

MRC

Medical
Research
Foundation



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Registered Charity Number: 1138223
Registered Company Number: 7366816

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LEGAL AND ADMINISTRATIVE INFORMATION

Board of Trustees

Mr Charles Perrin CBE (Chair of the Board of Trustees)

Mr Michael Brooks (until 31/03/12)

Professor Eve Johnstone CBE

Professor Nicholas Lemoine

Professor Genevra Richardson CBE

Mr Anthony Smith CBE

Dr Alan Stone

Mr Steven Visscher (from 01/04/12)

Business Manager

Dr Angela Hind

Accountants

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London W1U 4JT (until 12/06/12)

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Auditors

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Bankers

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OUR AIMS AND HOW WE AROSE

THE MEDICAL RESEARCH FOUNDATION IS THE REGISTERED CHARITY OF THE MEDICAL RESEARCH COUNCIL.

The Medical Research Council (MRC) is the UK's main Government-funded body charged with improving human health through medical research. In addition to its government funding, the MRC has long been eligible to accept charitable bequests and donations from the giving public and separately registered these charitable funds with the Charity Commission in 1968 (as the 'Trust Funds administered in connection to the Medical Research Council'). In addition, in 1959 the trusteeship of the Fleming Memorial Fund for Medical Research (a separately registered charity established to honor the late Sir Alexander Fleming, discoverer of penicillin, to support medical research anywhere in the world) transferred to the MRC.

In 2010, the trustees of the 'Trust Funds administered in connection with the Medical Research Council' and the Fleming Memorial Fund for Medical Research registered a new charity with a modern governance structure to administer these funds. On 1 April 2011, by Order of the Charity Commission the assets of the old charities were transferred to the new Medical Research Foundation and the old charities were closed. By way of a Declaration of Trust and a subsequent Deed of Assignment, the charity funds gifted by the public to benefit the MRC are assigned to the Medical Research Foundation.

The aims of the Medical Research Foundation are to promote medical research anywhere in the world, and in particular to support research, training, public engagement with research and the dissemination of research results for the improvement of human health. These charitable funds are used to complement and extend the important medical research that is supported by the MRC.

WELCOME

WELCOME FROM THE CHAIR OF THE BOARD OF TRUSTEES

This has been an excellent year for the Medical Research Foundation. We have completed our restructuring and we started the year transferring assets from the old charities to our newly established charitable company, the Medical Research Foundation. Our modern governance structure has also allowed us to forge ahead with our plans to invest more in the medical research that can improve people's lives.

This year, in fulfilling specific research wishes of our donors, we were able to provide support for research into the molecular biology underlying diseases such as cancer, and neurodegenerative diseases such as Alzheimer's and Parkinson's. We saw our support for research that extends basic biology into the clinic in respect of bowel cancer reach a conclusion and we continued our efforts to support research on liver diseases. There are many highlights of 2011/12, not least funding the dissemination of the research results from ground-breaking MRC-funded studies on the use of anti-retroviral therapies for HIV in Africa, and resuscitating critically ill children in Africa.

Our primary focus for funding research from our unrestricted funds has been to tackle disease areas that have a big impact on human health but attract few charitable donations. During the year, we fulfilled our previously reported commitment to mental health research by making almost £2 million of our unrestricted funds available to train the next generation of psychiatric researchers to tackle the mental health problems that afflict such a high proportion of the UK population.

The trustees are committed to ensuring that the wishes of our donors are met and that the research that will have the biggest impact on the health of the nation is supported. I would like to thank all the trustees for their hard work; and particularly, Michael Brooks who stepped down as a trustee at the end of the year after over 6 years of dedicated service. I should also like to welcome Stephen Visscher as a new MRC-nominated trustee. Stephen is currently the Deputy Chief Executive of the Biotechnology and Biological Sciences Research Council and brings with him a wealth of experience of the research landscape.

I hope that you will get a flavour from our report of the important research that we have been able to fund during the year, thanks to the support we receive from the very generous giving-public, who continue to support the MRC through its charity, the Medical Research Foundation.



Charles Perrin CBE
Chair of the Board of Trustees

WELCOME FROM THE MRC'S CHIEF EXECUTIVE

I should like to take this opportunity to welcome the revitalised Medical Research Foundation to the research funding arena. We are very fortunate in the UK to have a generous public who regularly support a whole range of disease-specific charities. These charities, along with government funders like the MRC, are doing an admirable job funding research with the ultimate aim of finding cures and treatments for some of the most common and debilitating diseases. What makes the Medical Research Foundation unique as a medical research charity is that it has a broad remit and is able to provide support across the whole spectrum of biomedical research. This means that the trustees have been able to use the funds that have been generously given by benefactors for unrestricted purposes, to support medical research in areas that do not normally attract much charitable income, yet may have such a significant impact on the health of the nation - areas such as mental health research. I would like to congratulate the trustees for focusing the Foundation's efforts on these Cinderella research areas and on supporting research that will improve people's lives. On behalf of the giving-public and the future beneficiaries of this research, I would like to thank Charles Perrin for his excellent leadership over the past year and to thank the trustees for their dedication and hard work.

The Medical Research Foundation is in a position to make a significant contribution to medical research funding on behalf of its donors, and the Medical Research Council is happy to continue to provide the expert support that will allow the Foundation to flourish.



Professor Sir John Savill

Chief Executive, Medical Research Council

REPORT FROM THE TRUSTEES

OUR PERFORMANCE AND ACHIEVEMENTS

The Medical Research Foundation's goal is to improve human health.

We aim to fulfill our goal by:

- providing support for the **basic research** that increases understanding of the biological processes underpinning human health and disease and undertaking **research on conditions and diseases that devastate lives;**
- funding the **training** and providing support for **the next generation** of medical researchers to address the biomedical research questions of the future;
- providing opportunities for facilitating **collaborative research** and the **transfer of research skills;** and,
- providing support to **disseminate research results** beyond the scientific press to those that can change health-care policy and practice or personal life choices.

The Medical Research Foundation can provide support for research across a whole range of disciplines addressing any of the major research questions that are central to improving human health. The giving-public often determine the research that we will fund by restricting their legacies and donations to support research into a particular disease or a research team. In these cases, the trustees are led by the donors' wishes in determining which area of biomedical research to prioritise, and by scientific experts on which questions need to be addressed in this area and how most effectively to do so. However, many of our supporters prefer to make unrestricted donations. Here, the trustees' take the advice of the MRC's experts to identify the human health issues with the most pressing need for research and to determine the form of support that we can provide that will make the biggest difference.

We set our funding priorities on a 5-yearly cycle giving appropriate weight to the research wishes of our donors and the national research needs identified by the experts. During 2011/12 we continued to fund the research priorities identified by both of these groups - investing in training to ensure that the UK has capacity to conduct high quality mental health research, continuing to add to the body of knowledge of liver diseases and understanding the biology of diseases of ageing. During the year we supported 39 new research grants, fellowship and studentship awards amounting to £2.8 million – details of all of these awards can be found on page 16. Here we showcase a sample of some of the important research that we have funded.

Basic research underpinning understanding

Molecular biology underlying diseases of ageing

Almost 20% of the proteins encoded in the human genome contain small structural units repeated in tandem. Disruption of these so-called 'tandem repeat proteins' plays a central role in two of the biggest medical problems facing our ageing population, namely cancer and neurodegenerative disease, and is implicated in a range of other disorders including inflammatory, cardiovascular and respiratory diseases. In order to find new ways to treat these diseases an understanding of the basic mechanisms underlying repeat protein functions is required. During the year, we provided a £334,000 Senior Fellowship to Dr Laura Itzhaki (University of Cambridge) to assemble a new toolbox of techniques to overcome the research challenges specific to these proteins and to address key questions about their unique architectures. The research will be used for the development of drug-like molecules to manipulate the behaviour of these proteins for therapeutic benefit. This funding was provided from our restricted Sir Cusrow Wadia Research Fund left by Lady Wadia in memory of her late husband Sir Cusrow Wadia to support research in Cambridge University.

The biology of neurodegenerative diseases like Alzheimer's and Parkinson's disease is understood in broad outline. They are characterised by the accumulation of protein deposits in the central nervous system, the formation of which is believed to be associated with degeneration at the molecular and cellular level. Two particular neuronal proteins that form deposits in either Alzheimer's or Parkinson's disease are also found in a range of other neurodegenerative disease which have distinct and overlapping clinical outcomes. It remains a complete mystery how each deposit might cause different diseases. During 2010/11 we received a generous donation from Mrs Gisella Whittaker in memory of her late husband, to support Dr Michel Goedert's research at the MRC's Laboratory of Molecular Biology on better understanding the biological processes involved in the accumulation of these deposits and the differing clinical outcomes.

Tackling diseases that devastate lives

Colorectal cancer risk and weight loss

The association between excess body weight and elevated risk of several cancers, including colorectal cancer, is well established. During the year, Professor Mark Hull (Leeds University) completed his Medical Research Foundation-funded research study investigating the effect of weight loss by either weight-reduction surgery or by dietary measures, on future colorectal cancer risk and inflammation in individuals with severe obesity. We had provided £213,000 funding from the Williams Barker Bequest left to provide support for cancer research in a Yorkshire university.

Our funding allowed Professor Hull and his team to demonstrate that obese individuals requiring weight-reduction surgery demonstrate signs consistent with increased bowel cancer risk. Those individuals who then underwent gastric bypass surgery for weight reduction unexpectedly had a further long-term increase in these signs (3 years after surgery) compared with obese patients who did not undergo weight-reduction surgery. In contrast, patients who underwent a different form of weight-reduction surgery called sleeve gastrectomy, did not develop the same signs a few months after surgery suggesting that this form of surgery may not be associated with increased future bowel cancer risk. Professor Hull studied inflammation in patients before and after weight-reduction surgery and

demonstrated that excess body weight and weight loss were associated with complex changes in the chronic inflammation associated with obesity. He compared the patients undergoing surgery for weight loss with those attending a community dieting scheme who already had signs of bowel inflammation, and demonstrated a decrease in these signs alongside weight loss, suggesting that diet and physical exercise can reduce the inflammatory state associated with excess body weight.

These initial results are very interesting and Professor Hull intends to seek further support to extend his studies to develop a body of evidence to support discussions about the need for surveillance for patients undergoing certain forms of weight reduction surgery. Further understanding of the link between obesity and inflammation may lead to specific anti-inflammatory therapy for those at risk of cancer associated with excess body weight.

Drug provoked liver disorders

Liver toxicity is a common cause of failure in drug development. Even after successful licensing, adverse drug effects may occur in some patients due to rare individual genetic variation coupled with the use of drugs or other stimuli.

The body employs a natural chemical called haem to carry oxygen in the blood, for burning food fuels for energy and in drug metabolism and the liver makes 10-15% of the body's haem. A genetic defect in making haem can lead to diseases called porphyrias, the consequence of which can be liver damage. One of the most severe of these diseases is acute intermittent porphyria (AIP) in which patients have sudden onset of life-threatening abdominal pain associated with increased activity of an enzyme of liver haem production, which in over-production can be a toxin to nerve tissue. AIP is triggered by various drugs, alcohol, hormones and sugar metabolism that stimulate haem production in the liver by increasing enzyme activity. The reasons for liver damage are not fully understood, however, only 10% of people with a particular genetic mutation develop clinical AIP and so it is thought that other genetic and physiological reasons must play a role. During 2011/12, we provided £135,000 to fund a post-doctoral researcher to further understand the molecular mechanisms of genetic variability in liver haem formation and breakdown in response to drugs and other physiological stimuli, with the aim of contributing to more precise and successful treatments of AIP. Funding was provided by various donors wishing to support research at the MRC's Toxicology Unit.

Training the next generation of researchers to improve lives

Clinical training programme for mental health research

Poor mental health is common and disabling, affecting 16.7 million people in the UK at any one time and accounting for 15% of all the disability due to disease. It is estimated to cost at least £77 billion annually in England alone and severe forms of mental illness are associated with social exclusion and deprivation. Mental health problems frequently start in childhood and persist affecting people at crucial stages: in the home, during school and through working life into old age.

The science of the brain has now advanced to the point where researchers can model aspects of psychiatric disorders in cells, animals and even computers and thereby develop new treatments to improve the lives of psychiatric patients. Advances in psychiatry however have not kept pace with increasingly rapid developments in diagnostics and therapeutics. To realise the potential of the opportunities presented by biomedicine and cognitive

neuroscience, the training of the next generation of psychiatrists needs to cross traditional psychiatry department boundaries and take an interdisciplinary approach. In particular, the next generation of academic psychiatrists need to be familiar with cutting-edge research techniques so that they can develop new treatments and preventative strategies for mental illness, and the clinical trial methods to test whether they work.

In 2010/11, following a competition open to consortia of research institutions around the UK keen to deliver a national interdisciplinary research training, the Medical Research Foundation, in collaboration with the Medical Research Council, awarded a £2.2 million grant to a consortium led by Professor Stephen Lawrie at Edinburgh University to fund the PsySTAR PhD fellowship programme. The Medical Research Foundation was the primary funder of the award making a 90% contribution to the total costs of the training programme. Support for this programme was provided by donors who gave us unrestricted funds.

Molecular biologists

The MRC's Laboratory of Molecular Biology in Cambridge is world renowned for undertaking basic research of the biological processes underpinning human health and disease. Throughout the year, we have continued to provide student bursaries to low-income PhD students studying at the laboratory. We were able to support the studies of ten promising young researchers in 2010/11, thanks to a generous legacy from the late Mr Strauss.

In 2009/10, we granted the Weatherall Institute for Molecular Medicine at the University of Oxford, approximately £22,000 to support selected students to attend specialist scientific conferences in order to present their research results or develop their understanding and skill-base. During 2010/11, the Institute used this support to award eleven conference travel bursaries to students across a range of diseases areas from AIDS to cancer. This scheme is supported from the Eva Dresel Legacy left to support activities at the Institute.

Training GP's, nurses and Allied Health Professionals

In 2007, the MRC advised that there was an unmet national training need amongst GPs and Allied Health Professionals (AHPs) (e.g. physiotherapists, radiologists) for training in the research methods underpinning clinical trials, epidemiology and health services research. In response, we launched a three-year Alice Cory Fellowship pilot scheme to fill this gap and provide early research training for these key groups of potential researchers. Over the course of 2011/12, we reviewed the success of the scheme through which we had invested £330,000 in the training of seventeen GPs, nurses and Allied Health Professionals. The review demonstrated that there was initially a high demand and that good quality candidates were awarded fellowships. We were able to demonstrate that the Alice Cory Fellowship had had an impact on the subsequent research competitiveness of a number of the fellows and the pilot scheme could be considered a success. Never-the-less, the research funding landscape has changed since its inception and the National Institute for Health Research is now a major funder of research training for these groups of future medical researchers. Accordingly, despite the success of the pilot scheme, the trustees agreed that there was no longer a funding gap that needed to be filled and the pilot scheme will not be extended.

Disseminating research results

Resuscitating critically ill children

In high-income countries, when children develop shock they are given fluids rapidly through a drip into a vein. Such shock can occur after traumatic injuries, burns and severe infections and as a result the body compensates by diverting blood flow to the vital organs in an attempt to stave off death. Shock due to severe infections affects around 10 per cent of children admitted to African hospitals, many of whom die within hours of admission. The MRC's-funded randomised FEAST trial (Fluid Expansion As Supportive Therapy) had recently demonstrated that this long-standing and key treatment used in wealthy countries to resuscitate critically ill children with shock, was harmful when given to African children with shock. Providing fluids slowly was shown to be safer and more effective in aiding recovery in African children. This was the first time anywhere in the world that the treatment had been evaluated for safety and effectiveness in a large randomised clinical trial, despite the fact that it has been standard practice for over two decades in much of the world. The findings challenged World Health Organization (WHO) guidelines on the treatment of African children with fever and shock caused by malaria, sepsis and other infections.

During 2010/11, Professor Kathryn Maitland and Professor Diana Gibb (MRC Clinical Trials Unit) applied for funds to support the dissemination of the results from their trial. They were of the view that international and national policy makers needed to revise guidelines in the light of these findings, in order not to leave doctors in any dilemma over the immediate fluid management of the critically sick shocked child in Africa. They had estimated that three lives in every 100 severely ill children could be saved if the results are fully implemented. The trustees agreed that without an active programme of engagement and review of guidelines, there might be delays in implementing the results and we provided £30,000 funding to support dissemination activities with the aim of changing international policy. The dissemination activities started in earnest in December 2011 and much progress has been achieved. We will report on the impact of the dissemination programme in our next trustee report. The FEAST study has recently won the British Medical Journal's research paper of the year award. For more information on the trial visit: www.feast-trial.org.

These important dissemination activities were funded from the Fleming Memorial Fund for Medical Research.

Effective, cheaper treatment for HIV

The AIDS epidemic started officially in June 1981. Since then HIV has infected almost 60 million people, and around 25 million have died from AIDS related diseases. By far the worst affected region is sub-Saharan Africa which in 2008 accounted for a third of all infections.

The response to the epidemic has been enormous, with substantial sums of money being dedicated to both developing treatments and prevention interventions, and equalising access to care across vast social and economic divides. In 2005, Heads of State and Governments at the UN world summit committed to the goal of Universal Access to treatment by 2010. At the end of 2007, only 31% of people who needed antiretroviral therapy (ART) globally had access to it. In 2011 this figure still fell short of the goal. Inevitably the majority of those who remain in need of treatment live in low- and middle-income countries. One barrier to ART roll-out in such settings is the perception that all patients on treatment need regular laboratory tests to maximise the effectiveness and minimise the side effects of the antiretroviral therapy. This is a major obstacle, particularly in the rural areas of sub-Saharan Africa, where 65% of the population live.

The Development of Antiretroviral Therapy in Africa trial (DART) led by Professor Diana Gibb (MRC Clinical Trials Unit) was a 6 year randomised clinical trial funded by the MRC which investigated whether it is safe and effective to deliver ART without the use of routine laboratory blood tests in Uganda and Zimbabwe. The results of the trial showed that doing laboratory tests routinely (every 3 months) to monitor ART toxicity and side effects makes no difference to patients over an average of 5 years, and is very costly. These are important findings and we granted a £30,000 Alexander Fleming Dissemination award to the DART Trial Team to communicate these key messages to national and international policymakers, the worldwide HIV community and the general public, particularly in Africa. World AIDS day 2009 saw the start of the dissemination activities and they have included an event in Westminster to engage with UK stakeholders which was attended by representatives from the funders of the trial, various influential charities, House of Commons, and governments of Uganda and Zimbabwe; upgrading an existing film to broadcast standard and repackaging as a DVD in African, European and US formats; production of a 10-minute film highlighting the main policy recommendations which has been broadcast widely; and, the development of a Clinical Manual of Operations for use by HealthCare Workers in Africa.

Encouraging collaborations and skill-sharing

Medical research is a dynamic intellectual process that requires constant input of new ideas and techniques, and the development of technical skills in order to move forward and produce benefits for health. To facilitate the collaborations and skill-sharing that are essential to this process, we continued to provide short-term subsidised accommodation for visiting researchers from overseas to collaborate with researchers in the MRC's research units in London. We provided accommodation in our own residential property to a value of £121,000.

In addition, we continued to provide accommodation for key researchers, led by Professor Nigel Unwin of the MRC's Laboratory of Molecular Biology, to collaborate with colleagues in Kyoto University using a unique electron microscope suite to conduct research on the structure and function of the nicotinic acetylcholine receptor. This receptor is a key protein mediating communication between nerves and muscles, and the aim of the research is to increase understanding of how the receptor works with a longer term view of alleviating or preventing a range of neuromuscular disorders such as Motor Neurone disease (a progressive disease that attacks the motor neurones in the brain and spinal cord) or Myasthenia Gravis (an autoimmune muscle disease that results in weakness and debilitating fatigue).

We used our smaller restricted funds to provide conference travel awards to mid-career researchers working in areas consistent with donors' wishes and were able to support researchers working in arthritis research, and chronic fatigue syndrome/myalgic encephalopathy research. Where we had larger restricted sums available, we provided Skills Development and Training awards to meet the costs of younger researchers who are training in the UK's leading teams, to visit other laboratories to acquire new skills and learn new techniques. During 2011/12, we were able to support the skill development and collaboration of researchers working on influenza, pneumonia and depressive illnesses research.

NEW RESEARCH THAT WE SUPPORTED

We have highlighted some of the 39 new grants, fellowship and studentship awards that we made during 2011/12, in the earlier section; here we provide summary information on all of the new research that we supported during the year. These new awards amounted to an additional investment in UK medical research of £2,791k.

Basic research underpinning understanding

We provided support for research that underpins our understanding of the biological processes that determine human health and disease:

Funded from the Jeantet Prize Fund (for Sir Gregory Winter's research)

Funds to purchase specialist equipment to support Sir Gregory Winter's research at the MRC's Laboratory of Molecular Biology.

£75,000

Funded from the Jeantet Prize Fund (for Sir John Skehel's research)

Award to meet salary costs for one year of post doctoral researcher Dr Peter Coombs to develop a new technique for measuring the binding abilities of influenza viruses at the MRC's National Institute for Medical Research.

£34,000

Funded from the Ernst Jung Prize

Research expenses for Dr Terry Jones's continued involvement in the field of Positron Emission Tomography

£13,900

Funded from the Jeantet Prize Fund (for Sir Nigel Unwin's research)

Award to meet costs of maintaining accommodation to support collaborative work with researchers in Japan.

£3,700

Funded from the Greendale Fund

Funds to purchase specialist equipment to support Professor Troy Margrie's research at the MRC's National Institute of Molecular Biology on the brains ability to learn.

£1,900

Funded from the Descartes Prize Fund

Conference travel award for Dr Ian Holt to attend a workshop at the University of Nijmegen, Netherlands.

£1,200

Funded from the Descartes Prize Fund

Conference travel award for Professor Ian Holt and two PhD students to attend a Mitochondrial DNA workshop in Padova, Italy.

£750

Tackling diseases that devastate lives

Cancer research

Funded from the Sir Cusrow Wadia Research Fund

Three-year Senior Fellowship support for Dr Laura Itzhaki (University of Cambridge) to define the mechanism underlying tandem repeat proteins.

£334,000

Funded from the MRC Clinical Trials Unit Research Fund

Funds to supplement an existing Medical Research Foundation grant to support a systematic reviewer at the MRC's Clinical Trials Unit to undertake systematic reviews of cancer.

£19,000

Funded from the Fesht Research Fund

Two months salary support for Rainer Wilken to work with Professor Alan Fersht (University of Cambridge) on a tumour suppressant.

£5,500

Liver disorders

Funded from the MRC Toxicology Unit Research Fund

Three-years support for a postdoctoral researcher to understand the molecular mechanisms of genetic variability to liver damage in response to drugs.

£137,000

Alzheimer's and Parkinson's disease research

Funded from the Mrs Whittaker donation

Six months salary support for post-doctoral researcher Dr Shain Zibae to research the biological processes involved in the accumulation of aggregates in Alzheimer's and Parkinson's disease and the differing outcomes.

£25,000

Depressive illnesses research

Funded from the Dorothea Worthing legacy

Skills and Training Development Award to fund collaborative visits and conference travel for junior and intermediate level researchers in Professor Philip Cohen's laboratories at Oxford University, who are taking a biochemical perspective on the research of depressive illness.

£5,000

Growth hormone research

Funded from the MRC NIMR Robinson Research Fund

Award to meet the running costs of Dr Iain Robinson's research on endocrine factors and the control of growth at MRC's National Institute for Medical Research, for one year.

£40,000

Hearing research

Funded from the MRC Institute of Hearing Research General Purposes Fund

For the MRC's Institute of Hearing Research (Nottingham University) to co-fund, in conjunction with the British Society of Audiology, research grants in topics relating to hearing, tinnitus and balance.

£10,000

Heart diseases research

Funded from the Balzan Prize Fund

Support for Professor Tom Meade (London School of Hygiene and Tropical Medicine) to follow-up studies of the MRC-funded Northwick Park Heart Study and The Thrombosis Prevention trial.

£46,600

Influenza and pneumonia research

Funded from the Gordon Abernethy bequest

Skills training and development award to fund collaborative visits and conference travel of junior and intermediate level researchers working with Professor Tracey Hussell (Imperial College London) on the MRC-funded research 'Innate immune parameters leading to virus-induced bacterial pneumonia and sepsis' research.

£2,500

Chronic Fatigue Syndrome/Myalgic Encephalopathy

Funded from a donation in memory of the late Mr Adrian Tresson

Conference travel award for Dr Wan Ng (University of Newcastle) to present research results on his MRC-funded research 'Identifying the biological fingerprints of fatigue'.

£425

Conference travel award for Dr Carmine Pariante (Kings College London) to present research results on her MRC-funded research 'Persistent fatigue induced by interferon-alpha: a new immunological model for chronic fatigue syndrome.

£425

Arthritis research

Funded from the Arthritis Research Fund

Conference travel award for Dr William Dixon (University of Manchester) to present the results of his MRC-funded research on 'The safety of glucocorticoids in patients with inflammatory musculoskeletal conditions'.

£220

Training the next generation of researchers to improve lives

Training psychiatrists for mental health research

Funded from the General Purposes Fund

Seven-year grant support to Dr Steven Lawrie (University of Edinburgh) to establish a national research training programme for academic psychiatrists to develop the next generation of researchers capable of addressing the challenges of mental health research (PsySTAR).

£1,977,000

Nurses, GPs and Allied Health Professionals

Funded from the Alice Cory Fellowship Bequest

Supplement to the fellowship to Rachel Rowles, research approvals facilitator, to allow her to complete her Masters in Clinical Research Design and Management.

£8,300

Molecular Biologists

Funded from the MRC LMB Celltech Research Fellowship Fund

Three-year studentship support for Manuela Hospenthal to train at PhD level on protein and nucleic acid chemistry at the MRC's Laboratory of Molecular Biology.

£46,000

Six months studentship support for David du Pleiss to complete his training at PhD level on protein and nucleic acid chemistry at the MRC's Laboratory of Molecular Biology.

£6,800

Funded from the Descartes Prize Fund

Final supplement to the personal stipend awarded to Lawrence Kasak to complete his PhD level training in Dr Ian Holt's research group at MRC's Mitochondrial Biology Unit.

£5,800

Student bursary for Miriam Di Re to complete her PhD level training in Dr Ian Holt's research group at MRC's Mitochondrial Biology Unit.

£3,800

Supported from the Henderson Jeantet Prize Fund

Short-term salary support for Dr Guillame Lebon to work on the atomic structure of membrane proteins.

£2,000

Funded from the MRC LMB Strauss Bequest

Bursaries provided to the following individuals at the MRC's Laboratory for Molecular Biology to support their PhD-level training in molecular biology for 12 months: Bursary for Guilam Chalancon (£2,300), Juan Garaycochea (£2,300), Ashley Easter (£2,300), Maryia Karpiyevivh (£2,300), Wolfgang Schmied (£2,200), Sebastien Franklin (£2,200), Katsiaryna Bichel (£950), Ben Ravenhill (£700), Jerry Tam (£700) and Alexander Frey (£600).

Disseminating research results

Funded from the Fleming Memorial Fund for Research

Support for the dissemination of the research results from the MRC-funded trial: Fluid expansion as supportive therapy (FEAST)

£30,000

Support for the dissemination of the research results of the MRC-funded trial: The Development of Antiretroviral Therapy in Africa (DART).

£30,000

OUR AIMS FOR 2012/13

We are committed to extending our support for high-quality biomedical research that addresses the concerns of donors and the current health needs of the nation. During 2012/13:

Basic research underpinning understanding

We will continue to support researcher-led high quality basic research aimed at improving understanding of the biological processes underpinning human health and disease.

Tackling diseases that devastate lives

We will continue to focus our investment on **mental health** and **cancer research** and other conditions that can devastate lives and families:

Intellectual disabilities

In partnership with the MRC and the academic research community, we will investigate the feasibility of establishing a UK cohort of individuals with severe intellectual disabilities which have arisen due to impairment of brain development before or during birth or in early childhood, and which have been caused by biological and/or environmental factors. A well developed cohort would allow research to be conducted which improves understanding of how factors such as mental and physical health relate to health outcomes in those with intellectual disabilities and would enable more immediate studies to understand better the different aspects of the impairments and assist the establishment and optimisation of clinical and social management of these citizens. Assuming the establishment of such a cohort is feasible, we have made an in principle commitment of £1 million. This sum will only be made available if suitable high quality applications are received.

Puerperal psychosis

We will aim to ensure that the wishes of one of our supporters, the late Mr Levine, are met by offering up to £300,000 support for puerperal psychosis research. Puerperal psychosis covers a group of mental illnesses associated with the sudden onset of psychotic symptoms following childbirth and appears to be associated with established or undiagnosed bipolar disorder triggered by the birth. The research that we hope to support will improve understanding of puerperal psychosis and may also provide insights into bipolar disorder.

Cancer

We will make £260,000 available to support research on cancer in line with the wishes of our donors the late Miss M M and Mr E H Williams.

Myasthenia gravis

We will make £18,000 available for an additional study to an established research programme on Myasthenia gravis research, in line with the wishes of our donor, the late Ms Ethel Needham.

Chicken pox, shingles and pain

In addition, we will begin to develop ideas for supporting research into chickenpox, shingles and associated pain, in memory of Ann Hart, a donor's mother.

Training the next generation of researchers to improve lives

We will make up to £2 million support for research equipment for the UK's best new independent scientists whose research is funded by the MRC, to break new medical research ground and accelerate their research careers.

We will discuss opportunities for supporting research capacity building in Africa to contribute towards the international efforts that are ensuring that there are sufficient skilled African researchers to undertake research on the health issues of the future.

Disseminating research results to change lives

We will continue to support the dissemination of MRC and Medical Research Foundation – funded research results beyond the scientific press to patients, study participants, policy makers and healthcare practitioners with a view to ensuring that healthcare policy and practice, and the ways that individuals conduct their lives, are based on up-to-date research evidence. We will provide support from our Fleming Memorial Fund for Medical Research.

Encouraging collaborations & skill-sharing

We will continue with our strategic review of our existing property and its role in achieving our objective of encouraging research collaborations and skill-sharing.

Promoting science

We will support the MRC's Centenary programme highlighting the impact of medical research on the nation's health.

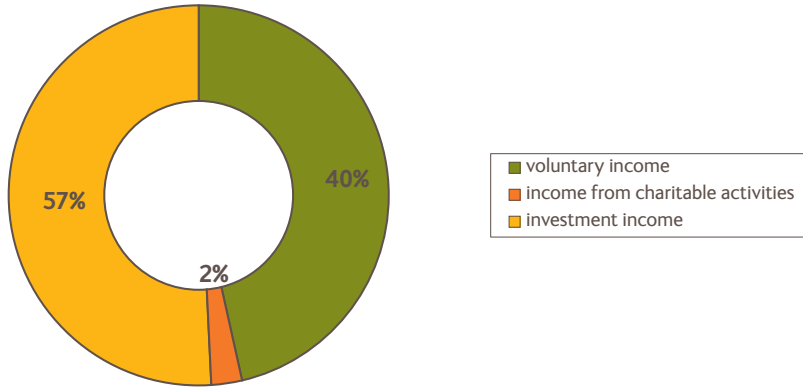
Supporting more research

We will review our communications strategy and develop plans for revising our fund-raising strategy with a view to supporting more research that will change lives by encouraging public interest and knowledge of the charity and by increasing charitable income.

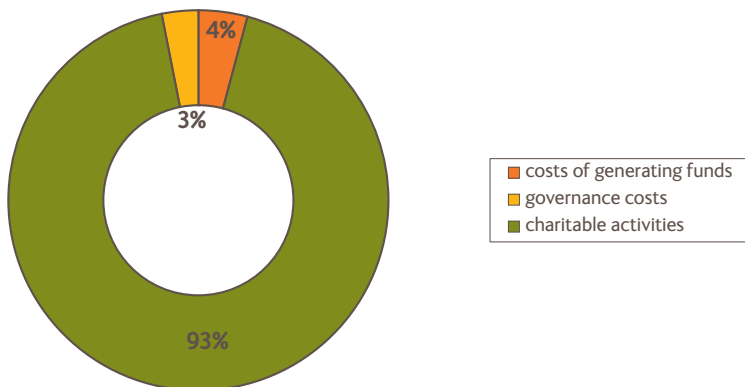
We will start 2012/13 with these intentions and will work towards fully implementing them. However, successful implementation will be dependant on: the time that is required to develop these ideas into feasible and achievable research funding plans; the quality of subsequently received applications from the scientific community; and, the extent to which the MRC is able to provide expert support and advice. Any plans not fully implemented in 2012/13 will be carried forward into 2013/14.

OUR FINANCES FOR 2011/12

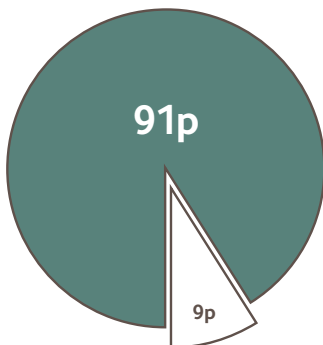
Our income at a glance:



Our expenditure at a glance:



For every £1 donated we invest 9p in further fundraising effort and are able to make 91p available to support research:



The charities financial statements for the year are on pages 36 and 37. A summary of the financial results of the year are set out below:

Incoming resources

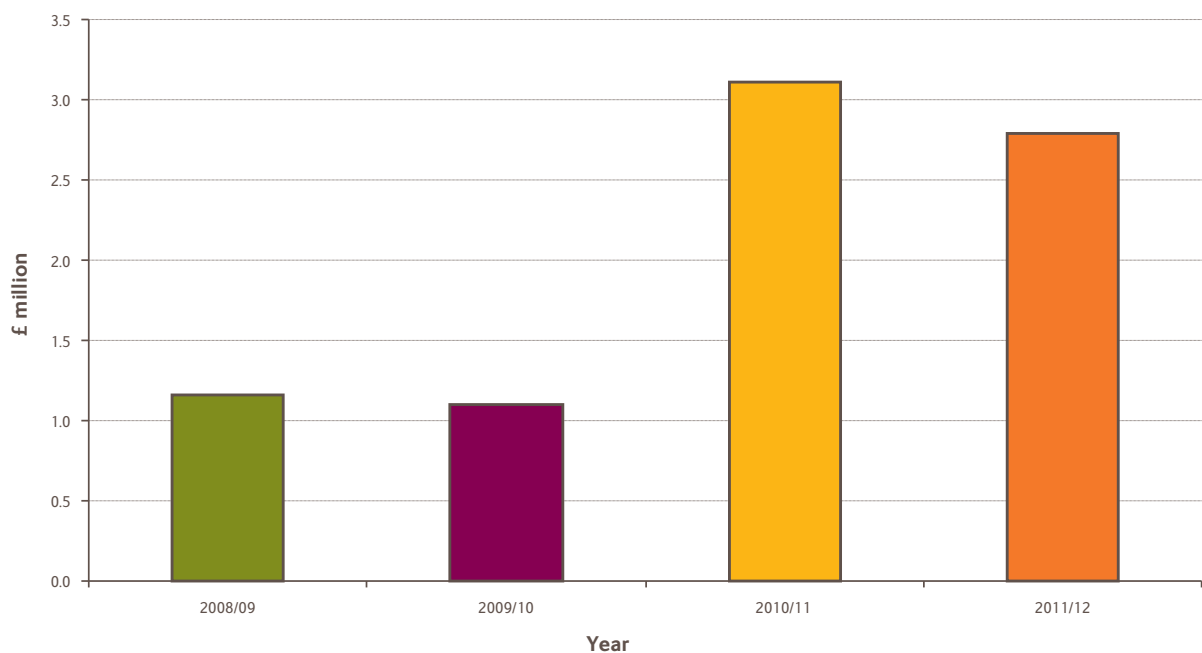
Despite the uncertain economic climate and the difficulties seen by most charities in raising voluntary income in this environment, our income increased to £2.9 million during the year compared to the previous year (2010/11: £2.1 million). Our voluntary income was principally derived from legacies which amounted to £1,216,000 and increased on the previous year (2010/11: £480,000) thanks to a small number of high-value bequests. Our investments provided our other main source of incoming resources and we received £1.46m income (compared with £1.33 million in 2010/11). The financial markets were very volatile during the year and the value of investments fluctuated throughout. Despite stable investment income levels, we made recognised losses on our investments of £877,000 (2010/11: recognised gain of £1.81 million). In contrast, we saw a significant unrealised gain on our functional property of £2.6 million compared to its last valuation in 2007.

We were in receipt of free services with a value of £94,000 from the Medical Research Council. This was less than in previous years as we assumed responsibility at the start of the year for the salaries of staff that work for us (2010/11: £215,000). In addition, we receive rental income from a property that we hold to support research and we received £69,000 during 2011/12. This was slightly higher than we received in 2010/11 (£53,000) and we have embarked on a strategic review of the property.

Resources expended

Total expenditure was £3.3 million during the year as we continued to spend more on research compared to two years ago. Total expenditure on charitable activities decreased slightly to £3 million (2010/11: £3.1 million) but was more than twice the expenditure in 2009/10 (£1.06 million) and 2008/09 (£1.16 million). This is the second year running that we have invested more in research than we received as income and reflects our ongoing commitment to making more of our funds available to conduct the research that our donors want and the research that will fulfil national research needs aimed at improving human health.

Our increasing commitment to research:



The costs of raising funds

We spend very little on advertising to generate voluntary income (less than £15,000) and for every

**£1 that we spent on advertising,
we received £95 in legacies and donations**

Investment management fees were 119,000 and were relatively static compared to last year (2010/11: £112,000). We saw a slight reduction in our governance costs - from £108,000 in 2010/11 to £99,000 in 2011/12 brought about by reducing our overhead and support costs. This was offset to some extent by an increase in legal fees as we pursue a legal case.

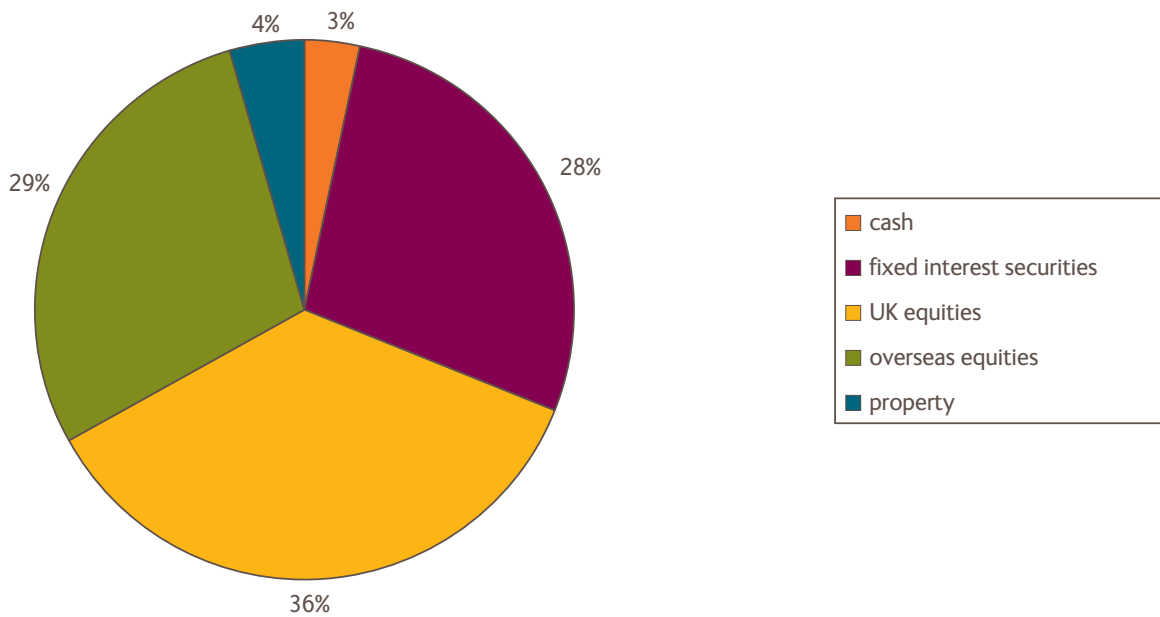
Reserves policy

The trustees are committed to making more funding available to support research over the medium-term and as a grant-giving charity our research commitments may span many years. In addition, we do not actively fundraise but rely on the charity's and the MRC's reputation to raise voluntary income, and on our investments to generate the income that we need to fulfil our commitments to existing research and our aims of increasing funds available for more research in the future. The charity's reserves position has been designed to ensure that these commitments and aims can be fulfilled and reflects the fact that the majority of the charity's voluntary income is relatively insecure and unpredictable, being dependent upon individual legacies and investment returns rather than regular programmed fundraising activities or major grants. We consider the current level of uncommitted, unrestricted funds satisfactory to generate suitable income from investments to support the current funding strategy and grant awarding programme. Unrestricted funds which have been committed in principle are held as designated funds.

Investment policy and performance

We have an investment policy which aims to provide an annual income sufficient to allow us to achieve our goals of investing more in medical research whilst preserving the real value of the portfolio over the long term. Smoking causes a third of all cancer deaths in the UK and we do not invest directly or indirectly in tobacco production. We attach high importance to social, environmental and ethical considerations in relation to our investments. We require our investment managers to pay appropriate regard to relevant extra-financial factors, including corporate governance, social, ethical and environmental considerations in the management of the portfolios.

We have placed restrictions on our investments and have agreed asset allocation limits within which our investment managers must operate. During the year our investments were allocated:



We have a benchmark against which our investment managers are monitored and at the end of 2011/12, they outperformed the benchmark set for our main fund (non-endowments) since its inception, by 0.3%. Throughout the year, and in discussion with our investment managers, we have closely reviewed the suitability of our investment policy in the changing economic climate and we concluded that it remains appropriate and achievable and will allow us to reach our research funding targets. The trustees' powers of investment are derived from the charity's governing documents and in exercising these powers, the trustees have acted in accordance with their duty as set out in the Trustee Act 2000.

OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal entity

The Medical Research Foundation is a company limited by guarantee registered as a company in England and Wales on 6th September 2010 and as a registered charity on 30th September 2010. The governing documents of the charity are its Memorandum and Articles of Association.

With the support of the Charity Commission, the Trustees have modernised the governance of the charities associated with the Medical Research Council. On 31 March 2011, the Charity Commission approved a scheme which altered the Trust Deeds of the 'Trust Funds administered in connection with the Medical Research Council' (whose working name had been the Medical Research Foundation, registered charity number 250696) and the Fleming Memorial Fund for Medical Research (registered charity number 206657) and transferred the property of these funds to the new Medical Research Foundation charitable company. The provisions of the scheme took effect from 1 April 2011.

Organisational structure

The Medical Research Foundation is governed by a Board of trustees, who for the purposes of the Companies Act 2006, act as Directors of the charitable company. The trustees' responsibilities include setting the strategic direction of the charity and providing effective governance. The Board meets at least four times each year. A business manager assists and advises the Board in all activities and has delegated authority for the implementation of the charity's policies and has responsibility for the day-to-day management of the charity. The part-time business manager is assisted by a full-time office manager. The Medical Research Council provides the Medical Research Foundation with a range of services on a pro bono basis. Trustees give their time freely and there is no remuneration. Reasonable travel expenses are reimbursed.

The Medical Research Foundation holds over 100 funds with different purposes all of which have been donated to the charity to support medical research. The funds were either donated to be used as the Trustees saw fit (unrestricted funds), were restricted by the donor for particular research purposes (restricted funds) or are permanent endowment funds which were established with a Trust Deed by the donor. Where the trustees have made in principle commitments to support new activities but further development is required before funds can be released, the trustees have set aside the funds in designated funds.

Appointment, induction and training of trustees

New trustees are appointed by the Board of the charitable company. Initial appointments are normally for three-year periods and trustees can be reappointed for a further three years. Our constitution allows for no less than 3, and no more than 7, trustees. The trustees of the new Medical Research Foundation, transferred from the old charities on 1 April 2012, and their terms of office reflect a prior period of commitment to the charities.

The Board of trustees is committed to recruiting individuals with the necessary skills and expertise to progress the aims and objectives of the charity. The MRC makes recommendations to the Board for two trustee positions and such appointments are then made by the Board of Trustees. The Chair of the Board is elected annually by the trustees.

New Trustees meet with the business manager and are provided with comprehensive induction explaining the strategic aims and objectives of the charities, the relationship between the Medical Research Foundation and the MRC, and any ongoing policy reviews. Trustees are provided with opportunities for training in the duties and responsibilities associated with their role. Briefings are provided for all Trustees, where relevant, by either the Medical Research Foundation's legal advisors, investment managers, accountants or other issue-specific experts. The MRC provides briefings on scientific matters.

The Board of trustees reviews its own effectiveness at regular intervals. Individual trustees meet with the Chair of the Board to discuss and assess personal and whole Board effectiveness in the areas of general governance, strategic vision, expenditure on research, compliance and monitoring, and fundraising. Trustees also review the performance of the business team and professional advisors and the relationship with the MRC.

Declared interests

Trustees are required to disclose all private, professional or commercial interests that might, or might be perceived to, conflict with the Medical Research Foundation's interests, and, in accordance with the charities' policy, withdraw from decisions where a conflict of interest arises. A register of these declared interests is maintained.

Research strategy & grant-making policy

The Medical Research Foundation has an established research strategy and grant-making policies to achieve the aim of improving human health for the public benefit. We develop research funding strategies with expert advice from the MRC's scientific specialists on its Strategy and Research Boards. These experts advise the trustees on national and international research priorities and opportunities and, on the basis of this advice, the trustees decide on behalf of the donors and the potential beneficiaries of the charitable funds – the public – which research to support. Where our voluntary income can be used for purposes restricted by our donors, the trustees are led by the donors' wishes in determining which area of research to prioritise, and by scientific experts on which questions need to be addressed in this area and how most effectively to do so. This ensures that our funding strategy reflects the current health and research needs of the public and our donors, and is of a standard to advance public benefit.

We use leading experts to assess the quality of research proposals. The MRC undertakes gold-standard peer review of its research applications and provides such a high quality reviewing service for applications to use Medical Research Foundation funds. By peer reviewing applications for support, we can provide the giving public with assurances that the research that we support is of the highest standard and will provide research results that are valid, add to the knowledge base, and are most likely to benefit the public and human health. We act independently of MRC in policy and decision-making, while using the expert opinion of the MRC and the wider scientific community, to inform our policies and decisions.

Our grants are awarded to established research organisations such as universities, hospitals, general practices and other research institutes. Claims for expenditure are paid on receipt of supporting evidence. All awards are subject to Medical Research Foundation grant terms and conditions which are based on established UK Research Council terms and conditions and reflect agreed principles of good research practice. We expect the results of the research that we fund to be disseminated widely through high quality scientific journals with a view to ensuring that, where relevant, the findings that we have supported with charitable funds inform further research, health care practice or health interventions.

The beneficiaries of our grant-making programme are current and future generations of this country and worldwide. Any immediate benefit received by researchers and research institutions is purely incidental to our aims of supporting important biomedical research. Under our grant terms and conditions, intellectual property rights belong to the research institutions to which we award our research grants though we retain an interest in this property.

Depending on the nature of our funds, we invite applications for research grants and fellowships from institutions and individuals by either advertising in the specialist press or by direct contact with the researchers.

Risk management

The Medical Research Foundation takes a risk management approach based on that used by the MRC. We have in place systems of internal control designed to manage the risk of failure to achieve policies, aims and objectives; these systems provide reasonable assurance of effectiveness. Major risks are considered to be those that have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives or could damage the reputation of the Medical Research Foundation or the MRC. The risks associated with new activities are considered, assessed and reduced as part of the business case for the new activity. New risks to the existing business are managed as they arise. We review all major risks at six monthly intervals. Improvements to the risk management and control framework are continuously sought.

External audit

Crowe Clark Whitehill LLP, who are reappointed as auditors during the year, having expressed their willingness to continue in office, will be deemed to be appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Public benefit

The Charities Act 2011 requires that all charities meet the legal requirements that its aims are for the public benefit. The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Charity.

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Medical Research Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

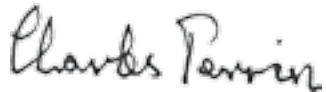
Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. 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.

Insofar as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should 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.

By Order of the Trustees

A handwritten signature in black ink that reads "Charles Perrin". The signature is written in a cursive, slightly slanted style.

Charles Perrin CBE
Chair, Board of Trustees

Date: 28/01/2013

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MEDICAL RESEARCH FOUNDATION

We have audited the Financial Statements of the Medical Research Foundation for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes numbered 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's Trustees 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 Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the Financial Statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2012 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept and returns adequate for our audit have not been received from branches not visited by us;
- the Financial Statements are not in agreement with the accounting records and returns;
- or certain disclosures of Trustees' remuneration specified by law are not made.



Mike Hicks
Crowe Clark Whitehall LLP
Statutory Auditor
London, 2012

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

Financial Statements

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2012 £000	Total 2011 £000
Incoming Resources						
Voluntary income	2	746	579	-	1,325	700
Income from charitable activities	3	69	-	-	69	53
Investment income	4	762	698	-	1,460	1,331
Total Incoming Resources		1,577	1,277	-	2,854	2,084
Outgoing Resources						
Costs of generating funds	5	(82)	(51)	-	(133)	(122)
Charitable activities	6	(2,503)	(567)	-	(3,070)	(3,107)
Governance costs	7	(99)	-	-	(99)	(108)
Total Outgoing Resources		(2,684)	(618)	-	(3,302)	(3,337)
Net Outgoing Resources before Transfers		(1,107)	659	-	(448)	(1,253)
Transfers between funds	14-16	448	(444)	(4)	-	-
Net (Outgoing)/Incoming Resources before Other Recognised Gains or Losses		(659)	215	(4)	(448)	(1,253)
Other Recognised Gains and Losses						
Gains on functional properties	8	2,550	-	-	2,550	-
Depreciation written back	8	275	-	-	275	-
Losses on investment assets	10	(420)	(381)	(76)	(877)	1,813
Net Movement in Funds		1,746	(166)	(80)	1,500	560
Fund balances brought forward at 1 April		12,022	23,250	3,794	39,066	38,506
Reallocation resulting from Charity Commission Scheme	15	7,857	(7,857)	-	-	-
Restated balance brought forward		19,879	15,393	3,794	39,066	38,506
Fund Balances at 31 March		21,625	15,227	3,714	40,566	39,066

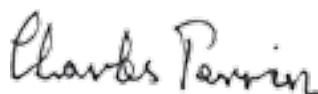
The Accounting Policies and Notes on pages 38 to 52 form part of these Financial Statements.

BALANCE SHEET AT 31 MARCH 2012

MEDICAL RESEARCH FOUNDATION Registered Company Number: 7366816

	Note	2012 £000	2011 £000
Fixed Assets			
Functional property	8	6,304	3,485
Investment chattels	9	54	54
Investment securities	10	35,055	36,025
Total Fixed Assets		41,413	39,564
Current Assets			
Debtors	11	325	33
Short term deposits		3,514	1,258
Cash at bank and in hand		1,049	2,099
Total Current Assets		4,888	3,390
Liabilities			
Creditors: amounts falling due within one year	12	(2,500)	(3,094)
Net Current Assets		2,388	296
Creditors: amounts falling due after more than one year	13	(3,235)	(794)
Total Assets less Liabilities		40,566	39,066
The Funds of the Charity			
Permanent Endowment funds	14	3,714	3,794
Restricted funds	15	15,227	23,250
Unrestricted funds	16	21,625	12,022
		40,566	39,066

The Financial Statements were approved and authorised for issue by the trustees and were signed on their behalf by:



Charles Perrin CBE
Chair of the Board of Trustees
Date: 28/01/2013

The Accounting Policies and Notes on pages 38 to 52 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. Accounting Policies

a. Basis of Preparation

These accounts have been prepared under the historical cost convention except that investments held as fixed assets are carried at market value and investment properties are included on the basis of periodic valuation. The accounts comply with the provisions of the Companies Act 2006, the accounting and reporting standards issued and adopted by the Accounting Standards Board, in so far as these requirements are appropriate, and the Statement of Recommended Practice, Accounting and Reporting by Charities (2005) issued by the Charity Commission for England and Wales.

The Medical Research Foundation has taken advantage of the exemption under Financial Reporting Standard 1, not to prepare a cash flow statement.

At 31 March 2011, the Trustees agreed a Scheme with the Charity Commission for England and Wales, to unite the property, assets and liabilities of the 'Trust Funds held in connection with the Medical Research Council' charity, the unincorporated Medical Research Foundation and the Fleming Memorial Research for Medical Research charity within the newly created charitable company, the Medical Research Foundation. The transfer took effect from 1 April 2011. Comparative financial information is presented in these Financial Statements of the combined results of the charities as the trustees consider that this presentation is necessary for the Financial Statements to give a true and fair view. All the assets and liabilities of the pre-existing charities were transferred to the Medical Research Foundation charitable company with effect from 1 April 2011.

b. Structure of Funds

The funds are structured into three types:

- i. Unrestricted general purpose funds are available for any purpose within the charity's objectives. Trustees have designated a number of funds for particular research purposes within these unrestricted general purpose funds.
- ii. Restricted funds – these are for specified areas of medical research imposed by the donors under the terms of the bequest or donation. Income generated from the assets held in these funds is legally subject to the same restrictions as the original funds. Details of each fund can be found in the notes to the financial statements. These include the Fleming Memorial Fund for Medical Research.
- iii. Permanent endowment funds – these represent capital gifts to the charities for specified areas of medical research. The terms imposed by the donors under the bequest or donation determine how the income generated by the capital may be used. The capital of permanent endowment funds is ring-fenced and remains within the endowment fund. Details of each fund can be found in the notes to the financial statements.

c. Incoming Resources

Incoming resources, both income and capital, are recorded in the Statement of Financial Activities when conditions for receipt have been met and there is reasonable certainty of receipt.

Investment income, and the surplus or deficit arising from the sale or revaluation of assets, is allocated to the funds in proportion to the value of each fund, as at the balance sheet date and appropriate intermediate dates.

d. Resources Expended

Commitment accounting is employed. Expenditure is accounted for on an accruals basis and has been included under the expense categories to which it relates. Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation to incur the expenditure.

Costs of generating voluntary income includes the direct costs of advertising and a proportion of central support costs and salaries.

Charitable activities are determined by the aims of the charity - to fund biomedical research related activities. Research grants, fellowships and studentships, and the costs associated with reviewing, awarding and managing them, are charged when the obligation to pay arises, ie the full amount of the grant is accrued when a commitment is made. This category also includes the costs of maintaining the functional properties used to facilitate medical research, which are charged as they arise. These costs include donated services and facilities (intangible income), which are allocated on a pro-rata basis from an estimate of staff time and are apportioned at the end of the year.

Governance costs are those incurred in compliance with constitutional and statutory requirements, including related professional fees. They include direct and related support costs. Direct costs relate to transactions occurring with external bodies, such as audit fees and the provision of legal advice for Trustees. Support costs relate to time spent on governance issues, largely comprising salaries, the appropriate portion of which is calculated on the basis of an estimate of staff time.

e. Fixed Assets - Functional Property

Property fixed assets are stated at valuation less depreciation. Depreciation is provided at rates calculated to write off the values of the properties, less their estimated residual value, over their expected useful lives at the following effective rates:

Freehold buildings	- 5% per annum on the straight line basis
Leasehold buildings	- over the lifetime of the lease.

f. Fixed Assets - Investment Securities

Securities are stated at market value at the Balance Sheet date. Impairments in value, as well as realised and unrealised gains and losses, are reflected in the Statement of Financial Activities.

g. Taxation

The Medical Research Foundation is exempt from tax on investment income and gains as it is a registered charity. The Charity is not registered for VAT and irrecoverable VAT is included with the cost of those items to which it relates.

h. Transfers between Funds

Transfers were made between restricted and unrestricted funds as agreed under the Scheme of 31 March 2011, agreed by the Charity Commission for England and Wales. Additional transfers were made to release previously restricted income to unrestricted funds during the year with the Charity Commission's prior approval.

2. Analysis of Voluntary Income

	2012 £'000	2011 £'000
Analysis of Voluntary Income		
Bequests	1,216	480
Donations	15	5
Intangible income	94	215
	1,325	700

Intangible income represents the total costs borne by the MRC on behalf of the charity, as follows:

Charitable activities	21	40
Governance costs	73	170
	94	210

The MRC provides a number of free services to the Medical Research Foundation (which are detailed in an agreement between the MRC and the Trustees) and include a contribution to the salaries of the MRC Director of Corporate Affairs, research managers, estates managers and communication managers in respect of the time spent on the MRF's business, a peer review service and a property management and lettings service. The MRC also provides accommodation and associated services. These free facilities (intangible income) are recorded as voluntary income in the Statement of Financial Activities and are also recorded as expenditure. They are apportioned to governance costs or charitable activities on the basis of estimated time spent.

3. Income from Charitable Activities

	2012	2011
	£'000	£'000
Income from Charitable Activities		
Rental income	69	53

The total market rent that could be achieved on the Medresco House property is estimated to be £190,000. Subsidised rental income is received as shown.

4. Investment Income

	2012	2011
	£'000	£'000
Investment Income		
Dividend payments	1,411	1,311
Interest on deposits	49	20
	1,460	1,331

5. Costs of Generating Funds

	2012	2011
	£'000	£'000
Costs of Generating Funds		
Investment manager's fees	119	112
Costs of generating voluntary income - advertising	14	10
	133	122

6. Costs of Charitable Activities

	2012	2011
	£'000	£'000
Costs of Charitable Activities		
Grant expenditure/commitments	2,791	2,851
Endowment distributions	-	9
Functional property expenses	59	38
Depreciation	6	75
Other support costs	214	134
	3,070	3,107

Grant Expenditure by Organisation

Grant commitments made to specific research organisations during the year, and the numbers of grants relating to these commitments are set out below.

	2012 £'000	No of grants	2011 £'000	No of grants
Hammersmith Hospital, London	-	-	80	1
Imperial College Healthcare NHS Trust	-	-	25	1
Imperial College of Science Tech & Medicine	11	2	31	2
Kings College London	1	1	46	2
London School of Hygiene and Tropical Medicine	47	1	78	5
MRC Clinical Trials Unit, London	79	3	-	-
MRC Cognition and Brain Sciences Unit, Cambridge	-	-	9	1
MRC Gambia Unit, Gambia	-	-	146	2
MRC Institute of Hearing Research, Nottingham	10	1	-	-
MRC Laboratory of Molecular Biology, Cambridge	175	16	245	20
MRC Mitochondrial Biology Unit, Cambridge	14	4	4	2
MRC National Institute of Medical Research, London	76	3	220	4
MRC Prion Disease Unit, London	-	-	10	2
MRC Toxicology Unit, Leicester	137	1	-	-
MRC University of Glasgow Centre for Virus Research	-	-	1,915	1
Southend NHS Trust	-	-	25	1
University of Cambridge	340	2	-	-
University of Edinburgh	1,977	1	-	-
University of Glasgow	-	-	17	1
University of Newcastle	1	1	-	-
University of Manchester	1	1	-	-
University of Oxford	5	1	-	-
Dr Terry Jones	14	1	-	-
Fleming reallocation	(45)	-	-	-
Less Commitments recovered*	(52)	-	-	-
	2,791	39	2,851	45

* this relates to grants that have terminated, and residual unclaimed funds have been recovered.

7. Governance Costs

	2012	2011
	£'000	£'000
Governance Costs		
Audit fees	13	11
Legal fees	71	48
Costs associated with constitutional and statutory obligations	4	12
Trustees meeting costs (travel and subsistence)	1	1
Overheads and support costs	10	36
	99	108

8. Fixed Assets - Property

	Freehold land and buildings	Leasehold property	Total
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2011	3,650	122	3,772
Revaluation gain	2,550	-	2,550
At 31 March 2012	6,200	122	6,322
Depreciation			
At 1 April 2011	(275)	(12)	(287)
Written back on revaluation	275	-	275
Charge for the year	-	(6)	(6)
At 31 March 2012	-	(18)	(18)
Net Book Value			
At 31 March 2012	6,200	104	6,304
At 31 March 2011	3,375	110	3,485

The Medical Research Foundation holds the following properties:

Medresco House, London

Medresco House in Hampstead, London, is a freehold property built using charitable funds in 1968. It consists of 14 self-contained flats used to house visiting researchers to the MRC's London research establishments at subsidised rents with the aim of facilitating collaborative research between UK-based MRC researchers and those from overseas. It was valued during the year by Colliers International, Chartered Surveyors at £6,200,000.

Residential Accommodation, Kyoto, Japan

This flat was purchased using funds from the Jeantet (Unwin) Fund which is restricted to support the research of Dr Nigel Unwin from the MRC's Laboratory of Molecular Biology, Cambridge. The residential accommodation is used to house Dr Unwin and co-workers on their frequent visits to their collaborator Professor Yoshi Fujiyoshi in Kyoto University, to investigate the structure and mechanism of ion channels involved in communication between nerve and muscle. The flat was valued by Office Raku Co. Ltd, real estate agents in Kyoto, Japan, in February 2010 at 16,900,000 yen (£128,102 at 31 March 2012). Depreciation was first charged on this property in the year ended 31 March 2011.

9. Investment Chattels - Portraits

	2012 £'000	2011 £'000
Investment Chattels - Portraits		
Portraits	54	54

Two portraits were gifted to the Medical Research Foundation as part of the legacy which established the restricted Sir Cusrow Wadia Research Fund. The valuation was undertaken by Cheffins, (Arts Auctioneers) as at 1 April 2008. The Trustees have no reason to believe that these valuations have changed in the current year.

10. Fixed Assets - Investment Securities

	2012 £'000	2011 £'000
Market value at 1 April	36,024	34,359
Acquisitions at cost	9,453	6,277
Sale proceeds from disposals and withdrawals	(9,545)	(6,424)
Net (losses)/gains in year	(877)	1,813
Market value at 31 March	35,055	36,025

Analysis of Investments

Cash balances	1,209	199
Fixed interest securities	9,671	12,279
UK equities	12,554	14,880
Overseas equities	10,077	8,667
Property	1,544	-
Total investments	35,055	36,025

The following investments are considered material:

Newton Financial Management Ltd Offshore Special Situations Fund	-	3,050
Newton Financial Management Ltd Global Growth and Income Fund for Charities	3,668	5,569

11. Debtors

	2012	2011
	£'000	£'000
Debtors		
Other Debtors	300	31
Accrued income	18	2
Prepayments	7	-
	325	33

12. Creditors: Amounts falling due within One Year

	2012	2011
	£'000	£'000
Creditors: Amounts falling due within One Year		
Accruals	16	75
Commitments	2,473	3,007
Audit fees	11	12
	2,500	3,094

13. Creditors: Amounts falling due after One Year

	2012	2011
	£'000	£'000
Creditors: Amounts falling due after One Year		
Commitments	3,235	794

14. Permanent Endowment Funds

	Balance at 31 March 2011 £'000	Transfers £'000	Expenditure £'000	Investment losses £'000	Balance at 31 March 2012 £'000
Permanent Endowment Funds					
Alice Cory Bequest Fund	269	-	-	(5)	264
Dorothy Temple-Cross Fellowship Fund	35	-	-	(1)	34
Gertrude Nicholl Bequest Fund	110	-	-	(2)	108
Sir Leonard Rogers Tropical Medicine Research Fund	2,460	-	-	(49)	2,411
Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for Medical Research	175	-	-	(4)	171
Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for Asthma Research	195	(4)	-	(4)	187
Williams Barker Bequest Fund	550	-	-	(11)	539
	3,794	(4)	-	(76)	3,714

These permanent endowment capital funds are invested by the Trustees and the investment gains/(losses) on the capital element are reported in this note. The income generated by the investment of these permanent endowment capital funds is held in the general purposes unrestricted fund or, if specified by the donors, in a restricted fund. The income is used to support research in line with the wishes of the donors.

15. Restricted Funds

Name of Fund	Balance at 31 March 2011 £'000	Scheme transfer at 1 April 2011 £'000	Restated balance £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/(losses) £'000	Balance at 31 March 2012 £'000
Alice Cory Fellowship Income Fund	336	-	336	-	23	7	(8)	358
Asthma Research Fund	626	(626)	-	-	-	-	-	-
Balzan (Meade) Prize Fund	116	(116)	-	-	-	-	-	-
Cancer Research Fund	2,565	-	2,565	-	104	(10)	(63)	2,596
Catarrh Research Fund	490	-	490	(444)	6	(1)	(51)	-
Descartes Prize Fund (Holt)	112	(112)	-	-	-	-	-	-
Diagnostic Techniques Research Fund	386	(386)	-	-	-	-	-	-
Dorothy Temple-Cross Bequest Income Fund	151	-	151	-	6	-	(4)	153
Encephalitis Research Fund	193	(193)	-	-	-	-	-	-
Ernst Jung Prize (Jones Research Fund)	78	(78)	-	-	-	-	-	-
Eye Diseases Research Fund	511	(511)	-	-	-	-	-	-
General Purposes (Scotland) Research Fund	417	(417)	-	-	-	-	-	-
Gertrude Nicholl Bequest Income Fund	-	-	-	-	4	-	-	4
Mrs Gornall Asthma Income Fund	-	-	-	-	8	-	-	8
Hepatitis Research Tartellin Fund	1,127	-	1,127	-	40	(4)	(28)	1,135
Human Movement and Balance Fund	107	(107)	-	-	-	-	-	-
Jeantet Prize Fund (Pelham)	1,145	-	1,145	-	41	(4)	(28)	1,154
Jeantet Prize Fund (Skehel)	248	(248)	-	-	-	-	-	-
Jeantet Prize Fund (Uhrwin)	222	(222)	-	-	-	-	-	-
Jeantet Prize Fund (Winter)	647	-	647	-	23	(83)	(16)	571
John Chadwick Barlow Bequest	122	(122)	-	-	-	-	-	-
Leukaemia Research Fund	188	(188)	-	-	-	-	-	-
Lupus Erythematosus Research Fund	512	(512)	-	-	-	-	-	-
Mental Health Research Fund	807	-	807	-	29	(9)	(20)	807
Motor Neurone Disease Research Fund	187	(187)	-	-	-	-	-	-
MRC Clinical Sciences Centre Cardiovascular Imaging Research Fund (Schmitz)	116	(116)	-	-	-	-	-	-
Carried forward	11,409	(4,141)	7,268	(444)	284	(104)	(218)	6,786

15. Restricted Funds (continued)

Name of Fund	Balance at 31 March 2011 £'000	Scheme transfer at 1 April 2011 £'000	Restated balance £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/(losses) £'000	Balance at 31 March 2012 £'000
Brought forward	11,409	(4,141)	7,268	(444)	284	(104)	(218)	6,786
MRC Clinical Sciences Centre Bydder Research Fund	100	(100)	-	-	-	-	-	-
MRC Clinical Sciences Centre General Research Fund	146	(146)	-	-	-	-	-	-
MRC Clinical Trials Unit Research Fund	96	(96)	-	-	-	-	-	-
MRC Institute of Hearing Research General Research Fund	210	(210)	-	-	-	-	-	-
MRC Institute of Hearing Research Gray Bequest Fund	260	(260)	-	-	-	-	-	-
MRC LMB BIORAD Visiting Fellows Research Fund	253	(253)	-	-	-	-	-	-
MRC LMB Celltech Research Fellowship Fund	721	-	721	-	26	(60)	(18)	669
MRC Fersht Research Fund	141	(141)	-	-	-	-	-	-
MRC LMB Merck Visiting Research Fellowship Fund	543	-	543	-	19	(2)	(13)	547
MRC LMB Strauss Fund	642	-	642	-	23	(21)	(16)	628
MRC LMB Techne Studentship Fund	230	(230)	-	-	-	-	-	-
MRC NIMR General Purposes Research Fund	98	(98)	-	-	-	-	-	-
MRC NIMR Robinson Research Fund		179	(179)	-	-	-	-	-
MRC NIMR Rosa Beddington Fund	336	(336)	-	-	-	-	-	-
MRC Toxicology Unit Research Fund	229	(229)	-	-	-	-	-	-
Nutrition Research Fund	102	(102)	-	-	-	-	-	-
Pain Research Fund	597	-	597	-	21	(2)	(15)	601
Carried forward	16,292	(6,521)	9,771	(444)	373	(189)	(280)	9,231

15. Restricted Funds (continued)

Name of Fund	Balance at 31 March 2011 £'000	Scheme transfer at 1 April 2011 £'000	Restated balance £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/(losses) £'000	Balance at 31 March 2012 £'000
Brought forward	16,292	(6,521)	9,771	(444)	373	(189)	(280)	9,231
Parkinson's Disease Research Fund	96	(96)	-	-	-	-	-	-
Poliomyelitis Research Fund	760	-	760	-	27	(4)	(19)	764
Respiratory Medicine Research Fund	389	(389)	-	-	-	-	-	-
Sir Leonard Rogers Tropical Medicine Research Income Fund	735	-	735	-	124	(5)	(18)	836
Rheumatic Diseases Research Fund	1,056	-	1,056	-	38	(4)	(26)	1,064
Sir Cusrow Wadia Research Fund	471	-	471	-	17	(365)	(12)	111
Stroke/Arterial Illness Research Fund	130	(130)	-	-	-	-	-	-
Williams Barker Bequest Income Fund	213	-	213	-	30	2	(5)	240
Other restricted research funds	721	(721)	-	-	-	-	-	-
Fleming Memorial Fund for Medical Resrch	2,387	-	2,387	-	87	(26)	(20)	2,428
Ann Hart Fund for Shingles and Chicken Pox Research	-	-	-	-	452	-	-	452
Crohns Disease Research Fund	-	-	-	-	89	-	-	89
Dr Gornall Bequest Medical Research Income Fund	-	-	-	-	12	-	-	12
Influenza/Pneumonia Research Fund	-	-	-	-	2	(2)	-	-
Whittaker Bequest for Alzheimers and Parkinsons Disease Research	-	-	-	-	26	(25)	(1)	-
Total	23,250	(7,857)	15,393	(444)	1,277	(618)	(381)	15,227

At 1 April 2011, funds which had been previously restricted were transferred to unrestricted funds under the Scheme agreed with the Charity Commission for England and Wales (see note 19).

Further fund transfers were made during 2011/12 to transfer restricted funds to unrestricted funds with the prior agreement of the Charity Commission.

16. Unrestricted Funds

Name of Fund	Balance at 31 March 2011 £'000	Scheme transfer at 1 April 2011 £'000	Restated balance £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/(losses) £'000	Balance at 31 March 2012 £'000
General Purposes Research Fund	8,561	-	8,561	908	1,196	(2,311)	2,693	11,047
Designated Funds								
Neurochemical Pathology Research	44	-	44	-	2	-	1	47
Mental Health Research Strategy	2,013	-	2,013	(1,998)	(17)	2	-	-
MRC NIMR Relocation Fund	1,349	-	1,349	-	56	(5)	(37)	1,363
Liver Transplant Research	28	-	28	(3)	2	(27)	-	-
Molecular Neurobiology Research	27	-	27	-	3	-	(1)	29
MRC Centenary Promotion of Science	-	-	-	100	3	-	(3)	100
2012 Equipment Grant Competition	-	-	-	1,000	(9)	1	(39)	953
Balances transferred from Restricted Funds by the Charity Commission Scheme:								
Asthma Research Fund	-	626	626	-	31	(2)	(27)	628
Balzan (Meade) Prize Fund	-	116	116	-	5	(47)	(5)	69
Descartes Prize Fund (Holt)	-	112	112	-	5	(9)	(3)	105
Diagnostic Techniques Research Fund	-	386	386	-	16	(1)	(22)	379
Encephalitis Research Fund	-	193	193	-	8	(1)	(5)	195
Ernst Jung Prize (Jones Research Fund)	-	78	78	-	3	(14)	(3)	64
Eye Diseases Research Fund	-	511	511	-	20	(2)	(13)	516
General Purposes (Scotland) Research Fund	-	417	417	-	17	(2)	(11)	421
Carried forward	12,022	2,439	14,461	7	1,341	(2,418)	2,525	15,916

16. Unrestricted Funds (continued)

Name of Fund	Balance at 31 March 2011 £'000	Scheme transfer at 1 April 2011 £'000	Restated balance £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/(losses) £'000	Balance at 31 March 2012 £'000
Brought forward	12,022	2,439	14,461	7	1,341	(2,418)	2,525	15,916
Human Movement and Balance Fund	-	107	107	-	5	(1)	(3)	108
Jeantet Prize Fund (Skehel)	-	248	248	-	11	(35)	(5)	219
Jeantet Prize Fund (Unwin)	-	222	222	-	10	(10)	(6)	216
John Chadwick Barlow Bequest	-	122	122	-	5	-	(3)	124
Leukaemia Research Fund	-	188	188	-	8	(1)	(5)	190
Lupus Erythematosus Research Fund	-	512	512	-	23	(1)	(14)	520
Motor Neurone Disease Research Fund	-	187	187	-	6	(1)	(5)	187
MRC Clinical Sciences Centre Cardiovascular Imaging Research Fund (Schmitz)	-	116	116	-	1	-	-	117
MRC Clinical Sciences Centre Bydder Research Fund	-	100	100	-	5	-	(3)	102
MRC Clinical Sciences Centre General ResFund	-	146	146	-	6	-	(4)	148
MRC Clinical Trials Unit Research Fund	-	96	96	-	4	(19)	(4)	77
MRC Institute of Hearing Research General Research Fund	-	210	210	-	8	(11)	(5)	202
MRC Institute of Hearing Research Gray Bequest Research Fund	-	260	260	-	11	(1)	(7)	263
MRC LMB BIORAD Visiting Fellows Research Fund	-	253	253	-	10	(1)	(7)	255
MRC Fersht Research Fund	-	141	141	-	6	-	(4)	143
MRC LMB Techne Studentship Fund	-	230	230	-	9	(1)	(6)	232
MRC NIMR General Purposes Research Fund	-	98	98	-	4	-	(3)	99
MRC NIMR Robinson Research Fund	-	179	179	-	8	(41)	(4)	142
MRC NIMR Rosa Beddington Fund	-	336	336	-	14	(1)	(9)	340
MRC Toxicology Unit Research Fund	-	229	229	-	9	(136)	(11)	91
Nutrition Research Fund	-	102	102	-	5	-	(3)	104
Parkinson's Disease Research Fund	-	96	96	-	7	-	(3)	100
Respiratory Medicine Research Fund	-	389	389	446	24	(2)	26	883
Stroke/Arterial Illness Research Fund	-	130	130	-	5	-	(4)	131
Other research funds	-	721	721	(5)	32	(4)	(28)	716
	12,022	7,857	19,879	448	1,577	(2,684)	2,405	21,625

16. Unrestricted Funds (continued)

Previously restricted funds with a fund value of less than £50,000 that have been transferred to unrestricted funds under the Charity Commission's Scheme, have been grouped under the 'Other Research Funds' category for the purposes of this note. In practice, all funds are accounted for separately.

17. Analysis of Net Assets between Funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Analysis of Net Assets between Funds				
Tangible assets	6,200	158		6,358
Investment securities	13,608	17,752	3,695	35,055
Current assets	4,517	352	19	4,888
Current liabilities	(509)	(1,991)	-	(2,500)
Long-term liabilities	(2,191)	(1,044)		(3,235)
	21,625	15,227	3,714	40,566

Restricted tangible assets comprise the Kyoto Flat and Sir Cusrow Wadia Fund portraits.

18. Related Party Transactions

Trustees' Expenses

During the year, Trustees were reimbursed for travel and subsistence expenses to attend Trustees' meetings in London, amounting to £639 (2011 - £708). There were no other related party transactions during the year (2011 - none).

19. Transfer of assets into Medical Research Foundation

On 31 March 2011, the Trustees agreed a Scheme with the Charity Commission for England and Wales, to unite the property, assets and liabilities of the Trust funds held in connection with the Medical Research Council charity, the unincorporated Medical Research Foundation and the Fleming Memorial Research for Medical Research charity within the newly created charitable company, the Medical Research Foundation. Transfer of the assets took effect on 1 April 2011.

At the date of the Scheme, certain funds, which had been previously categorised as restricted, were considered to form part of the Unrestricted Funds of Medical Research Foundation. The funds which were released from restriction under the Scheme can be seen in Notes 15 and 16.

OUR SUPPORTERS

Acknowledgements & thanks

We would like to say thank you to all our supporters without whom the important medical research that we fund would not take place. However large or small the donation or legacy, each is important to us and each contributes to ground breaking science for better health.

Supporters

During the year, we received support from:

The late Mr George Crabtree, the late Miss Isobel Harberer, the late Miss A W Murchland, the late Mr Gordan Abernethy, the late Miss Peggy Hart, the late Mrs Marjorie Pintoff, the late Mrs Edith McNeill, the late Mr Phillip Rizza, the late Miss Daisy Liles, the late Miss Gwendolen Jannaway, the late Mr Norman Spiller, and the late Dr Henry Kane.

The friends and family of the late Linda Millard, the friends and family of the late Mrs Beryl Hall, Mrs Whittaker in memory of her husband the late Mr Ernest Whittaker, the friends and family of the late Mrs Jennifer Cumberland, the friends and family of the late Elizabeth Walmsley, the friends and family of the late Dr Norval Taylor, the friends and family of the late Mr Malcom Ames, the friends and family of the late Mrs Ivy Pickard, the friends and family of the late Mr Norman Beattie, the friends and family of the late Mrs Joan Sutherland, the friends and family of the late Mr Adrian Tesson, the friends and family of the late Mr Michael Richards, the friends and family of the late Mr Stephen Belcher, the friends and family of the late Mrs Dorothy Myers, the friends and family of the late Mr Alan McNaughton, the friends and family of the late Mr Jason Skinner and the friends and family of the late Mrs Dawn Walker.

Donations were also received from the AD & AL Gordon Charitable Trust, Professor Ian Holt, Dr J Stanley, IPSOS Mori and a number of anonymous donors.

The MRC made a significant contribution to the Medical Research Foundation during the year by providing over £94,000 in free services and accommodation, along with expert scientific advice on emerging health needs, research priorities and peer review services. We are indebted to the MRC for its continued support.

Staff

We operate the charity with a minimum of administrative support and the trustees would like to thank the business team for their unstinting efforts over the year: Angela Hind and Vanessa Chauhan.

WHO WE ARE

BOARD OF TRUSTEES

Mr Charles Perrin CBE

Charles Perrin was the Chief Executive of a major merchant bank until he retired in 1998; he has also been Vice Chairman of the Royal Brompton & Harefield NHS Trust from 1998 until 2007, a Trustee of the University of London until 2010 and of the Royal College of Physicians until 2011. Charles is currently Hon. Treasurer of the Royal Veterinary College, a Governor of the Central School of Speech & Drama and a Trustee of the Nuffield Trust; he is also Chairman of the Investment Committee of the MRC Pension Scheme. He was elected in 2009 as an Honorary Fellow of the Royal College of Physicians.

Mr Michael Brooks (until 31/03/12)

Mike Brooks spent most of his career as a financial manager and director in the international oil and gas industry, including twenty years with the Royal Dutch Shell Group. He was a member of the MRC's Council from 2005 until 2009 and has been a governor of the University of Portsmouth since 2005. He is currently a trustee and director of MRC Technology and a non-executive director of the Driver and Vehicle Licensing Agency, where he also chairs the Audit Committee. Mike was nominated by the MRC for his position on the Board of Trustees.

Professor Eve Johnstone CBE

Eve Johnstone was Professor of Psychiatry and Head of Division of Psychiatry at the University of Edinburgh for 21 years until she retired in 2010. She then became Honorary Assistant Principal for Mental Health Research and Development at the University of Edinburgh. Her main research area has always been in the field of schizophrenia and psychotic illness. She was previously Chair of the MRC's Neurosciences and Mental Health Research Board and member of MRC Council. In addition to her research interests, Eve carried a full clinical load as a Consultant Psychiatrist at the Royal Edinburgh Hospital. She has been a member of the Royal College of Psychiatrists for over 20 years and in 2009 was elected as an honorary fellow on the basis of her achievements. Eve is trustee of the Shirley Foundation which is concerned principally with research into Autism Spectrum Disorders.

Professor Nicholas Lemoine

Nick Lemoine is Director of Barts Cancer Institute at Queen Mary University of London. His main research interests are in molecular genetics and gene therapy of cancer. He is also the Head of Research Implementation for the Integrated Cancer System for North & East London and the Director of the National Institute for Health Research's Comprehensive Clinical Research Network for the Central and East London. He has served as Chair of the Clinical Training & Career Development Panel as well as the Stratified Medicine Panel at the Medical Research Council, and

has previously been a member of the MRC's Molecular & Cellular Medicine Board. He was elected as a Fellow of the Academy of Medical Sciences in 2006. Nick was nominated by the MRC for his position on the Board of Trustees.

Professor Geneva Richardson CBE

Geneva Richardson is Professor of Law at Kings College, London. Her main research interests include law and psychiatry. In 1998, she was appointed chair of the Expert Committee established to advise Ministers on mental health law. She was elected to an Honorary Fellowship of the Royal Society of Psychiatrists in 2004 and became a fellow of the British Academy in 2007. She has been a member of the Animals Procedure Committee and was a member of the MRC's Council from 2001-2008. Geneva has been a trustee of the Nuffield Foundation since 2002.

Mr Anthony Smith CBE

Anthony Smith was President of Magdalen College, Oxford between 1988 and 2005. He is currently chair of the Oxford-Russia Fund and the Hill Foundation, both of which are involved in the support of higher education in the Russian Federation. Anthony had a long career in broadcasting, starting as a producer of BBC Current Affairs programmes in the 1960's. He has been Director of the British Film Institute, Director of Channel 4 Television Company and a member of the Arts Council of GB.

Dr Alan Stone

Alan Stone trained as a biochemist and a molecular biologist. He joined the staff of the Medical Research Council in 1975 and from 1990-96 was head of the Council's AIDS Research Management Group. Since 1996 he has been an independent advisor on numerous international projects concerned with the biomedical prevention of HIV/AIDS. He was a founding member of the International Working Group on Microbicides, established by the World Health Organization to facilitate this aim, and from 2000-2008 served as its Chairman.

Mr Stephen Visscher (from 01/04/12)

Steve Visscher has been the Deputy Chief Executive and Chief Operating officer for the Biotechnology and Biological Sciences Research Council (BBSRC) since November 2008. He joined BBSRC on its formation in 1994 from the Agricultural and Food Research Council initially serving as Director of Finance. Currently he is actively involved in Food Security research coordination and strategy, including developing international partnerships, multinational research initiatives and closer collaboration between funding bodies and research agencies. He is a member of the Food Research Partnership, Chairs the Food Research Partnership international Subgroup and the G20 Wheat Initiative Institutions' Committee. He is also director of research campus companies in Cambridge and Norwich and a member of the Technology Strategy Board 'Catapult' Committee overseeing the establishment of technology and Innovation centres. Steve was nominated by the MRC for his position on the Board of trustees.



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