



Action Medical Research  
financial statements  
31 October 2007

## Patron

HRH The Prince Philip Duke of Edinburgh, KG, KT, OM, GBE

## President

General The Lord Guthrie of Craigiebank, GCB, LVO, OBE

## Vice Presidents

Patrick Brennan, OBE, FCA

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The Duchess of Wellington

## Trustees

### Chairman

Stephen May – retired 31 October 2007

Dr Keith McCullagh – appointed 31 October 2007  
(appointed Trustee 24 April 2007)

### Honorary Treasurer

Paul R. Biddle, FCA

Professor Charles French-Constant, PhD, FRCP – retired 29 January 2008

Professor Andrew J T George, MA, PhD, FRCPATH, FRSA  
– appointed 29 January 2008

David Gibbs

Val Hammond, BA, CCMI, MIOD

Professor David S Holder, MA, MA PhD, FInstP, FRCP

Colin Hunsley, BSc, CEng, MIMechE

Charles Jackson

Karen Jankel, BSc

Professor Alexander S McNeish, MSc, MB FRCP, FRCPsG, FRCPCH, FMedSci

Diana Marsland

Anne Palmer

Ann Paul

Rupert Pennant-Rea – retired 31 December 2007

Richard Price

Sir William Wells

Sir John Wickerson, LLB

## Charity Management

Chief Executive: Simon Moore, CB

Director of Finance: Martin Richardson, FCMA, ACIS

Director of Fundraising: Lewis Coghlin, BA (Hons)

Director of Research: Dr Tracy Swinfield, PhD

Director of Communications: Debra Broadhurst, BA (Hons), Dip CAM

Head of Human Resources: Linda Jordan, FCIPD

## 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 no. 208701  
and SC039284

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# Action Medical Research report of the trustees for the year ended 31 October 2007

## **Who we are**

Action Medical Research is one of the leading medical research charities in the UK.

Our purpose is to improve the diagnosis and treatment of patients with serious diseases. We believe that this is best achieved by supporting a wide range of medical research projects in diseases and conditions where our advisers believe we can find improved treatments or cures. This can only be done by a very active partnership of researchers, supporters and fundraisers, Trustees and staff who unite to achieve vital progress in medical science.

## **What we do**

We rely totally on voluntary income to fund a range of cutting edge medical research projects, selected on the basis of their scientific quality and the likelihood of bringing about real patient benefits.

We actively disseminate the results and promote the impact of our work to a wide audience.

## **How we select our research work**

Applications for grants to support medical research projects are invited from researchers at any hospital or university in the UK. Each application is evaluated by a rigorous 'peer review' process. National and international

experts in that particular field first give their opinion of the proposed work and the application is then reviewed by one of our two advisory panels of world-class medical researchers. The Trustees award grants based on the recommendations of these panels.

## **What we achieved in the last 12 months**

The Trustees are pleased to be able to report the following results of last year's objectives.

### **In 2006-07 we set out to:**

Achieve a further significant increase in income, from our broad range of income streams, with our cost of fundraising improving once again.

*We achieved both of these objectives, with net income growing by 25% and our cost of fundraising reducing by 4.5%.*

As an earner of significant income, expand our cycling events, building on our flagship London to Paris cycle ride, as well as offering more 100-mile UK rides.

*We added a third route to our London to Paris event, which enabled the Charity to take almost 450 riders for the first time; we also developed several new 100-mile rides in the UK, as well as becoming a gold charity partner of the new closed road Etape Caledonia cycle event in Scotland.*

Focus on supporting our major givers, both those trusts with whom we have ongoing relationships and with individuals and companies joining the Charity as a result of our new Action Partners relationship fundraising programme.

*We launched our new Action Partners high value giving programme in November 2006 and now have eight Action Partners on board; we were grateful to receive twelve donations of £50k or more from trusts or individuals during the course of the year, showing that our major giving plans are progressing well.*

Increase further the number of individuals who offer long-term support, whether via monthly donations or by including the Charity in their Will.

*We recruited over 1,200 new monthly givers, primarily via telemarketing. More than 300 supporters have now pledged a legacy to the Charity, and more than 15% of legacies in 2006-07 were received from legacy pledgers.*

Revise the medical research information on our website, improving navigation and expanding the content to provide a more comprehensive resource for the public and medical professionals. Website traffic continues to grow at almost 100% per year.

## Action Medical Research report of the trustees for the year ended 31 October 2007

*We have continued to evolve our website to improve the areas designated and to provide a better service for our fundraisers and supporters.*

Put new emphasis on our campaigning programme to engage the public and politicians on key issues in which the Charity has an active research interest. This includes pressing the Government to reduce the incidence of premature birth and infant death.

*We are pushing for an independent inquiry into premature birth to establish research priorities in this area. The purpose of this is covered on page 4.*

Review the Research Training Fellowship scheme to make sure that it continues to produce world class results and meets the needs of the research community.

*The Research Training Fellowship scheme attracted a large number of applications of a high standard indicating a continued need for these grants to help train the research leaders of the future. The medical community believes this is an important scheme and a longer term measure of impact will be carried out next year.*

Introduce a web-based application system to assist researchers to apply for grants.

*This is now in place and has been well received by the research community.*

Finalise what will replace Touching Tiny Lives in 2008 as the focus for fundraising without abandoning the breadth of our appeal to donors.

*The Touching Tiny Lives campaign will continue throughout 2008, and we are establishing the rationale for a campaign that will focus on children from 2009.*

### **The research we fund**

During the past year, the Charity has increased the overall funding given to medical research and is now supporting an additional round of projects each year. In 2006-07, a total of 28 new research projects based throughout the UK were awarded, all of them focused on bringing benefit to patients. This represented a further investment in world class medical science of £3 million.

The following example shows the way in which Action Medical Research funding has taken forward medical science in 2006-07.

### **Osteoporosis – easing the pain of spinal fractures**

Osteoporosis affects one in two women and one in five men over the age of 50 in the UK. It causes a reduction in bone density resulting in an increased risk of bone fractures

in anyone suffering from the condition. When the spine is affected, osteoporotic fractures may cause chronic pain and deformity – the characteristic ‘dowager’s hump’ – as the fractured vertebrae change shape, causing the spine to become more curved.

A treatment called vertebroplasty, where cement is injected into fractured vertebrae, has been developed in order to treat osteoporotic fractures of the spine, and an adaptation of this procedure, called kyphoplasty, may help to correct deformity in the spine before cement is injected. The research team based at the University of Bristol and Queen’s Medical Centre in Nottingham, are testing the two new treatments to assess whether they can restore normal load-bearing properties to the vertebrae and therefore reduce deformity and pain.

The Team Leader Dr Patricia Dolan explained that “We found that cement injection following fracture partially reversed these mechanical changes in the spine by smoothing out the stress points. We also found that more osteoporotic and degenerated spines showed the greatest changes after fracture but also the greatest improvement after cement injection. Vertebroplasty and

kyphoplasty produced similar mechanical changes, as did the different cements we used. However, some cements achieved good mechanical results even when they were injected in smaller volumes, which may help reduce the risk of cement leaking from the vertebra. We hope that our findings will improve how doctors perform the procedures and will help them to identify which people will potentially have the most positive outcome.”

The research is now moving into the next phase with a new award.

### Scientific impact

Our supporters are excited by the progress of medical science and it is right that they are able to see the true worth of the work that their generosity has funded. Our scientific advisors therefore also examine the final reports from all our researchers when projects are complete and assess them for their quality of research and their likely clinical impact. In 2006-07, 89% of projects were considered to be of excellent or very good scientific quality and 72% were thought to have immediate to medium term clinical impact. These results indicate very clearly that the Charity is supporting real progress in medicine and that we are achieving our charitable objectives.

Explaining the longer term impact of our research projects in lay terms is becoming increasingly important for fundraising and there is also an emerging regulatory requirement (or at least best practice) that we must be capable of observing. The Charity has an excellent track 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, through our literature and on our website.

### Communicating our worth

Much of the Charity's media activity over the year has focused on breakthrough stories and on the results of our Touching Tiny Lives appeal, as well as promoting key events such as cycling events and Bring Your Bear. For example:

- The Charity's Stand Up for Tiny Lives billboard poster has been making regular appearances since August 2007 in outdoor scenes on BBC One's Eastenders. The programme reaches 9 million viewers.
- ITN lunchtime news covered the work of Professor John Duncan on epilepsy and featured the story of Caroline Martin, who suffered many attacks of epilepsy but who is now

seizure free as a result of surgery. It was an excellent opportunity for the Charity to promote its success. The story also featured in the Sunday Express, Take a Break magazine, on local BBC radio and in a number of online publications including Channel 4 News.

- The Fetal Heart Rate Monitor, which is currently being trialled in Nottingham, has received significant regional coverage as well as appearing on the ITN lunchtime and evening news.
- Other medical stories in the press included coverage of research into bowel disease, osteoporosis, and osteoarthritis and statins.

An analysis of media coverage for the financial year so far shows that the total Advertising Value Equivalent of this publicity has reached nearly £900,000.

The Charity has also benefited from free poster advertising from media owner Clear Channel in the form of roadside campaigns and posters outside Sainburys stores. These posters have helped raise awareness of the work of the Charity.

# Action Medical Research report of the trustees for the year ended 31 October 2007

## Public campaigning

Following the success of the STAND UP petition which resulted in over 10,000 signatures calling for the Government to double the research spend into preventing premature birth, 76 Members of Parliament signed our Early Day Motion (a statement in the House of Commons that MPs can sign to show their support). The Members were almost evenly split from across the political parties, and a small number also sit on the two relevant Select Committees. We have met with a number of MPs and begun building relationships with key stakeholder groups, professional and patient organisations.

We established a 'virtual' steering group of 30 clinicians and families affected by premature birth to help support and shape the STAND UP for Tiny Lives Campaign. The aim of the Campaign is to push for an independent inquiry into premature birth to identify research priorities and help deliver the first focused and adequately funded national research policy.

## How we raised money

The financial year 2006-07 was a highly successful year for fundraising, with net voluntary income growing by 25% and gross voluntary income by

15%. Results from specific income streams included:

- Trust fundraising was critical to our success, as income from Trusts passed £1m for the first time, with generous donations received from no fewer than 152 trusts. Of particular importance has been the development of our relationship with The Henry Smith Charity, where our peer review process helps to recommend high quality projects for The Henry Smith Trustees to consider.
- The expansion of our cycling programme had a positive impact not only on our National Events income but also on that from Community Fundraising because our series of 100-mile rides are led by volunteers within the community.
- We achieved a very satisfactory 7% increase in fundraising from our supporters around the country (Community Fundraising), with a range of new and growing events standing us in good stead for the future.
- Individual Giving income remained at a similar level to that achieved in 2005-06. The climate is tough, with donor recruitment proving more difficult than in recent years. We need to

work harder than ever to achieve growth in this area, which is important to us because of the sustainability of the longer term income it generates.

- We received a similar level of legacy income as in 2005-06. Two years ago we offered the opportunity for the bereaved to start a Tribute Fund from gifts made in memory of an individual. This brought in more than £20,000 this year.

The success of our trust fundraising in particular helped us achieve a significant reduction in our cost of fundraising. While we remain committed to keeping this as low as possible, a similar reduction is not projected for 2007-08. With the economic situation uncertain and the Charity now needing to consolidate at the current higher income level, we do not expect to see net income grow as steeply in 2007-08 as was the case in 2006-07.

### Where we are going

Despite the need for 2007-08 to be a year of consolidation, we still aim to:

- Commit £3m to new and innovative medical research projects across the range of medical science.
- Increase further our net fundraising income to £4 million by making the most of established successful activities.
- Maximise opportunities presented by the 50th anniversary in 2008 of Paddington Bear, the Charity's fundraising mascot. This will include growing income from the annual schools fundraising event Bring Your Bear; and seeking corporate partners who will promote Paddington pin badges and related marketing initiatives.
- Develop the Action Partners programme across the UK. Our goal is to double the number of Action Partners in 2007-08.
- Develop the web strategy to ensure a more robust platform for the site; a fresh look and feel with easy navigation; and to improve e-communications and marketing in the future.

### Change of chairman

After eight very successful years, Mr Stephen May retired as Chairman of the Charity

at the end of October 2007. During his chairmanship Action Medical Research has grown significantly; overall income has increased from £4.2m in 1999 to £6.2m in 2007; the Charity has reviewed its purposes and its structure, and has changed its name and visual identity. The Trustees would like to record their very warmest thanks to Mr May for his very committed and clear sighted direction of the Council.

After a recruitment process in early 2007, the Trustees offered the post of Chairman to Dr Keith McCullagh and were very pleased that he accepted. Dr McCullagh has had a successful and varied career in medical research and pharmaceutical development and is keen to use his skills and experience to take the Charity forward. The calendar year 2008 will begin with a period of reassessment after which the Trustees will publish their plans for the future, which are likely to begin to be put into effect in the financial year 2008-09.

### How we are governed

The Charity was formed in 1952. 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 Chairman and other Trustees (none of whom receives any remuneration) are the directors of the company.

The Trustees are responsible for the policies and strategies of Action Medical Research. Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Charity and of its financial activities during the year. In preparing those financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and statements of recommended practice, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The Trustees have responsibility for the maintenance by the management of proper accounting records which disclose with reasonable

## Action Medical Research report of the trustees for the year ended 31 October 2007

accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 1985.

They have taken steps that are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. Each of the Trustees has taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

On 31 October 2007 there were 17 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 meets four times a year and is supported by five advisory sub committees or panels (see page 21) 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 consequent financial plan for the current year and for two further years thereafter.
- 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 Chairman and the Chief Executive review the skills and expertise required within the Council to help the Charity deliver the objectives in the business plan. If gaps are identified, or a vacancy occurs during the year, new Trustees are sought with the appropriate skills or experience, initially using known contacts. Potential Trustees are then interviewed and appointments recommended to the Council.

All Trustees are given a full induction programme when they join the Charity and are offered training opportunities thereafter.

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 professional staff are based at the head

office in Horsham, West Sussex, from where fundraising activities, communications, finance, personnel functions and research administration are all managed. The Charity also employs nine community fundraising managers who take responsibility for Charity activities and raising funds in regions around the UK.

### **Trading**

The Charity had one subsidiary at 31 October 2007 wholly owned and registered in England, Action Medical Research (Trading) Limited. The principal activity of this company is the business derived from Christmas cards. A Gift Aid payment equal to its profits for the year of £10,332 was made to Action Medical Research.

### **Risk management**

The Trustees consider that the Charity has an effective risk management mechanism and risk management is a standing item at every Council meeting. The Risk Management Committee have identified the principal risk as a loss of income caused by a reputational issue. The Trustees believe that controls are in place to minimise this risk.

Service on this Committee gives a comprehensive insight into Charity affairs so membership is rotated amongst the Trustee body. The Committee maintains a

risk register that assesses the potential impact and likelihood of all major risks, debates these with management, and the Chief Executive reports on steps taken to mitigate them. 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 mitigate them.

#### **Staff management**

Action Medical Research is fortunate in having a dedicated, loyal and skilled workforce. Staff numbers are aligned with the Charity's needs. The business plan produced each year by the management and approved by the Trustees allocates resources to develop and train staff in skills to meet the needs of fundraising and administration.

#### **Investments**

The Charity has investment assets of £10.1m at 31 October 2007, £5.4m of which is allocated to cover grant commitments that will fall due over the next 2 years. The remaining £4.7m is held as uncommitted reserves explained below.

Ruffer LLP manage the Charity's investments. The investment policy is to hold a balanced portfolio principally invested in equities (excluding any tobacco-related holdings) and bonds. Performance of

the investment managers will be judged against an absolute return rather than by tracking market indices. After 20 months managing the portfolio, Ruffer LLP have not hit their targets. The Trustees are monitoring the situation closely, given the current market conditions.

#### **Reserves**

The Trustees review their Reserves policy annually and currently consider that the Charity should hold reserves of about £5 million to cover the Charity should it suffer an immediate drop in income caused by external unforeseeable circumstances. This sum would provide for operating costs and charitable expenditure for a 12 month period. On 31 October 2007, free reserves stood at £4.7m.

#### **Fixed assets**

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements. The Trustees are content that the market value of Vincent House, Horsham is in excess of the value shown on the balance sheet, but do not feel that the cost of obtaining a professional valuation is justified.

#### **Auditors**

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By order of the Council  
of Trustees



Chairman

18 March 2008

# 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 October 2007 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes as set out on pages 10 to 20. These financial statements have been prepared in accordance with the accounting policies set out on page 13.

This report is made solely to the company's Members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's Members as a body, for our audit work, for this report, or for the opinion we have formed.

## **Respective responsibilities of the Trustees and auditors**

The responsibilities of the Trustees, who are also the directors of Action Medical Research for the purposes of company law, for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on pages 5 & 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK 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 the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

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

## **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Independent auditors' report  
to the members of  
Action Medical Research

**Unqualified opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company as at 31 October 2007 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 the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.



Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

9 April 2008

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

# Action Medical Research

## statement of financial activities for the year ended 31 October 2007

(incorporating an income & expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds 2007	Total funds 2006
		£	£	£	£
<b>Incoming resources</b>					
Voluntary income	3	4,743,931	1,158,594	5,902,525	5,122,383
Investment income	4	344,669	-	344,669	351,119
Covenant from trading subsidiary	5	10,332	-	10,332	28,075
Total incoming resources		5,098,932	1,158,594	6,257,526	5,501,577
<b>Resources expended</b>					
<b>Cost of generating income</b>					
Cost of generating voluntary income	3	2,493,561	88,934	2,582,495	2,476,640
Investment management fees		95,900	-	95,900	75,086
<b>Charitable activities</b>					
Grants for medical research	6,13	3,085,738	269,700	3,355,438	3,292,233
Medical research dissemination	6	784,334	-	784,334	753,620
Governance costs	6	36,610	-	36,610	35,577
Total resources expended		6,496,143	358,634	6,854,777	6,633,156
<b>Net incoming/ (outgoing) resources</b>					
		(1,397,211)	799,960	(597,251)	(1,131,579)
Transfers between funds	8	799,960	(799,960)	-	-
Realised gains/(losses) on investments		202,726	-	202,726	554,764
Net income/expenditure for the year		(394,525)	-	(394,525)	(576,815)
<b>Other recognised gains &amp; losses</b>					
Unrealised gains/(losses) on investments		104,988	-	104,988	(24,375)
<b>Net movement in funds</b>					
Balances brought forward at 1 November		5,497,603	-	5,497,603	6,098,793
Balances carried forward at 31 October		5,208,066	-	5,208,066	5,497,603

# Action Medical Research balance sheet as at 31 October 2007

	Note	2007	2006
		£	£
<b>Fixed assets</b>			
Tangible	9	522,103	537,534
Investments – at market value	10	10,098,250	9,831,298
		10,620,353	10,368,832
<b>Current assets</b>			
Debtors	11	1,457,749	1,273,302
Cash on deposit and at bank		643,376	477,946
		2,101,125	1,751,248
<b>Creditors</b>			
Amounts falling due within one year	12	(4,853,231)	(3,897,103)
<b>Net current liabilities</b>		(2,752,106)	(2,145,855)
<b>Total assets less current liabilities</b>		7,868,247	8,222,977
<b>Creditors</b>			
Amounts falling due after more than one year	12	(2,660,181)	(2,725,374)
<b>Total net assets</b>		5,208,066	5,497,603
<b>Funds</b>			
Unrestricted funds (including unrealised gains on investments of £34,013 (2006: £nil))		5,208,066	5,497,603
<b>Total funds</b>		5,208,066	5,497,603

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

The financial statements were approved by the Trustees on 18 March 2008 and were signed on their behalf by:



Keith McCullagh  
Chairman



Paul Biddle  
Honorary Treasurer

# Action Medical Research cash flow statement for the year ended 31 October 2007

	Note	2007	2006
		£	£
<b>Net cash outflow from operating activities</b>	a	(192,176)	(1,092,301)
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received		344,669	351,119
<b>Capital expenditure and financial investment</b>			
Payments to acquire investment assets		(4,584,795)	(8,522,593)
Payments to acquire tangible fixed assets		(27,825)	(46,514)
Receipts from sale of investment assets		4,625,557	9,145,128
Net cash inflow from capital expenditure and financial investment		12,937	576,021
<b>Increase/(decrease) in cash</b>	b	165,430	(165,161)
<b>Notes to cashflow statement</b>			
a) Reconciliation of movements in cash with movements in net funds			
Cash at 1 November		477,946	643,107
Cash at 31 October		643,376	477,946
Increase/(decrease) in cash		165,430	(165,161)
b) Reconciliation of net outgoing resources to net cash outflow from operating activities			
Net outgoing resources		(597,251)	(1,131,579)
Depreciation (less profit on sale tangible assets)		43,256	39,119
Investment income		(344,669)	(351,119)
Grants authorised		3,009,481	3,124,814
Grants paid		(2,263,498)	(1,932,847)
Increase in debtors		(184,447)	(784,171)
Increase/(decrease) in creditors		144,952	(56,518)
Net cash outflow from operating activities		(192,176)	(1,092,301)

# Action Medical Research

## notes to the financial statements for the year ended 31 October 2007

### **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 October 2007 there were 30 Members.

### **2. Accounting policies**

#### **a) Format of financial statements**

The financial statements are drawn up in accordance with 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 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% and 25% per annum on cost respectively. The building element of the freehold property is depreciated at 2% on cost.

#### **e) Investments**

Investments are stated in the balance sheet at their 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 October 2007

### 3. Voluntary income

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2007</b>	<b>2006</b>
	£	£	£	£
<b>Gross income</b>				
Donations	2,894,886	1,014,400	3,909,286	3,252,791
Legacies	493,745	-	493,745	471,531
Challenge events	1,355,300	144,194	1,499,494	1,398,061
Totals	4,743,931	1,158,594	5,902,525	5,122,383
<b>Cost of generating voluntary income</b>				
Donations	1,664,023	-	1,664,023	1,659,313
Legacies	42,982	-	42,982	51,854
Challenge events	786,556	88,934	875,490	765,473
Totals	2,493,561	88,934	2,582,495	2,476,640

#### 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.

#### National events

Income from events in the 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

	<b>2007</b>	<b>2006</b>
	£	£
UK equities	18,808	49,889
Overseas equities	53,086	18,406
UK fixed interest	179,755	224,575
Overseas fixed interest	61,397	39,641
Bank deposit interest	31,623	18,608
	344,669	351,119

### 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 October 2007 its turnover was £22,844 and the net profit was £10,332. A Gift Aid payment of £10,332 was made to the Charity. At 31 October 2007 the company had no capital and reserves and a balance due to Action Medical Research of £83.

Action Medical Research  
notes to the financial statements for  
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6. Resources expended

	<b>Staff costs</b>	<b>Other costs</b>	<b>2007</b>	<b>2006</b>
	£	£	£	£
<b>Cost of generating income</b>				
Voluntary income	1,019,166	1,563,329	2,582,495	2,476,640
Investment management fees	-	95,900	95,900	75,086
Total cost of generating income	1,019,166	1,659,229	2,678,395	2,551,726
<b>Charitable activities</b>				
Grants for medical research	-	3,009,481	3,009,481	2,969,321
Grant administration costs	274,892	71,065	345,957	322,912
Total grant expenditure	274,892	3,080,546	3,355,438	3,292,233
Medical research dissemination	441,786	342,548	784,334	753,620
Governance costs	13,525	23,085	36,610	35,577
Total charitable expenditure	730,203	3,446,179	4,176,382	4,081,430
Total resources expended	1,749,369	5,105,408	6,854,777	6,633,156

Grant administration includes central support costs of £56,798

Medical research dissemination includes central support costs of £106,496

<b>Staff costs:</b>	<b>2007</b>	<b>2006</b>
	£	£
Wages and salaries	1,506,858	1,416,569
Social security costs	153,042	145,260
Pension costs	89,469	86,659
Total	1,749,369	1,648,488

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

	<b>2007</b>	<b>2006</b>
Grant administration	8	8
Medical research dissemination	11	11
Fundraising	30	29
Charity governance	1	1
Total	50	49

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

	<b>2007</b>	<b>2006</b>
£70,000 to £79,000	1	1

Contributions totalling £4,602 were paid in the year to a defined contribution pension scheme in respect of the above employee.

Action Medical Research  
notes to the financial statements for  
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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 2006-07 £286 expenses were claimed by three Trustees. In 2005-06 £332 expenses were claimed by two Trustees.

**7. Expenditure**

Included within expenditure are the following costs:

	<b>2007</b>	<b>2006</b>
	£	£
Auditors' remuneration	17,500	17,155
Operating lease payments	18,252	15,310
Depreciation	43,256	48,089

**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**

	<b>Freehold property</b>	<b>Fixtures &amp; fittings</b>	<b>Totals</b>
	£	£	£
<b>Costs</b>			
At 1 November 2006	745,216	601,072	1,346,288
Additions	7,436	20,389	27,825
Disposals	-	218,808	218,808
At 31 October 2007	752,652	402,653	1,155,305
<b>Depreciation</b>			
At 1 November 2006	265,397	543,357	808,754
Additions	13,853	29,403	43,256
Disposals	-	218,808	218,808
At 31 October 2007	279,250	353,952	633,202
<b>Net book value at 31 October 2006</b>	479,819	57,715	537,534
<b>Net book value at 31 October 2007</b>	473,402	48,701	522,103

The land cost of the freehold property is estimated by the Trustees at £60,000 (2006: £60,000). All fixed assets are held for the Charity's own use.

Action Medical Research  
notes to the financial statements for  
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## 10. Fixed asset investments

	<b>2007</b>	<b>2006</b>
	£	£
Market value:		
At beginning of year	9,831,298	9,923,444
Additions	4,584,795	8,522,593
Disposal proceeds	(4,625,557)	(9,145,128)
Realised (losses)	202,726	554,764
Unrealised (loss)/gains	104,988	(24,375)
At end of year	10,098,250	9,831,298
Being at market value:		
UK equities	1,623,132	366,720
Overseas equities	2,715,450	3,270,758
UK fixed interest	3,756,174	4,173,993
Overseas fixed interest	2,002,021	2,018,354
Unlisted investments – associated company	1,473	1,473
	10,098,250	9,831,298
Cost of investments	10,064,237	9,855,673

Unlisted investments – associated company: this represents the Charity's 24.9% shareholding in Helpcards Limited.

The principal activity of Helpcards Limited is the publishing of Christmas cards. Its turnover for the year ended 30 April 2007 was £102,466 with a profit of £85,182. The distribution to charity shareholders was £82,500.

## 11. Debtors

	<b>2007</b>	<b>2006</b>
	£	£
Prepayments	100,720	97,184
Other debtors	1,077,259	960,306
Income tax recoverable	269,438	186,246
Action Medical Research (Trading) Ltd	10,332	29,566
	1,457,749	1,273,302

Action Medical Research  
notes to the financial statements for  
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## 12. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£	£	£	£
Research grants payable	4,590,153	3,778,977	2,660,181	2,725,374
Trade creditors	78,252	14,152	-	-
Accruals	108,577	75,114	-	-
Deferred income	76,166	28,860	-	-
Action Medical Research (Trading) Ltd	83	-	-	-
<b>Total</b>	<b>4,853,231</b>	<b>3,897,103</b>	<b>2,660,181</b>	<b>2,725,374</b>

## 13. Research grants

Research grants payable

	<b>2007</b>	<b>2006</b>
	£	£
Amounts outstanding 1 November	6,504,351	5,312,384
New research grants awarded	3,009,481	2,969,321
Amounts paid during the year	(2,263,498)	(1,777,354)
<b>Amount outstanding 31 October</b>	<b>7,250,334</b>	<b>6,504,351</b>
The outstanding balance is payable:		
Within 12 months	4,590,153	3,778,977
After more than one year	2,660,181	2,725,374
	<b>7,250,334</b>	<b>6,504,351</b>

Action Medical Research  
notes to the financial statements for  
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**13. Research grants** continued

Schedule of grants awarded in the year ended 31 October 2007

	<b>Number of grants</b>	<b>£</b>
Cambridge University	1	193,442
Cardiff University	1	120,000
Guys Hospital, London	1	118,394
Imperial College London	3	370,224
Institute of Child Health	1	114,392
Keele University	1	78,002
King's College London	1	114,752
Newcastle University	1	30,927
Nottingham University	1	115,697
Queen's University Belfast	2	212,470
Royal Manchester Children's Hospital	1	7,491
University of Aberdeen	1	158,875
University of Bath	1	124,161
University of Birmingham	2	245,182
University of Bristol	2	260,015
University of Glasgow	1	120,660
University of Hull	2	172,704
University of Leicester	1	103,329
Hope Hospital, Salford	1	53,924
University of Oxford	1	161,296
University of Salford	1	35,775
Wellcome Trust Centre of Human Genetics, Oxford	1	129,012
	28	3,040,724
Adjustment to previous grant awards	-	(31,243)
Total new research grants awarded	28	3,009,481

#### 14. Pension scheme

The pension charge for the year comprises:

	<b>2007</b>	<b>2006</b>
	£	£
Action Medical Research Group Personal Pension Plan	89,469	86,659

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

#### 15. Related party transactions

At the meeting of Trustees held on 18 March 2008 the Trustees confirmed that, following appropriate enquiries, they were not aware of any related party transactions which required disclosure in the financial statements, but wished to disclose the following Trustee connection:

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".

#### 16. Operating lease commitments

At 31 October 2007 the Charity was committed to making the following payments during the next year in respect of operating leases:

<b>Motor vehicles</b>	<b>2007</b>	<b>2006</b>
	£	£
Leases which expire:		
Within one year	15,921	18,252
Within two to five years	2,942	18,863
	18,863	37,115

# Advisory Committees serving Board of Trustees

## Investment & Audit Committee

### Chairman

Paul R Biddle, FCA

David Gibbs

Charles Jackson

Stephen May

Rupert Pennant-Rea

Sir John Wickerson, LLB

– Solicitor to the Charity

## Risk Management Committee

### Chair

Val Hammond, BA, CCMi, MIOd

Colin Hunsley, BSc, CEng, MIMechE

Karen Jankel, BSc

## Marketing Committee

### Chair

Ann Paul

Mark Astarita

Debra Broadhurst

Lewis Coghlin

Kate Cox

Michael Hapgood

David Haseler

Karen Jankel

Diana Marsland

## Advisory Panel on Medical Engineering, Orthopaedics and Hard Tissue Research

### Chairman

Professor David S Holder, MA, MA PhD, FInstP, FRCP

Dr Gonzalo Alarcon, MD, PhD

Dr Jane Burridge, PhD

Professor Cosimo de Bari, MD, PhD

Professor Sandra Downes, PhD

Professor David Marsh, MD, FRCS

Professor Alexander C Nicol, BSc, PhD – retired May 2007

Professor Philip Rowe, PhD, BSc (Hons) – appointed October 2007

Ruth Sutherland, BSc, MBA

Tim Theologis, MD, MSc, PhD, FRCS

## Scientific Advisory Panel

### Chairman

Professor Charles French-Constant, PhD, FRCP

– retired 29 January 2008

Professor Andrew J T George, MA, PhD, FRCPath, FRSA

– appointed 29 January 2008

Professor Noel J Buckley, BA, MA, PhD

Professor Janet A Eyre, DPhil, FRCPath

Professor Adam H R Finn, MA, PhD, FRCPath

Professor Neil Marlow, DM, FRCP

Professor Jane E Norman, MD, MRCOG

Professor Peter J M Openshaw, FRCP, FMedSci – retired June 2007

Professor Steve Thornton, DM, MRCOG – appointed July 2007

Professor Andrew J Wardlaw, FRCP, PhD – appointed October 2007

Professor Susan C Wray, PhD – retired February 2007



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