

Registered number: 02161565  
Charity number: 800365

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**THE THROMBOSIS RESEARCH INSTITUTE**  
(A company limited by guarantee)

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2013**



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**THE THROMBOSIS RESEARCH INSTITUTE**  
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 JULY 2013**

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**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

**Independent auditors**

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

**Bankers**

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

**Solicitors**

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

**President**

Eminentus Professor Vijay Kakkar OBE

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**THE THROMBOSIS RESEARCH INSTITUTE**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2013**

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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 2013. 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, all 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2013**

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**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. The Institute paid grants in the year totalling £12,377 (2012: £14,180) 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 three principal areas of interest. This multidisciplinary approach has continued to maximise the potential to

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2013**

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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

**Principal risks and uncertainties**

The Board of Trustees undertake a thorough evaluation of risks on an annual basis through audit and revision of the corporate risks register

Evaluation of risk is undertaken recognising the nature of the charity's work as an active biomedical research institute conducting basic, clinical and observational research on a global basis

Principal risks include

**Financial**      being able to attract continuing funding for research projects is critically important. This risk is mitigated by close financial monitoring, financial planning and project based cost centres. Independent investment advice guides the investment of the Institute's assets. The Institute carries full insurance covering its assets and activities

**Research conduct**   all research projects are carefully evaluated and for those involving human subjects, an

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2013**

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independent steering committee risk audit of the program conduct is undertaken. All research outputs are carefully evaluated to ensure intellectual property is protected. Data protection is ensured through rigorous technology systems selection and security measures.

**Health and safety** the Institute is subject to stringent environmental and health and safety laws and regulations covering its employees and research work. Comprehensive training is given to all employees where required, and the Institute carries out full compliance reporting through appropriate channels to ensure it meets and exceeds its obligations.

**Reputation and charitable status** Protection of its reputation and registered charity status are of paramount importance, and robust protocols are in place to ensure neither are damaged.

**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.

**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 £9,317,302 in order to carry out its activities this year, the Trustees consider it is prudent to maintain the unrestricted reserves of £6,334,508 currently retained, representing funds that have been hypothecated to particular projects for which grants have been received.

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

**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.

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2013**

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**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 dissemination of financial statements may differ from legislation in other jurisdictions.

**Provision of information to Auditors**

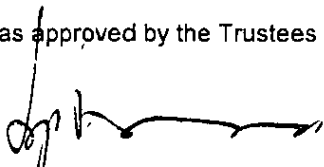
So far as each of the Trustees is aware at the time the report is approved

- 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

**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.

This report was approved by the Trustees on 11 March 2014 and signed on their behalf by



Patrick Burgess, Chair



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

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We have audited the financial statements of The Thrombosis Research Institute for the year ended 31 July 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the 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.

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

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**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**

Statutory Auditors

26 Red Lion Square

London

WC1R 4AG

Date 11/03/2014

**THE THROMBOSIS RESEARCH INSTITUTE**  
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**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 JULY 2013**

	Note	Endowment funds 2013 £	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	-	-	322,290	322,290	35,525
Activities for generating funds		-	-	16,264	16,264	21,826
Investment income		-	-	7,888	7,888	15,324
Incoming resources from charitable activities	3	-	-	9,243,522	9,243,522	7,310,186
Other incoming resources	6	-	-	260,384	260,384	-
<b>TOTAL INCOMING RESOURCES</b>		-	-	9,850,348	9,850,348	7,382,861
<b>RESOURCES EXPENDED</b>						
Charitable activities	4	-	57,344	9,271,366	9,328,710	6,980,688
Governance costs	8	-	-	45,936	45,936	49,368
<b>TOTAL RESOURCES EXPENDED</b>		-	57,344	9,317,302	9,374,646	7,030,056
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS</b>		-	(57,344)	533,046	475,702	352,805
Gains on revaluations of investment assets	12	206,888	-	-	206,888	14,918
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		206,888	(57,344)	533,046	682,590	367,723
<i>Total funds at 1 August 2012</i>		<u>1,431,918</u>	<u>795,763</u>	<u>5,801,462</u>	<u>8,029,143</u>	<u>7,661,420</u>
<b>TOTAL FUNDS AT 31 JULY 2013</b>		<u>1,638,806</u>	<u>738,419</u>	<u>6,334,508</u>	<u>8,711,733</u>	<u>8,029,143</u>

All activities relate to continuing operations

The notes on pages 12 to 30 form part of these financial statements

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

**BALANCE SHEET**  
**AS AT 31 JULY 2013**

	Note	£	2013 £	2012 £
<b>FIXED ASSETS</b>				
Tangible assets	11		2,514,365	2,762,530
Investments	12		1,639,648	1,432,760
			<u>4,154,013</u>	<u>4,195,290</u>
<b>CURRENT ASSETS</b>				
Debtors	13	1,887,388	1,434,898	
Cash at bank		5,965,835	5,397,735	
		<u>7,853,223</u>	<u>6,832,633</u>	
<b>CREDITORS</b> amounts falling due within one year	14	(2,709,171)	(2,412,448)	
<b>NET CURRENT ASSETS</b>			<u>5,144,052</u>	<u>4,420,185</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>9,298,065</u>	<u>8,615,475</u>
<b>CREDITORS</b> amounts falling due after more than one year	15		(586,332)	(586,332)
<b>NET ASSETS</b>			<u><u>8,711,733</u></u>	<u><u>8,029,143</u></u>
<b>CHARITY FUNDS</b>				
Endowment funds	16		1,638,806	1,431,918
Restricted funds	16		738,419	795,763
Unrestricted funds	16		6,334,508	5,801,462
<b>TOTAL FUNDS</b>			<u><u>8,711,733</u></u>	<u><u>8,029,143</u></u>

The financial statements were approved by the Trustees on 11 March 2014 and signed on their behalf, by

  
Patrick Burgess, Chair

  
Dr Jeffrey Herbert - Trustee

The notes on pages 12 to 30 form part of these financial statements

**THE THROMBOSIS RESEARCH INSTITUTE**  
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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	18	572,970	(2,133,675)
Capital expenditure and financial investment		(4,870)	(1,419,568)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>568,100</b>	<b>(3,553,243)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 JULY 2013**

	2013 £	2012 £
Increase/(decrease) in cash in the year	568,100	(3,553,243)
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>568,100</b>	<b>(3,553,243)</b>
Repayment of finance lease	47,253	-
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>615,353</b>	<b>(3,553,243)</b>
Net funds at 1 August 2012	4,764,150	8,317,393
<b>NET FUNDS AT 31 JULY 2013</b>	<b>5,379,503</b>	<b>4,764,150</b>

The notes on pages 12 to 30 form part of these financial statements

**STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE**  
**FOR THE YEAR ENDED 31 JULY 2013**

	Endowment funds 2013 £	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Net movement in funds for the year	206,888	(57,344)	533,046	682,590	367,723
<b>NET MOVEMENT IN FUNDS AVAILABLE FOR FUTURE ACTIVITIES</b>	<b>206,888</b>	<b>(57,344)</b>	<b>533,046</b>	<b>682,590</b>	<b>367,723</b>

The notes on pages 12 to 30 form part of these financial statements

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2013**

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**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2013**

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**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 or which have been raised by the company for particular purposes. The costs 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 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

**1.8 Incoming resources**

All incoming resources are included in the Statement of financial activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

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

**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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2013**

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**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 21. 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 Hungary.

**2 VOLUNTARY INCOME**

	Total funds 2013 £	Total funds 2012 £
General donations	322,290	35,525



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**3. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS**

	Total funds 2013 £	Total funds 2012 £
Research	9,061,521	7,082,460
Education and Symposia	182,001	227,726
	<u>9,243,522</u>	<u>7,310,186</u>

**4. RESOURCES EXPENDED**

	Direct staff costs £	Direct - other costs £	Support costs £	Total 2013 £	Total 2012 £
<b>Charitable activities</b>					
Research	632,976	7,368,073	1,082,836	9,083,885	6,542,861
Education and Symposia	57,344	158,297	29,184	244,825	437,827
Sub total	<u>690,320</u>	<u>7,526,370</u>	<u>1,112,020</u>	<u>9,328,710</u>	<u>6,980,688</u>
<b>Governance</b>	<u>29,160</u>	<u>11,300</u>	<u>5,476</u>	<u>45,936</u>	<u>49,368</u>
<b>Total</b>	<u>719,480</u>	<u>7,537,670</u>	<u>1,117,496</u>	<u>9,374,646</u>	<u>7,030,056</u>

**5 SUPPORT COSTS COMPRISE OF**

	Research £	Education & Symposia £	Governance £	Cost of generating funds £	2013 £	2012 £
Staff costs	659,174	17,766	3,333	-	680,273	665,131
Premises costs	216,558	5,837	1,095	-	223,490	220,174
Other costs	207,104	5,581	1,048	-	213,733	352,636
<b>Total</b>	<u>1,082,836</u>	<u>29,184</u>	<u>5,476</u>	<u>-</u>	<u>1,117,496</u>	<u>1,237,941</u>

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

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**6 OTHER INCOMING RESOURCES**

	Endowment funds 2013 £	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Other Incoming Resources	-	-	260,384	260,384	-
Other incoming resources relate to settlement of a right of light dispute during the year					

**7. COSTS OF GENERATING FUNDS**

	Total Funds 2013 £	Total Funds 2012 £
Research materials	-	183
Support costs	-	29
	-	212

**8 GOVERNANCE COSTS**

	2013 £	2012 £
Staff costs	29,160	29,075
Audit fees	11,300	11,600
Support costs	5,476	8,693
Total	45,936	49,368

**9 NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets - owned by the charity	253,035	103,353

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

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**10. STAFF COSTS**

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	1,086,758	1,094,771
Social security costs	117,143	120,403
Pension costs	93,891	91,798
	<u>1,297,792</u>	<u>1,306,972</u>

The average monthly number of full-time equivalent employees during the year was as follows

	2013 No	2012 No
Research staff	11	11
Support & Administrative staff	8	7
	<u>19</u>	<u>18</u>

The number of higher paid employees was

	2013 No	2012 No
In the band £60,001 - £70,000	1	1
In the band £70,001 - £79,999	1	0
In the band £110,001 - £120,000	1	0
In the band £170,001 - £180,000	0	1
In the band £230,001 - £240,000	0	1
In the band £240,001 - £250,000	1	0
	<u>4</u>	<u>3</u>

The above figures exclude pension payments made to the Institute's President amounting to £131,121 (2012 £131,121)

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**11 TANGIBLE FIXED ASSETS**

	Freehold property £	Plant & Machinery £	Motor Vehicle £	Total £
<b>Cost</b>				
At 1 August 2012	3,905,342	1,680,998	29,346	5,615,686
Additions	-	4,870	-	4,870
At 31 July 2013	3,905,342	1,685,868	29,346	5,620,556
<b>Depreciation</b>				
At 1 August 2012	1,512,903	1,325,352	14,901	2,853,156
Charge for the year	47,849	201,575	3,611	253,035
At 31 July 2013	1,560,752	1,526,927	18,512	3,106,191
<b>Net book value</b>				
At 31 July 2013	2,344,590	158,941	10,834	2,514,365
At 31 July 2012	2,392,439	355,646	14,445	2,762,530

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

	2013 £	2012 £
Plant & machinery	56,311	75,082

**12. FIXED ASSET INVESTMENTS**

	Listed investments £	Loans to group undertakings £	Total £
<b>Market value</b>			
At 1 August 2012	1,431,918	842	1,432,760
Gains on revaluation	206,888	-	206,888
At 31 July 2013	1,638,806	842	1,639,648

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**12. FIXED ASSET INVESTMENTS (continued)**

**Investments at market value comprise**

	2013 £	2012 £
Listed investments	1,638,806	1,431,918
Group companies (see below)	842	842
Total market value	<u>1,639,648</u>	<u>1,432,760</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

**13 DEBTORS**

	2013 £	2012 £
Trade debtors	5,641	300
Other debtors	88,098	1,250,047
Prepayments and accrued income	1,511,941	4,375
Tax recoverable	281,708	180,176
	<u>1,887,388</u>	<u>1,434,898</u>

Included in prepayments and accrued income is the sum of £1,344,354 due from the funders of the clinical research project on atrial fibrillation in respect of the running costs of the project

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**14 CREDITORS**

Amounts falling due within one year

	2013 £	2012 £
Net obligations under finance leases and hire purchase contracts	-	47,253
Trade creditors	723,419	649,662
Other creditors	13,671	28,800
Accruals and deferred income	1,972,081	1,686,733
	<u>2,709,171</u>	<u>2,412,448</u>

**15. CREDITORS**

Amounts falling due after more than one year

	2013 £	2012 £
Other loans	<u>586,332</u>	<u>586,332</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £	2012 £
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.

**16 STATEMENT OF FUNDS**

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Fixed asset fund	2,762,530	-	-	(248,165)	-	2,514,365
Vaccine development fund	27,038	270,000	(208,179)	-	-	88,859
	<u>2,789,568</u>	<u>270,000</u>	<u>(208,179)</u>	<u>(248,165)</u>	<u>-</u>	<u>2,603,224</u>

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**16. STATEMENT OF FUNDS (continued)**

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
General funds	3,011,894	9,580,348	(9,109,123)	248,165	-	3,731,284
Total Unrestricted funds	5,801,462	9,850,348	(9,317,302)	-	-	6,334,508

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 £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
Garfield Weston Fund	252,632	-	-	-	36,502	289,134
Margaret Thatcher Fund	123,284	-	-	-	17,812	141,096
Emmanuel Kaye Fund	1,056,002	-	-	-	152,574	1,208,576
	1,431,918	-	-	-	206,888	1,638,806

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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**16. STATEMENT OF FUNDS (continued)**

**Restricted funds**

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	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	555,055	-	(57,344)	-	-	497,711
Emmanuel Kaye Chair	8,682	-	-	-	-	8,682
	<u>795,763</u>	<u>-</u>	<u>(57,344)</u>	<u>-</u>	<u>-</u>	<u>738,419</u>

Indian Mortality Study - funds received in respect of the Indian Mortality Study 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

Total Funds	<u>8,029,143</u>	<u>9,850,348</u>	<u>(9,374,646)</u>	<u>-</u>	<u>206,888</u>	<u>8,711,733</u>
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**SUMMARY OF FUNDS**

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
Designated funds	2,789,568	270,000	(208,179)	(248,165)	-	2,603,224
General funds	3,011,894	9,580,348	(9,109,123)	248,165	-	3,731,284
	<u>5,801,462</u>	<u>9,850,348</u>	<u>(9,317,302)</u>	<u>-</u>	<u>-</u>	<u>6,334,508</u>
Endowment funds	1,431,918	-	-	-	206,888	1,638,806
Restricted funds	795,763	-	(57,344)	-	-	738,419
	<u>8,029,143</u>	<u>9,850,348</u>	<u>(9,374,646)</u>	<u>-</u>	<u>206,888</u>	<u>8,711,733</u>

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Endowment funds 2013 £	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	2,514,365	2,514,365	2,762,530
Fixed asset investments	1,638,806	-	842	1,639,648	1,432,760
Current assets	-	738,419	7,114,804	7,853,223	6,832,633
Creditors due within one year	-	-	(2,709,171)	(2,709,171)	(2,412,448)
Creditors due in more than one year	-	-	(586,332)	(586,332)	(586,332)
	<u>1,638,806</u>	<u>738,419</u>	<u>6,334,508</u>	<u>8,711,733</u>	<u>8,029,143</u>

**18 NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Net incoming resources before revaluations	475,702	352,805
Depreciation of tangible fixed assets	253,035	103,353
Deficit on disposal of tangible fixed assets	-	38
(Increase)/decrease in debtors	(452,490)	1,948,677
Increase/(decrease) in creditors	296,723	(4,538,548)
<b>Net cash inflow/(outflow) from operations</b>	<u>572,970</u>	<u>(2,133,675)</u>

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	2013 £	2012 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(4,870)	(2,568)
Purchase of listed investments	-	(1,417,000)
<b>Net cash outflow capital expenditure</b>	<u>(4,870)</u>	<u>(1,419,568)</u>

**19 ANALYSIS OF CHANGES IN NET FUNDS**

	1 August 2012 £	Cash flow £	Other non-cash changes £	31 July 2013 £
Cash at bank and in hand	5,397,735	568,100	-	5,965,835
<b>Debt</b>				
Finance leases	(47,253)	-	47,253	-
Debts falling due after more than one year	(586,332)	-	-	(586,332)
<b>Net funds</b>	<u>4,764,150</u>	<u>568,100</u>	<u>47,253</u>	<u>5,379,503</u>

**20 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 (2012 £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 £7,625 (2012 £16,625).

Fees amounting to £55,588 (2012 £41,331) 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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**21. 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 £24,649 (2012 £29,337).

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 2013 of £7,425 (2012 £8,853) 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**

Pre-retirement discount rate	6.8%	p.a.
Post-retirement discount rate	4.7%	p.a.
Retail price inflation (RPI)	3.5%	p.a.
Consumer 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 2013 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 £32,433.5 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.

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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 2011 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 not 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 valuation effective date 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.

*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.

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*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%.

The actuary has estimated that the funding level has at 31 March 2013 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 cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 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 2013 was 68%. An estimate of the funding level measure on a historic gilts basis at that date was approximately 55%.

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.

<b>Assumption</b>	<b>Change in assumption</b>	<b>Impact on shortfall</b>
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	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase 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 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 by the trustee are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that, putting the issue of the USS fund's size and scale to one side for a moment, it might 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 sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee 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

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liabilities, the trustee receives advice from its investment team, investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Some short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together - in an integrated form - the various strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013 USS had over 148,000 active members and the institute had 6 active members participating in the scheme.

The total pension cost for the Institute was £45,589 (2012 £45,830). 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 £16,227 (2012 £7,778).

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](http://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 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.

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The contributions of the Institute were 14% of pensionable salary during the 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