



Financial Statements

31 December 2009

 **action** medical research
for children, for life

Patron

HRH The Prince Philip Duke of Edinburgh KG KT OM GBE

President

General The Lord Guthrie of Craigiebank GCB LVO OBE DL

Vice Presidents

Patrick Brenan OBE FCA

Lady Martin Fitzalan Howard

Stephen May

The Duchess of Northumberland

The Earl of Snowdon GCVO RDI FSIAD

Sir Greville Spratt GBE TD JP DL DLitt

The Earl of Strathmore and Kinghorne

The Duchess of Wellington

Trustees

Chair

Richard Price

Honorary Treasurer

Paul R Biddle FCA – retired 1 October 2009

Charles Jackson – appointed 1 October 2009

Professor Mark Gardiner

Professor Andrew JT George MA PhD FRCPATH FRSA

David Gibbs

Val Hammond BA CIMgt FRSA

Professor David S Holder LMA MA PhD FInstP FRCP

– retired 17 November 2009

Colin Hunsley BSc CEng MIMechE

Karen Jankel BSc

Diana Marsland

Anne Palmer – retired 17 November 2009

Ann Paul

Val Remington-Hobbs – appointed 1 January 2010

Sir John Wickerson LLB

Charity Management

Chief Executive: Julie Buckler

Director of Finance/Company Secretary:

Martin Richardson FCMA ACIS

Director of Fundraising: Lewis Coghlin

Director of Research: Dr Tracy Swinfield

Director of Communications:

Debra Broadhurst – left 3 March 2010

Sarah Moss – appointed 1 March 2010

Principal Advisors

Auditors

Horwath Clark Whitehill LLP

St Bride's House

10 Salisbury Square

London EC4Y 8EH

Bankers

National Westminster Bank PLC

Westminster Branch

PO Box 3038

57 Victoria Street

London SW1H 0HN

Investment Managers

Ruffer LLP

80 Victoria Street

London SW1E 5JL

Solicitors

Ormerods

64-70 High Street

Croydon CRO 9XN

Company registration no. 549089

Charity registration nos. 208701

and SC039284

Registered office:

Vincent House

Horsham

West Sussex RH12 2DP

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Action Medical Research report of the trustees for the year ended 31 December 2009

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

This report covers the work of Action Medical Research for the 12 months to 31 December 2009.

At Action Medical Research we are determined to stop the suffering of babies and children caused by disease and disability. We want to make a difference in:

- tackling premature birth and treating sick and vulnerable babies
- helping children affected by disability, disabling conditions and infections
- targeting rare diseases that together severely affect many forgotten children.

We do this by:

- finding and funding cutting-edge medical research across the UK most likely to deliver real benefit to babies, children and young people
- assessing the impact of the research we fund and sharing the results
- raising funds to make this vital research possible.

Action Medical Research relies totally on voluntary income to fund medical research projects. The charity's work can be delivered only through a very active partnership of researchers, supporters, volunteers, trustees and staff.

Our work in 2009

With roots in research into the polio vaccine, Action Medical Research has returned to a focus on child health. 2009 marked our first year funding medical research focused on babies, children and young people. We are clear that this is an area of very real unmet need where there is simply not enough research funding.

As with many charities, we have felt the impact of financial uncertainty affecting the UK and global economies. However, despite the difficult market conditions and in line with our plans, Action Medical Research was proud to be able to commit over £3m on vital new medical research projects in 2009.

Total incoming resources for 2009 were £7.24m with total expenditure of £7.56m. Income was boosted by a significant level of legacy income amounting to £1.46m. Net outgoing resources for the year came to £0.33m, while investment gains of £1.33m allowed funds to be carried forward of £6.44m, of which £0.42m represents restricted funds.

Action Medical Research report of the trustees for the year ended 31 December 2009

Grants for research in 2009

Action Medical Research finds and funds some of the best medical research in the world for the benefit of babies, children and young people. Our gold standard scientific review process ensures that we only fund the best doctors and researchers in children's hospitals, specialist units and universities across the UK. The trustees award grants based on the recommendations of a scientific advisory panel of world-class medical researchers who consider further opinions from national and international experts in the field.

Twenty-four new grants were awarded in 2009 including new projects on cerebral palsy, juvenile arthritis and meningitis. We currently fund 70 research projects across the UK.

Details of all the work currently being funded can be found on our website

www.action.org.uk

We also support promising doctors and researchers early in their careers through our prestigious Research Training Fellowships, ensuring high quality research both now and in the future. Three new research training fellows began work on blindness, stroke in children and preterm labour.

Where it makes more difference to children, we work in partnership with other charities. Together with the MS Society, in 2009 Action Medical Research funded the first major UK scientific study into multiple sclerosis in children in the hope of making a significant step forward in understanding this disease.

The public benefit and impact of our work

The trustees have referred to the guidance contained in the Charity Commission general guidance on public benefit when reviewing the charity's aims and objectives. We consider it very important that we are able to demonstrate the medical progress being made to all our supporters and those interested in the work of the charity.

Our scientific advisors examine the final reports from all our researchers when projects are completed and assess them for their quality of research and their likely clinical impact. In 2009, all of the projects assessed were rated as excellent or good and 87 per cent considered to have immediate to medium term clinical impact.

Action Medical Research also assesses the impact of research over time.

In 2009 a review of our Research Training Fellowships covered the period 1973 to 2005, representing an investment of about £12.6m in today's terms. The survey found that the fellows continued to work in senior roles as doctors and researchers in a range of medical areas, with a wealth of expertise in paediatrics and neurology. Their work had benefited patients in a wide range of ways, leading to improved diagnosis and better treatments, affecting surgical practice and playing a significant role in the development of potential new medicines and therapies.

A further report in 2009 considered the impact of the charity's funding of research into titanium cranioplasty in the 1990s. Many thousands of people every year suffer damage to the skull as a result of trauma to the head or operations to remove brain tumours and need surgical repair of a skull defect.

Action Medical Research funded a group of researchers at University College London to test a new technique to create better-fitting plates to cover areas where bone is lost. A decade later, these plates are used regularly in neurosurgery units in hospitals across the UK.

Explaining the impact of our research projects in lay terms is important. Action Medical Research has an excellent record of supporting high quality research with real patient benefit and in making the results of this work available to all, by targeting the specialist and consumer press, and featuring it in our literature and on our website www.action.org.uk

Communicating our work

The charity's media activity during 2009 focused on publishing promising research stories as well as supporting key fundraising events and activities.

Eight medical stories included preterm birth and labour; stroke, multiple sclerosis, sickle cell disease, and robot therapy for children with dyspraxia.

One highlight involved a study designed to develop a blood test to help identify which children who have had a stroke are at risk of further strokes. The story generated national TV coverage on the ITN news and 14 print articles in the regional and medical media. The news clips featured Alfie, a six-year-old boy who has had more strokes than birthdays, to illustrate how children might benefit, if the research is successful.

We promoted over 30 of the charity's activities including London to Paris and new 100-mile bike rides, sponsored treks, and events such as Bring Your Bear and Wellies to Work. We also used personal stories and endorsement by celebrities and sports personalities. The charity's relationship with champion cyclist Nicole Cooke proved valuable in achieving online coverage in the cycling and regional press, as well as a mention in a *Sunday Times* feature.

The total Advertising Value Equivalent (AVE) of media activity was c£0.9m for over 1,200 articles. In addition we achieved online coverage of which there were over 300 pieces on regional, national and specialist websites.

At the start of the year the charity refreshed both its logo and strapline to reflect its focus on child health. A new website was launched in February which continued to be developed throughout the year.

How we raised money

2009 was another record-breaking year for Action Medical Research's fundraising with income growing for the ninth successive year. Almost £7m gross voluntary income was received, an increase of 13 per cent on the 14-month period ending 31 December 2008.

Fundraising was boosted significantly by an unusually high amount of legacy income. The charity received several six-figure legacies and we are hugely grateful to those who remembered Action Medical Research in their will. The cost of generating funds reduced to 45 per cent partly as a result of legacies received.

Action Medical Research

report of the trustees for the year ended 31 December 2009

The biggest success story in 2009 was the performance of our cycling programme. With five new 100-mile rides, the introduction of a 24-hour relay race, Ride24, and the addition of a fourth route to our flagship event London to Paris, which netted more than £0.5m, it was exciting to see such immediate returns from this development.

Income from our monthly givers held up robustly despite the difficult economic situation, and, as a result, in 2009 we invested more than in recent years to ensure that the number of people who support us in this reliable and sustainable way increases again. More than 100 companies took part in our first ever Wellies to Work event, which we hope will not only generate important funds but also stimulate other corporate relationships. The majority of our challenge events, notably our overnight Plod sponsored walks and our new sailing event, flourished.

Maintaining underlying income levels represented good performance in a difficult financial environment. Elements of our fundraising were affected by the economy, including many of our volunteer-organised social events. We raised more than £1.1m from trusts, but the slowdown in income in the second half of the year provided clear warning signs that fundraising from trusts, whose investments had been affected by the credit crunch, would be difficult for some time to come.

Where we are going

In 2009 the trustees reviewed their strategy in the light of the charity's focus on child health. In the next three years Action Medical Research plans to fund £3m each year of the best medical research most likely to deliver real benefit to babies and children.

Despite the challenges of the economic environment faced by medical research charities, Action Medical Research aims to be in a position to fund more than £3m of new medical research each year from our 60th anniversary year in 2012.

How we are governed

The charity was formed in 1952 and is registered as a charity in England & Wales no. 208701 and in Scotland no. SC039284. Its governing instruments are the Memorandum and Articles of Association, which were adopted on 10 July 1996, and amended on 12 July 2000, 2 July 2003 and 30 October 2007. Action Medical Research is incorporated under the Companies Act 1985 as a company limited by guarantee having no share capital. For the purpose of this Act, the chair and other trustees (none of whom receives any remuneration) are the directors of the company. A full list of trustees, together with the charity's registered office, key management and advisers, is shown on the inside front cover of these financial statements.

On 31 December 2009 there were 11 trustees. They are elected for a term of three years although retiring trustees are eligible for re-election in accordance with the Memorandum and Articles of Association. The council of trustees currently meets four times a year and is supported by five advisory sub committees or panels (see inside back cover) which are each chaired by a serving trustee.

All key decisions, including the allocation of charitable funds for research, are made by the trustees in council.

Meetings of the council of trustees regularly address the following:

- the way ahead for the charity expressed in the strategic plan
- the financial plan for the current year and for two further years
- the award of medical research grants
- the lessons learnt from the review of risks
- the impact of the work of the charity.

Each year, the skills and expertise required within the council are reviewed to help the charity deliver its objectives. If gaps are identified or a vacancy occurs, new trustees are sought with the appropriate skills or experience. Potential trustees are then interviewed and appointments recommended to the council. All trustees are given a full induction programme when they join and are offered training opportunities.

The chief executive is responsible for the day-to-day management of the charity's affairs and for implementing the policies agreed by the trustees. The staff are based at the head office in Horsham, West Sussex, from where the fundraising, communications, finance and research administration are managed. The charity also employs 11 community fundraisers who take responsibility for charity activities and raising funds in regions around the UK.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Report of the Trustees and the Financial Statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable 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 charity will continue to operate.

Action Medical Research report of the trustees for the year ended 31 December 2009

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Trading

The charity had one subsidiary at 31 December 2009 wholly owned and registered in England, Action Medical Research (Trading) Limited. The principal activity of this company is the business derived from the sale of Christmas cards.

Risk management

The trustees consider that the charity has an effective risk management mechanism and risk management is considered at every council meeting. A risk register is maintained that assesses the potential impact and likelihood of all major risks. This is reviewed by management, the risk management committee and council. The trustees are therefore satisfied that the right processes are in place to identify the major risks to which the charity is exposed and that systems are in place to manage them.

Staff management

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

Investments

The charity had investment assets of £12.6m at 31 December 2009 (2008 – £11.4m). These investments are held to ensure that the charity is able to meet its committed grant liabilities and as part of the free reserves of the charity.

Ruffer LLP manages the charity's investments on a discretionary basis. Their mandate from the trustees is to execute a globally diversified investment programme with the objectives of both preserving capital and achieving an absolute return in excess of an agreed target.

The trustees have also excluded tobacco-related investments. Ruffer LLP have achieved their objectives in 2009.

Reserves

The trustees review their reserves policy annually and currently consider that the charity should hold unrestricted reserves of around £5m to cover the charity's operating costs and charitable expenditure for a 12 month period should it suffer an immediate drop in income caused by external unforeseeable circumstances. On 31 December 2009 the charity's free reserves (unrestricted reserves less fixed assets) stood at £5.54m.

Fixed assets

Information relating to changes in tangible fixed assets is given in note nine to the financial statements. The trustees are content that the market value of Vincent House, Horsham is in excess of the amount shown on the balance sheet, but do not consider that the cost of obtaining a professional valuation is justified.

Auditors

Horwath Clark Whitehill LLP have expressed their willingness to continue as auditor for the next financial year.

By order of the council of trustees



Richard Price
Chair
15 April 2010

Independent auditors' report to the members of Action Medical Research

We have audited the financial statements of Action Medical Research for the year ended 31 December 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees' (who are also the directors of Action Medical Research for the purpose of company law) responsibilities for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if in our opinion the information given in the Report of the Trustees is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Independent auditors' report
to the members of
Action Medical Research

Basis of opinion

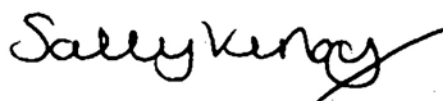
We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of the Trustees is consistent with the financial statements.



Sally Kirby
Senior Statutory Auditor
For and on behalf of
Horwath Clark Whitehill LLP
Statutory Auditor
London

Date: 15 April 2010

Horwath Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Action Medical Research statement of financial activities for the year ended 31 December 2009

(incorporating an income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds 12 months 2009	Total funds 14 months 2008
		£	£	£	£
Incoming resources					
Voluntary income	3	5,025,762	1,954,024	6,979,786	6,185,460
Investment income	4	257,134	-	257,134	380,763
Gift aid payment from trading subsidiary	5	-	-	-	1,182
Total incoming resources		5,282,896	1,954,024	7,236,920	6,567,405
Resources expended					
Cost of generating income					
Cost of generating voluntary income	3	3,111,619	84,185	3,195,804	3,149,646
Investment management fees		118,124	-	118,124	123,873
Charitable activities					
Grants for medical research		3,099,426	291,065	3,390,491	3,504,477
Medical research dissemination		815,698	-	815,698	948,666
Governance costs		43,485	-	43,485	43,699
Total resources expended	6	7,188,352	375,250	7,563,602	7,770,361
Net incoming/ (outgoing) resources					
		(1,905,456)	1,578,774	(326,682)	(1,202,956)
Transfers between funds	8	1,159,472	(1,159,472)	-	-
Realised gains/(losses) on investments	10	494,061	-	494,061	590,204
Net income/expenditure for the year		(251,923)	419,302	167,379	(612,752)
Other recognised gains & losses					
Unrealised gains/(losses) on investments	10	839,310	-	839,310	841,028
Net movement in funds					
Balances brought forward at 1 January		5,436,342	-	5,436,342	5,208,066
Balances carried forward at 31 December		6,023,729	419,302	6,443,031	5,436,342

The notes on pages 13 to 20 form part of the financial statements.

Action Medical Research balance sheet as at 31 December 2009

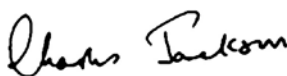
	Note	31 December 2009	31 December 2008
		£	£
Fixed assets			
Tangible	9	482,467	498,911
Investments	10	12,591,185	11,360,911
		13,073,652	11,859,822
Current assets			
Debtors	11	1,371,295	1,034,902
Cash on deposit and at bank		530,073	654,900
		1,901,368	1,689,802
Creditors			
Amounts falling due within one year	12	(5,912,209)	(5,751,391)
Net current liabilities		(4,010,841)	(4,061,589)
Total assets less current liabilities		9,062,811	7,798,233
Creditors			
Amounts falling due after more than one year	12	(2,619,780)	(2,361,891)
Net assets		6,443,031	5,436,342
Funds			
Unrestricted funds (including unrealised gains on investments of £1,201,338 (2008: £875,041))		6,023,729	5,436,342
Restricted funds	16	419,302	-
Total funds		6,443,031	5,436,342

The notes on pages 13 to 20 form part of the financial statements.

The financial statements were approved and authorised for issue by the trustees on 15 April 2010 and were signed on their behalf by:



Richard Price
Chair



Charles Jackson
Honorary Treasurer

Action Medical Research

cash flow statement for the year ended 31 December 2009

	Note	31 December 2009	31 December 2008
		£	£
Net cash outflow from operating activities	a	(460,642)	(520,498)
Returns on investments and servicing of finance			
Interest and dividends received		257,134	380,763
Capital expenditure and financial investment			
Payments to acquire investment assets		(7,174,036)	(8,521,062)
Payments to acquire tangible fixed assets		(24,416)	(17,312)
Receipts from sale of investment assets		7,277,133	8,689,633
Net cash inflow from capital expenditure and financial investment		78,681	151,259
(Decrease)/increase in cash	b	(124,827)	11,524
Notes to cashflow statement			
a) Reconciliation of net outgoing resources to net cash outflow from operating activities			
Net outgoing resources		(326,682)	(1,202,956)
Depreciation and loss on fixed asset disposals		40,860	40,504
Investment income		(257,134)	(380,763)
Grants authorised		3,013,246	3,061,454
Grants paid		(2,916,532)	(2,591,864)
(Increase)/decrease in debtors		(336,393)	422,847
Increase in creditors		321,993	130,280
Net cash outflow from operating activities		(460,642)	(520,498)
b) Reconciliation of movements in cash with movements in net funds			
Cash brought forward		654,900	643,376
Cash carried forward		530,073	654,900
(Decrease)/increase in cash		(124,827)	11,524

Action Medical Research notes to the financial statements for the year ended 31 December 2009

1. Liability of members

The company is limited by guarantee having no share capital and, in accordance with Clause 7 of the Memorandum of Association, every member, as defined by Clause 2 of the Articles of Association (as amended by Special Resolution passed 10 July 1996), is liable to contribute a sum not exceeding £10 in the event of the charity being wound up while a member or within one year thereafter. At 31 December 2009 there were 24 members.

2. Accounting policies

a) Format of financial statements

The financial statements are drawn up in accordance with the Companies Act and applicable accounting standards, including the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), and the historic cost convention, except in relation to investments which are stated at market value.

b) Incoming resources

Voluntary income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable certainty. For legacies, entitlement is considered established once the charity has been notified of an impending distribution. Grants receivable from trusts

are included when the related conditions for entitlement to the grants have been met.

All other income is accounted for on an accruals basis.

c) Resources expended

Grants are provided for in full in the year in which they are awarded.

In order to cover increases in salaries and equipment costs between the date of authorisation of grants and their average anticipated date of payment, each award is increased by the trustees' estimate of the additional amounts required.

Rentals payable under operating leases are charged as expenditure on a straight line basis over the lease term.

Other expenditure is accounted for on an accruals basis.

Fundraising expenditure comprises staff costs and direct costs of specific fundraising events with the exception of small regional events where it is not practicable to separate costs from income.

Governance costs relate to charity compliance with constitutional and statutory requirements.

Support costs are allocated on the basis of time spent or proportion of the service used by respective activities.

d) Fixed assets and depreciation

All assets costing more than £2,000 are capitalised. Fixed assets are depreciated over their estimated useful life. Furniture and equipment and motor vehicles are depreciated at the rates of 20 per cent and 25 per cent per annum on cost respectively. The building element of the freehold property is depreciated at two per cent on cost.

e) Investments

Investments are stated in the balance sheet at their mid-market value at the year-end date.

f) Fund accounting

Unrestricted funds comprise amounts available for the general purposes of the charity.

Restricted funds are donations or legacies which are given by the donor for a specific purpose within the overall aims of Action Medical Research.

g) Pension scheme

The charity continues to operate a defined contribution scheme. Contributions to this scheme are charged as expenditure when they are payable.

h) Subsidiary undertaking

The charity has one subsidiary undertaking, Action Medical Research (Trading) Limited. This is not consolidated on the grounds of immateriality.

Action Medical Research
notes to the financial statements for
the year ended 31 December 2009

3. Voluntary income

	Unrestricted funds	Restricted funds	12 months 2009	14 months 2008
Gross income	£	£	£	£
Donations	2,751,591	1,111,382	3,862,973	4,433,679
Legacies	762,062	702,404	1,464,466	195,725
Challenge events	1,512,109	140,238	1,652,347	1,556,056
Totals	5,025,762	1,954,024	6,979,786	6,185,460
Cost of generating voluntary income				
Donations	2,119,191	-	2,119,191	2,205,101
Legacies	53,656	-	53,656	53,485
Challenge events	938,772	84,185	1,022,957	891,060
Totals	3,111,619	84,185	3,195,804	3,149,646

Donations

Income received from supporters, local activities, trusts, regular donations and appeals. The costs are those of providing support and arranging activities.

Legacies

Income from legacies notified during the period that can be reasonably measured. The costs are those of administering legacies and marketing for future legacies.

Challenge events

Income from events in UK and overseas organised on behalf of the charity. The costs are those of the events and the development of new events for future years.

4. Investments income

	12 months 2009	14 months 2008
	£	£
UK equities	52,608	33,057
Overseas equities	105,175	68,312
UK fixed interest	43,231	191,112
Overseas fixed interest	48,633	60,477
Bank deposit interest	7,487	27,805
Totals	257,134	380,763

5. Subsidiary undertaking

The charity has one subsidiary company limited by guarantee as follows:

Action Medical Research (Trading) Limited whose principal activity is derived from a mail order catalogue and other trading activities.

For the 12 months to 31 December 2009 its turnover was £7,589 and the net loss was £342.

At 31 December 2009 the company had a deficit of £342 on its shareholders' funds and a balance due to Action Medical Research of £7,826.

6. Resources expended

	Staff costs	Other costs	12 months 2009	14 months 2008
	£	£	£	£
Cost of generating income				
Voluntary income	1,151,914	2,043,890	3,195,804	3,149,646
Investment management fees	-	118,124	118,124	123,873
Total cost of generating income	1,151,914	2,162,014	3,313,928	3,273,519
Charitable activities				
Grants for medical research	-	3,013,246	3,013,246	3,061,454
Grant administration costs	310,926	66,319	377,245	443,023
Total grant expenditure	310,926	3,079,565	3,390,491	3,504,477
Medical research dissemination	526,490	289,208	815,698	948,666
Total charitable expenditure	837,416	3,368,773	4,206,189	4,453,143
Governance costs	18,747	24,738	43,485	43,699
Total resources expended	2,008,077	5,555,525	7,563,602	7,770,361

Grant administration includes central support costs of £61,701 (2008 £65,855)

Medical research dissemination includes central support costs of £115,690 (2008 £123,479)

Staff costs:	12 months 2009	14 months 2008
	£	£
Wages and salaries	1,742,624	1,938,465
Social security costs	161,825	189,135
Pension costs	103,628	109,977
Total	2,008,077	2,237,577

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

	12 months 2009	14 months 2008
Grant administration	8	8
Medical research dissemination	11	11
Fundraising	33	32
Charity governance	1	1
Total	53	52

The number of staff whose emoluments fell within the following band was:

	12 months 2009	14 months 2008
£80,001 to £90,000	1	-
£90,001 to £100,000	-	1

Contributions totalling £9,920 were paid in the period to a defined contribution pension scheme in respect of the above employee (2008 – £5,570).

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6. Resources expended continued

Trustee remuneration

No fees are paid to trustees for their services as board members. Directly incurred expenses are reimbursed, if claimed, and in the year to

31 December 2009 no expenses were claimed by trustees. In 2008 £255 expenses were claimed by two trustees.

7. Expenditure

Included within expenditure are the following costs:

	12 months 2009	14 months 2008
	£	£
Auditors' remuneration	18,429	18,752
Operating lease payments	18,772	17,097
Depreciation	40,249	40,504

8. Transfers

During the year the charity was awarded grants from third parties to support specific research projects which had been funded in previous years from the charity's unrestricted funds.

These grants have been recorded as restricted income and then transferred to reflect the reimbursement from the restricted to unrestricted funds.

9. Tangible fixed assets

	Freehold property	Fixtures & fittings	Totals
	£	£	£
Costs			
At 1 January 2009	755,771	388,357	1,144,128
Additions	-	24,416	24,416
Disposals	-	233,536	233,536
At 31 December 2009	755,771	179,237	935,008
Depreciation			
At 1 January 2009	295,485	349,732	645,217
Charge for period	13,915	26,334	40,249
Disposals	-	232,925	232,925
At 31 December 2009	309,400	143,141	452,541
Net book value at 31 December 2008	460,286	38,625	498,911
Net book value at 31 December 2009	446,371	36,096	482,467

The land cost of the freehold property is estimated by the trustees at £60,000 (2008: £60,000). All fixed assets are held for the charity's own use.

10. Fixed asset investments

	31 December 2009	31 December 2008
	£	£
Market value:		
At beginning of period	11,360,911	10,098,250
Net funds withdrawn from portfolio	(103,097)	(168,571)
Realised gains	494,061	590,204
Unrealised gains	839,310	841,028
At end of period	12,591,185	11,360,911
Being at market value:		
UK equities	1,672,930	848,665
Overseas equities	4,651,888	3,894,693
UK fixed interest	4,014,407	4,061,803
Overseas fixed interest	2,215,112	2,229,626
Foreign currency contracts	35,375	324,651
Unlisted investments – associated company	1,473	1,473
	12,591,185	11,360,911
Cost of investments	11,389,847	10,485,870

Unlisted investments – associated company: this represents the charity's 24.9 per cent shareholding in Helpcards Limited.

The principal activity of Helpcards Limited is the publishing of Christmas cards. Its turnover for the year ended 30 April 2009 was £103,987 with a profit of £88,287. The total distribution to the charitable company's shareholders was £68,000.

11. Debtors

	31 December 2009	31 December 2008
	£	£
Prepayments	302,649	217,098
Other debtors	1,023,594	670,981
Income tax recoverable	37,226	143,881
Action Medical Research (Trading) Ltd	7,826	2,942
	1,371,295	1,034,902

12. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	£	£	£	£
Research grants payable	5,196,858	5,358,033	2,619,780	2,361,891
Trade creditors	39,541	87,543	-	-
Accruals	421,325	181,878	-	-
Deferred income	254,485	123,937	-	-
Total	5,912,209	5,751,391	2,619,780	2,361,891

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13. Pension scheme

The pension charge for the year comprises:

	12 months 2009	14 months 2008
	£	£
Action Medical Research group personal pension plan	103,628	109,977

The Group Personal Pension Plan is a defined contribution scheme and the charge for the period represents those contributions payable to the scheme in respect of the accounting period.

14. Related party transactions

At the meeting of trustees held on 15 April 2010 the trustees confirmed that, following appropriate inquiries, they were not aware of any related party transactions which required disclosure in the financial statements, but wished to disclose the following trustee connection:

Karen Jankel is Managing Director of Paddington and Co. Ltd. who have allowed the charity to use Paddington Bear as its mascot.

This is given free of charge. The use of Paddington Bear by the charity is subject to an agreement, which has been reviewed by all trustees.

Due to the nature of the charity's operations and the composition of the trustees (some being drawn from medical or research organisations), it is inevitable that transactions will take place with organisations in which the trustee may have an interest, including the awarding of research grants with which the trustee has connections. All grant transactions involving organisations in which a trustee may have an interest are conducted at arms length and in accordance with the charity's financial regulations and normal procedures. No such transactions were identified which should be disclosed under Financial Reporting Standard 8 "Related Party Disclosures".

15. Operating lease commitments

At 31 December 2009 the charity was committed to making the following payments during the next year in respect of operating leases:

Motor vehicles	2009	2008
	£	£
Leases which expire:		
Within one year	5,784	1,765
Within two to five years	7,042	-
	12,826	1,765

16. Restricted funds

The charity receives restricted donations, legacies and events income to assist in the charity's funding of specific research projects. In 2009 the total of this restricted income was £1,954,024 (2008 – £1,208,310) and the amount utilised from this to fund the relevant research and other related costs was £1,534,722 (2008 – £1,208,310).

At 31 December 2009 the charity had restricted funds carried forward totalling £419,302 (2008 – £Nil).

This balance all relates to the Walkinshaw RTF Fund which represents the unspent element of a legacy donation for a research fellowship into genetics.

17. Research grants

	31 December 2009	31 December 2008
Research grants payable	£	£
Amounts outstanding 1 November	7,719,924	7,250,334
New research grants awarded	3,013,246	3,061,454
Amounts paid during the year	(2,916,532)	(2,591,864)
Amount outstanding 31 December	7,816,638	7,719,924
The outstanding balance is payable:		
Within 12 months	5,196,858	5,358,033
After more than one year	2,619,780	2,361,891
	7,816,638	7,719,924

Analysis of awards made in 2009

Institute	Short description of project	Amount awarded £
Institute of Neurology, National Hospital for Neurology and Neurosurgery, University College London	Epilepsy – using light as a possible treatment	45,024
Hammersmith Hospital, Imperial College London	Preterm birth – developing a brain atlas	154,940
Hammersmith Hospital, Imperial College London	Brain imaging in unborn babies to map connections within the developing brain	199,798
University of Nottingham and University College Nottingham	Preterm infants – developing movement skills	116,044
University of Edinburgh	Visual field assessment in children	135,562
Royal College of Obstetricians and Gynaecologists	Preterm birth clinical study group	5,000
University of Liverpool, Alder Hey Children's Hospital	Neonatal clinical study group	5,000
Institute of Child Health, University College London and Great Ormond Street Hospital	Blindness in children	143,615
Institute of Reproductive and Developmental Biology, Imperial College London and Institute of Structural Molecular Biology, Birkbeck College	Preterm labour – investigating protein interactions that could control labour	90,279
Institute of Child Health, University College London	Stroke in children	198,940
Hammersmith Hospital, Imperial College London and Institute of Child Health, University College London, Great Ormond Street Hospital	Brittle bone disease in children	186,310

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Analysis of awards made in 2009 continued

Institute	Short description of project	Amount awarded £
Institute of Neurology, University College London and Institute of Child Health and Great Ormond Street Hospital, University College London	Epilepsy in children – genetic causes	178,677
School of Biological Sciences, University of Edinburgh	Rett Syndrome	192,817
University of Birmingham School of Medicine, Institute of Biomedical Research	Beckwith-Wiedemann syndrome	135,995
Hammersmith Hospital, Imperial College London and Warwick Medical School	Preterm birth – the role of the hormone oxytocin	140,572
University of Bristol	Diabetes – improving a vaccine to prevent type 1 diabetes	54,711
Institute of Child Health, University College London and Great Ormond Street Hospital	Epilepsy – juvenile myoclonic epilepsy	56,751
Institute of Child Health, Birmingham Children's Hospital, Guy's and St Thomas' NHS Foundation Trust, Great Ormond Street Hospital, Evelina Children's Hospital and John Radcliffe Children's Hospital	Multiple sclerosis in children: examining the early symptoms	189,722
University of Leicester	Juvenile arthritis and diabetes in childhood	137,330
University of Leicester, Leicester Royal Infirmary and University of Warwick	Pneumonia and meningitis – how does viral infection make them worse?	119,218
Hammersmith Hospital, Imperial College London	Cerebral palsy – how brain cells can die	151,048
Warwick Medical School, University of Warwick, Newcastle University	Preterm labour – a novel combination therapy	113,437
University of Oxford	Neurodegenerative disease in children caused by lysosomal storage disorders	119,635
Guy's, King's and St Thomas' Hospital, King's College London	Allergy to peanuts	149,000
		3,019,425
Adjustments to grants already awarded		(6,179)
Total		3,013,246

Advisory Committees serving Board of Trustees

Investment & audit committee

Chair

Paul R Biddle FCA – retired 1 October 2009

Charles Jackson – appointed 1 October 2009

David Gibbs

Richard Price

Sir John Wickerson LLB

Risk management committee

Chair

David Gibbs – appointed January 2010

Karen Jankel BSc – acting Chair March 2009
and retired December 2009

Val Hammond BA CIMgt FRSA

Colin Hunsley BSc CEng MIMechE

Julie Buckler – from January 2010

Steering committee

Chair

Richard Price

Paul R Biddle FCA – retired 1 October 2009

Charles Jackson – appointed 1 October 2009

Julie Buckler – from January 2010

Marketing committee

Chair

Ann Paul

Tobin Aldrich – appointed January 2010

Kate Cox

Andy Dewhurst – appointed October 2009

David Haseler

Karen Jankel

Diana Marsland – retired October 2009

Julie Buckler

Lewis Coghlin

Sarah Moss – appointed March 2010

Debra Broadhurst – retired March 2010

Scientific advisory panel

Chair

Professor Andrew JT George MA PhD FRCPATH FRSA

Professor Sarah Bray BA MPhil PhD – appointed January 2010

Professor Cosimo De Bari MD PhD

Dr Adam Gibson PhD – appointed November 2009

Dr Paul Heath MBBS FRACP FRCPCH

Professor Neil Marlow DM FRCP FRCPCH FMedSci

Dr Finbar O'Callaghan MA MSc PhD FRCPCH

Dr Lucy Raymond MA DPhil FRCP

Dr Caroline Stewart PhD CEng SRCS

Professor Steven Thornton DM MRCP

Professor Andrew J Wardlaw FRCP PhD

Professor Catherine Williamson MRCP – appointed October 2009

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