75m at the last formal valuation date (31 March 2011).

The next formal actuarial valuation will be due at 31 March 2014, when the above rates will be reviewed.

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Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK, three are appointed by the University and College Union, of whom at least one must be a USS pensioner member, and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yield prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter. Standard mortality tables were used as follows:

Male members' mortality S1NA ["light"] YoB tables - No age rating

Female members' mortality S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 23.7 (25.6) years

Males (females) currently aged 45 25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433 million and the value of the scheme's technical provisions was £35,342.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected further increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4%

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per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded, on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 75% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected further increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded, on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was noted as high. Analysis has shown very variable levels of growth over the above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As the valuation date of the Scheme was still fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increase or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include

New Entrants

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

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Normal pension age

The normal pension age was increased for future service and new entrants, to age 65

Flexible Retirement

Flexible retirement options were introduced

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively

Cost sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonable constant. The actuary has estimated that the funding level has at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measure on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below.

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increased by £0.8 billion
Equity markets in isolation	Fall by 25%	Increased by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in

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respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the Institute had seven active members participating in the scheme.

The total pension cost for the Institute was £45,830 (2011 £60,046). There were no prepaid or outstanding contributions at the Balance Sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

NHS Pension Scheme

The NHS Pension Scheme is a defined benefit scheme that provides members with benefits payable on retirement, incapacity, death or withdrawal from the National Health Service (NHS) in England and Wales.

The Institute's pension contributions for the year was £7,778 (2011 £5,685).

The Scheme is subject to a full valuation every five years. The results of the latest valuation at 31 March 2004 have been published. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published every October. These accounts can be viewed on the NHS pensions Agency website at www.nhsbsa.nhs.uk/pensions/valuation.aspx. Copies can also be obtained from The Stationery Office.

The government actuary using the projected unit method determines contributions charged to the Statement of Financial Activities. The assumptions that have the most significant effect on the valuation are those relating to the rates of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 6.5% per annum, that salary increases would average 6% per annum and future pensions would increase at 3.5% per annum.

Employer pension contribution costs are applied to operating expenses as and when they become due. Employer contribution rates are reviewed every five years following a scheme valuation carried out by the Government Actuary. On advice from the actuary the contribution rate may be varied from time to time to

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reflect changes in the scheme's liabilities

The cost of pension increases have been excluded from valuations to date, consequently neither members nor employers have contributed to this benefit which is met directly by the Exchequer

The valuation showed that the market value of the scheme's notional assets had a value of £123.7 billion. The contributions of the Institute were 14% during year.

The NHS Pension Scheme is an unfunded scheme under which contributions from employees and employers are paid to the Exchequer, which in turn meets the cost of paying benefits as and when they fall due.