ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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OUR AIMS AND HOW WE AROSE

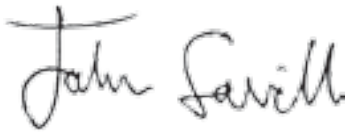
THE MEDICAL RESEARCH FOUNDATION IS THE REGISTERED CHARITY OF THE MEDICAL RESEARCH COUNCIL.

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. 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.

A NOTE FROM THE MRC'S CHIEF EXECUTIVE

The Medical Research Foundation is a very welcome new presence in the UK research funding landscape. The MRF's predecessor charities have been funding research for over 80 years but under the leadership of Charles Perrin, the MRF is now making a significant and increasing contribution to the national investment in medical research for human health. The giving-public support the aims and research of the MRC by donating to the MRF and the MRF and the MRC have a close working relationship. The MRC will continue to support the MRF by providing high quality peer review of applications for research support – the same review by leading experts that the MRC applies to its own research proposals - and other free services such as office space. This should provide assurance to donors that their generous support will be used to support only the very best research and the very best people who have the greatest chance of improving human health.



Professor Sir John Savill
Chief Executive, Medical Research Council

WELCOME

WELCOME FROM THE CHAIR OF THE BOARD OF TRUSTEES

The Medical Research Foundation is a unique charity that is going from strength to strength. Our aim is simple: to improve human health by funding world class medical research. Achieving this aim is more complex and there are, of course, many other excellent charities in the UK working towards this goal. What makes the Medical Research Foundation unique in this multi-funder environment is that we are funded by the public and unlike the disease-charities, our objectives span the whole spectrum of medical research. We identify gaps in the funding for medical research and aim to support those areas. Our focus is not on a specific disease or condition, a particular hospital or research institution; we respond to scientific opportunities or health needs as they arise and fund research that can change lives. And that is all that we do. We do not provide support services or advice, we do not lobby or undertake advocacy. Others already do that very well on behalf of their patient members. All we do is fund medical research to improve health. We strive to fund the very best research and the very best researchers. We ensure that we fund the best by undertaking gold standard reviews of the applications that we receive – with the expert support of the MRC.

We are committed to providing opportunities particularly for the next generation of scientists to develop their research ideas – the new talent whose intelligence and dedication will help address the health challenges of today and tomorrow. The research that we support from our restricted funds is led by our donors and, in accordance with their specific wishes, this year we have supported the research and careers of young scientists working on human herpes viruses and the effects of infection such as post-infection pain and encephalitis; and those working on mental ill health including depression, the regulation of emotions and intellectual disabilities. We applied our unrestricted funds to support the careers of young scientists across all biomedical areas, who are increasing understanding of the biological processes underpinning human health and disease by providing them with necessary state of the art equipment.

We continue to invest in research capacity building in Africa with the aim of ensuring the best placed people to address the health issues facing Africa – talented young Africans themselves – have the essential research training and experience to do so. We provided over £1.1m to support the very early training of 15 individuals over the next 7 years in the Gambia and we plan to do more. Next year we will launch a major fundraising effort to expand on our successful experience in Gambia to the rest of Sub-Saharan Africa, where the need for world class medical researchers is greatest.

Our charitable funds enable us to make a difference with each research project and each young scientist that we support. It is a privilege to be involved with the Medical Research Foundation and to ensure that our generous donors' wishes to increase understanding of the biology underlying health and contribute to the international fight against disease and disability are fulfilled.

I should like to thank my fellow trustees whose vision and commitment have transformed the Medical Research Foundation into a significant UK charity funder. In particular, this year I gratefully mention Professor Eve Johnstone and Dr Alan Stone who step down as trustees after 15 years of combined, dedicated service. They played a significant role in challenging and shaping the revitalised charity. I would also like warmly to welcome Professor Sir Andy Haines and Professor Danny Altmann as new trustees; they bring with them a wealth of experience of delivering research results together with an understanding of the policy and leadership required to run large funding and research organisations. They are already invaluable to the Medical Research Foundation as we move into our next stage of development.

Finally, as always, I should like to thank our small and dedicated business team, led by Angela Hind, who we ask to achieve so much with so little overheads costs. They safeguard our donors' wishes and ensure that we are

***funding more* research for human health.**

Charles Perrin CBE
Chair of the Board of Trustees

REPORT FROM THE TRUSTEES

OUR PERFORMANCE AND ACHIEVEMENTS

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

We aim to fulfil 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 knowledge;*** 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 is unique. We can provide support for research across the whole range of biomedical research disciplines addressing any of the major research questions that are central to improving human health. We are not restricted to providing support for a particular disease area or a particular research institution. We are able to respond to the emerging health needs of the nation and the research priorities and opportunities identified by experts. Unlike other donor-funded medical research charities, we do not provide advice, support or undertake campaigning. All of our activities are focused on research.

Which biomedical research we support is sometimes determined by our supporters who restrict their legacies and donations to particular diseases or to support specific research team's whose research interests them. In these cases, the donors' wishes determine which area of biomedical research to prioritise and we use scientific experts to advise us on the key questions that need to be addressed by research in this area and how most effectively to do so. Many of our supporters prefer to make unrestricted donations. Here, we supplement the expertise on our Board by taking 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 research funding priorities on a 5-yearly cycle giving appropriate weight to the wishes of our donors and the national research needs identified by the experts. During 2013/14 we continued to fund the research priorities

identified by both of these groups – donors' priorities were human herpes viruses, mental health, cancer and liver diseases and the scientific experts also prioritized providing opportunities to support the research and career development of the best of the UK's mid-career researchers, and developing research capacity in Africa.

During the year we funded 47 new research grants, fellowship and studentship awards (2012/13 - 50) amounting to £3.43 million (2012/13 - £2.57 million) – details of all of these awards can be found on page 21. Here we showcase a sample of some of the important research that we have funded during the year:

Basic research underpinning understanding of

Blood vessel growth

Blood vessels play a role in virtually every medical condition. They transport white blood cells to sites of infection and inflammation; they can become blocked leading to heart attacks and strokes and can cause cancers to progress by feeding the tumour with nutrients and oxygen. Growth of new blood vessels is known as angiogenesis. In the adult, angiogenesis is a critical process for wound healing, menstruation and allowing the placenta to meet the nutritional demands of a growing baby. However, when angiogenesis is not properly controlled, there can be serious health implications. In some conditions there are not enough healthy blood vessels to provide the necessary oxygen and nutrients to the tissue resulting in the pain in angina or intermittent claudication, conditions which if left untreated can result in a heart attack or amputation of the lower limbs. On the other hand, in diseases such as cancer and age related macular degeneration, the growth of new blood vessels is unwanted as it leads to the spread of the tumour or blindness. Therapies aimed at either promoting or reducing angiogenesis have the potential to have a huge impact in medicine. Unfortunately, it has not been easy to control blood vessels growth to date and to increase understanding of this critical process we awarded £158,000 to Dr Melissa Cudmore (University of Edinburgh) to purchase state of the art equipment to investigate the ways that a key protein in this process binds to receptors or combinations of receptors in cells and controls angiogenesis in normal and abnormal and diseases conditions.

Brain control of movement

Most of our everyday movements require use of both hands in a flexible fashion. Within our central nervous system, there is increasing evidence that many areas on both sides of the brain contribute to controlling hand function. Whilst non-invasive imaging and stimulation techniques have greatly advanced knowledge on bilateral motor function in health and disease, to understand the operation of neural circuits, it is necessary to directly observe the activity of multiple neurones during behaviour. We provided £100,000 for Dr Demetris Soteropoulos (University of Newcastle) to purchase a multichannel neurophysiological station to understand how motor areas in the brain contribute to hand function and more specifically how they contribute to movements where either or both hands are used together. He will investigate how brain areas interact with each other during bimanual movement in order to improve our understanding of normal movement control but also potentially affect our views on their role in patients with motor deficits, and rehabilitation regimes in patients with localised brain injury following stroke.

Diabetes

Our increasingly sedentary lives, combined with widespread availability of high-energy foods, have resulted in a dramatic increase in obesity-linked diseases. Under normal conditions we consume food irregularly, throughout the day, and our body compensates by storing energy, in the form of the sugar glucose, when it is plentiful and releasing

it when required. The storage of glucose is controlled by insulin. Insulin is released from the pancreas to stimulate the uptake of excess glucose from the blood and stored in the liver and muscles. Under conditions of obesity, this system is put under pressure. Initially the body adapts and more insulin is released from the pancreas, stimulating the storage of more glucose. However, eventually this compensation mechanism begins to fail and the body is no longer able to control the levels of glucose in the blood. These high blood glucose concentrations are toxic to the pancreatic cells responsible for insulin release and result in decreasing insulin secretion, which limits the regulation of blood glucose levels and results in the development of Type 2 diabetes. The way in which high blood glucose concentrations are toxic to pancreatic cells is not understood. To help understand this better, we awarded Dr Colin Rickman (Herriot-Watt University) £65,000 to purchase cutting-edge molecular microscopy equipment to make direct observations of a group of highly specialised cells in the pancreas known as beta-cells. The process of insulin secretion is highly regulated, using proteins as molecular machines to release insulin only when it is required. While a great deal is known about the proteins involved, it has not been possible to observe them directly in beta-cells. With the MRF-funded equipment Dr Rickman will be able to examine the spatial arrangements of the proteins, their movements and their interactions with other proteins under normal conditions and under the conditions experienced in Type 2 diabetes. This research will greatly improve understanding of how the cellular protein machinery is organised to coordinate insulin release.

Communication between mother and foetus

Pregnancy is associated with high rates of morbidity and mortality despite broad advances in healthcare over the last 50 years. In addition, as rates of obesity and diabetes increase in the general population, the outcomes of pregnancy have worsened and maternal and foetal health remains a significant public health issue. Underlying this is a lack of understanding of how energy is diverted to the foetus from the mother during gestation, and how this goes wrong as a result of the interaction between altered maternal diet and genetic factors. In addition, there are few diagnostic tools available to detect when the energy supply to the foetus is compromised, and consequently paediatric clinicians lack information upon which to act to improve outcomes for pregnant women and their children. We provided Dr Marika Charalambous (Queen Mary, University of London) with £80,000 to purchase new equipment to support her studies on how the foetus gains resources from the mother during pregnancy with a long-term view to being able to advise on maternal diet to maximise successful pregnancy and developing a useful diagnostic tool to detect complicated pregnancies early.

The immune response to infectious disease

A healthy immune system can remove microorganisms that cause disease. Occasionally, immune systems do not work properly e.g. in a person infected with HIV (the virus that causes AIDS), when a person has cancer, after organ transplantation and during treatment for rheumatoid arthritis. When the immune system is not working properly, we can become ill with a microorganism that normally would not cause a significant problem. To gain a better understanding of this, we provided Dr Simon Johnstone (University of Sheffield) with £126,000 to purchase three-dimensional imaging equipment to extend his research on why our immune system is and is not able to remove microorganisms that can cause disease.

Tackling conditions and diseases that devastate lives

Mental ill health

Poor mental health is common and disabling, affecting 16.7 million people in the UK at any one time and accounting for 15 per cent of all the disability due to disease. It is estimated to cost at least £77 billion annually in England alone. One in four adult Europeans is estimated to have mental health problems in any given year and patients with serious mental illness die 25 years earlier than the rest of the UK population. Despite the prevalence of mental ill health, spending on mental health research is thought to amount to only one-twentieth of the total UK health research spend [1]. None-the-less, a 2010 MRC-led review of mental health research concluded that progress in understanding the factors that contribute to mental illness had accelerated in recent years and the UK was well-placed to be at the forefront of research efforts. In light of these strengths and the paucity of funding, we agreed to prioritise mental health research for Medical Research Foundation support. This funding will help to improve the prospects for those of us who suffer from mental illnesses:

Training the next generation of psychiatric researchers

The MRC review identified a need to build capacity for mental health research and increase capability to deliver innovation. The science of the brain has now advanced to the point where researchers can model aspects of psychiatric disorders in cells, animals and computers and use these approaches to develop new treatments. Advances in psychiatry have not kept pace with the 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. To this end, the MRF, jointly with the MRC, agreed to provide funding for interdisciplinary research training for the next generation of academic psychiatrists to ensure that they are familiar with the cutting edge research techniques that will be required to develop new treatments and preventative strategies for mental illnesses. In 2010, £2.2m (MRF: £2m) was awarded to a consortium led by Professor Stephen Lawrie at Edinburgh University to fund the PsySTAR fellowship programme open to psychiatrists across the UK. Since then, the programme has been successfully attracting and appointing high quality candidates who are working on challenging PhD projects with supervisors who are first rate scientists. This next generation of academic psychiatrists is being supported by the Medical Research Foundation to engage in research that has been identified as a national priority.

Intellectual disabilities research

In 2010, there were nearly 1.2 million people with intellectual disabilities (IDs) in England of whom 298,000 were children under 18 years of age. The MRC's review identified that there was a need to support research on ID due to the high prevalence of psychiatric co-morbidity (e.g. schizophrenia) and the routine exclusion of those with more severe conditions from patient and population based research studies. We considered that this was a group of individuals who have been overlooked by biomedical sciences and are largely stigmatised by society. We wanted to address this and agreed to work with the MRC to stimulate and co-fund research on rare and severe disorders that have significant bearing on ID. Although the cause of ID can be events such as extreme prematurity, birth injury or brain infections, genetic factors can account for 85% of cases. It is known that some genetic risk is inherited, but not all. Recent research has shown that, during the formation of the egg or sperm, minor chromosomal structural anomalies can occur. They are known as copy number variations (CNVs). The most serious CNVs are not present in

1. The Academy of Medical Science: Strengthening academic psychiatry in the UK, March 2013

either parent, but are 'newly occurring'. Fortunately, these are rare events, but if they occur in key regions of our genome they are strongly associated with ID. With the MRC, the MRF has provided funding for a pilot study by a consortium of researchers at University College London and Cardiff University, led by Professor David Skuse, who will test the feasibility of developing a genetic knowledge base linked to detailed information about emotional and behavioural problems in childhood and adulthood for those with ID. If the plot study demonstrates that the approach is feasible, the results of a full scale research projects could be used to better inform the clinical prognosis, and the guidance on management, of ID available to clinicians and others concerned with supporting families.

Regulation of emotions

Imagine walking down a dark street at night. Hearing unexpected footsteps behind you, you feel fear, your heart races, and you get ready to run – all aspects of our complex emotional response. Abnormal emotional regulation causes major problems, and is seen in anxiety, depression, and schizophrenia and blights millions of lives. However, how emotions come to be poorly regulated, and the changes that are occurring in the brain to cause this poor regulation are unknown. In disorders such as depression, specific brain regions are abnormal; however, it is not known if these abnormalities cause the disorders or whether the manifestation of depression/anxiety causes the brain abnormalities. This creates problems in knowing where to aim drugs to alleviate symptoms. During the year, the Medical Research Foundation provided mid-career researcher Dr Hannah Clarke (University of Cambridge) with funds to purchase new equipment to extend her current MRC-funded research aimed at showing whether alterations in brain structures precede behaviour changes and therefore may be contributing to the development of anxiety disorders, and which brain structures change after behavioural changes, as a consequence of anxiety. The new equipment will improve Dr Clarke's productivity and is expected to have a positive impact on both her career progression and her research on the regulation of emotions.

Depression

Depression accounts for more 'years lived with disease' than any other illness. It is a devastating disease for both patients and their families and can be fatal, carrying a strong risk of suicide. Depression is associated with negative bias - a neurocognitive predisposition towards focussing on unpleasant life-events – which may drive the debilitating negative mood state in depression. Mid-career researcher Dr Oliver Robinson (University College London) is funded by the MRC to increase understanding of the neural circuitry underlying this bias and explore ways to mitigate it by tuning these circuits away from their negative focus. His research also seeks to explore means of promoting 'positive biases' that may protect against depression in healthy individuals. To facilitate this important research and the career progression of a potential research leader of the future, the Medical Research Foundation provided funding to purchase a newly-released piece of equipment that will improve the quality of Dr Robinson's research and increase his productivity.

Mental health research in Cardiff

One of our donors wished to support research in Cardiff. Cardiff University has a reputation for high quality mental health research and we decided to use this generous legacy to fund more research on mental health and illness. We provided funds for Dr Dale Hay to undertake supplementary analyses of data from 2- to 3-year-old children, in order to identify possible precursors to symptoms of depression and anxiety disorders in later childhood, and for Dr Van den Bree and colleagues to further understanding of schizophrenia.

Human herpes viruses

Human herpes viruses cause shingles, chicken pox, common cold sores and genital herpes. Although they usually cause mild disease, infection can be life threatening (because of associated encephalitis) and can have longer-term health implications, such as post-infection pain. During the year, in honour of a donor's wishes, we awarded £820,000 to three mid-career scientists to increase understanding of infection with these viruses. In supporting these three talented researchers, we are aiming to increase the cadre of the UK's research leaders working on human herpes viruses and to bring a step closer, better treatments for these diseases and their complications.

The Varicella Zoster Virus (VZV) infects humans to cause the common childhood infection chickenpox. Following chickenpox, VZV remains dormant in the nerves for the lifetime of the person but in around 25% of people, VZV becomes active again, travelling down the nerves to cause the painful skin rash known as shingles. Shingles rash can cause significant pain and if this pain persists for longer than 3 months, it is known as post herpetic neuralgia (PHN). PHN can be debilitating and we wanted to address this. We funded Dr Daniel Depledge (University College London) to determine whether there are particular strains of VZV that are more likely to cause PHN and to investigate the mechanism by which these strains become active after many years of dormancy to cause shingles and PHN. We provided Dr Mandy Glass (University of Glasgow/MRC Centre for Virus Research) with funds to investigate the role of cellular proteins in the establishment and maintenance of dormancy in nerves infected with VZV and the virus that causes oral and genital herpes, and in the reactivation of the viruses often after considerable periods of time. Dr Glass said *"The MRF grant is of enormous value to me.... It will also allow me to carve my niche in virus research and lay the foundations to pursue a career in cutting edge virology and raise funding to establish my own group in the future."*

We also wanted to increase understanding of the devastating complication of human herpes virus infection – encephalitis – and provided funds for Dr Vanessa Sancho-Shimizu (Imperial College London) to investigate the genetics of patients who go on the develop encephalitis following herpes virus infection. Dr Sancho-Shimizu said *"My research aims to understand the underlying genetics determining the most severe diseases associated with the human herpes viruses, in particular encephalitis. My research will undoubtedly shed light on the pathogenesis of this disease, and potentially lead to the development of novel treatments. This award is providing me with a unique opportunity to develop this research whilst also giving me the scientific and financial independence I require to build a solid foundation for a lifelong research career".*

The awards were possible thanks to generous legacies from Peggy Hart, in memory of her mother Ann Hart, who had suffered from shingles-associated pain in the last years of her life, and the late Jean Martin who wished to support research on encephalitis.

Inflammatory bowel disease

Inflammatory bowel disease (IBD) is a chronic disease of children and teenagers associated with morbidity, distressing symptoms and adverse effects on education, growth, self-esteem and future employment potential. Scotland had the highest incidence of pediatric-onset IBD (PIBD) in the UK and one of the highest in the world. MRC-funded research has confirmed a dramatic 5-fold increase of Crohn's disease (CD) (a form of IBD) in Scottish children in two generations. CD can present in a range of ways and so children can undergo unpleasant, expensive and time consuming investigations to establish diagnosis and treatment. This needs to change and we provided Professor David Wilson (University of Edinburgh) with £100,000 to search for new diagnostic biomarkers of CD. Biomarkers are measurable indicators that are used to indicate the presence of disease and define progress of the

disease and the patient's response to treatment. New biomarkers would allow clinicians to more readily identify cases of CD, cutting down invasive tests, and could identify those at risk of developing CD which, it is hoped, will lead to strategies for delaying onset. Novel biomarkers will be a source to mine for new drug targets.

Liver diseases

In 2011, the Medical Research Foundation provided £2m support to Dr John McLauchlan (MRC-University of Glasgow Centre for Virus Research), Professor William Irving (University of Nottingham) and colleagues to establish a 10,000 biorepository and clinical databank of patients suffering with Hepatitis C virus (HCV) infection (HCV Research UK Resource) from 20 clinics around the UK. More than 300,000 people in the United Kingdom, and 170 million people worldwide, are known to be infected with the blood borne virus. In the last decade, deaths from end stage liver disease caused by HCV have doubled in the UK and this is projected to further increase over the next 20 years. The lack of strategic surveillance of the disease in the UK has made it harder for doctors to determine why some patients can develop symptoms as soon as they are infected, while others only go on to develop cirrhosis of the liver after many years. By providing support to establish the Resource, the MRF was aiming to ensure that a UK-wide network of researchers would use the data to find new ways to tackle the deadly HCV infection and examine why certain patients fail to respond to treatment.

The establishment of the HCV Research UK Resource has been a huge success; patients are being recruited from clinical centres around the UK and we provided additional funding to get as wide a spread as possible. The resource is on track to exceed recruitment numbers and now has samples from 8,200 patients attending 58 clinics, including nine dealing with paediatric patients. Recruitment continues. Thanks to the generous patients and the dedicated clinicians and nurses who have recruited the patients, the HCV Research UK resource is holding a wealth of data and already ten academic research teams have been given access to the samples and clinical data; the pharmaceutical industry have been given access to data to support six studies, and three companies have been provided with an analysis of data on the first 5,000 samples. The MRF expects that the resource will become self-supporting and, via an access charge for the data, the resource has raised £600,000 to date which will be used to maintain the data and samples once the MRF funding comes to an end. Two PhD students (part-funded by the MRF) have commenced their studies using the data and samples held in the resource. UK researchers are also submitting applications to other funding bodies to support further HCV research on the data and samples in the Resource.

The MRC awarded £5.15 million to establish STOP-HCV, a consortium led by Dr Ellie Barnes (University of Oxford) which will use the patient information collected in the Resource to establish the most effective and cost effective treatments for patients with HCV. A further £6.25 million has been contributed by the consortium's industrial partners. STOP HCV will use stratified medicine (a new approach to scientific research and medical care by which patients are organised into different groups depending on their disease characteristics or response to treatment). STOP-HCV is using cutting-edge technologies to identify markers within samples of patients infected with HCV in order to stratify and optimise treatment for patients with this disease. This innovative research aimed at improving the lives of HCV patients, would not have been possible without the MRF-funded Resource. In addition, the Wellcome Trust and the Department of Health has provided funding for a consortia of researchers, led by Dr Andrew Haywood (University College London) to use next generation sequencing technology, amongst other things, to stratify therapy for HCV (ICONIC- Infection response through viral genomics). This project, aimed at embedding in the NHS the ability to rapidly respond to new and emerging viral infections in the future, has only been possible because of the MRF-funded Resource.

Training the next generation of researchers to improve lives

African researchers

Supporting research capacity building in Africa has long been a Medical Research Foundation priority. The 2005 G8 summit held in the UK focused on the slow pace of economic development in many parts of Africa and recognised the potential of science and technology capacity development in supporting the economic development of Africa. There has been much progress but there remains a 'brain drain' across the continent with many of Africa's most educated young people seeking opportunities elsewhere. This diversion of the pipeline of young talent has a long-term impact on Africa's medical research capacity and the Medical Research Foundation is committed to contributing to the international effort to tackle this. For the past five years we have been achieving this by providing support for the MRC Unit, The Gambia to train the brightest young West Africans for careers in research.

MRC Unit, The Gambia is the UK's government's single largest investment in medical research in a developing country and is internationally recognised for its track record of research into tropical infectious diseases. Its success is based on innovative laboratory-based research, excellent clinical studies and field-oriented science and the translation of research into clinical and public health practice. To secure the Unit's future success, a pipeline of talented Africans scientists is required and Medical Research Foundation funding has been providing scholarships for West Africans to undertake BScs in the UK (and other countries) with linked research training and employment opportunities in the MRC Unit, The Gambia. Seven scholars have been supported by the MRF to date; six have completed their studies and three graduated with a first class honours degree. On graduation, all six returned to the Gambia Unit and are on 'fast track' careers, five in research and one as a clinical scientist; three have gone on to undertake PhD training including one who was awarded a full fellowship by the prestigious Wellcome Trust Sanger Centre.

Another of the scholars, Madikay Senghore, is working as a trainee bioinformatician at the MRC Unit, The Gambia having graduated with a first class honours degree from Manchester University and the award for Medicinal Chemistry student of the year. He subsequently achieved a distinction in his Masters degree in bioinformatics and systems biology from Manchester University. As well as working as a trainee bioinformatician at the Unit, Madikay is registered for PhD with Warwick University. *"My ambition,"* Madikay says *"is to progress as rapidly as possible to being an interdependent researcher. MRC Unit, The Gambia gives me access to unique high-quality samples and data while my UK training and contacts will allow me - and the Unit – to be less dependent on the good will of our partners in the future".*

Medical Research Foundation support allowed Rahmatulai Maane to study for a BSc in medical imaging at the University of Exeter. In each of her first two years, Rahmatulai received both a Dean's commendation and the University of Exeter School of Physics prize for outstanding performance. On graduating in 2011 with a first class degree, Rahmatulai was also awarded one of the University's three best-student prizes of the Society of Radiographers. On graduation, Rahmatulai rejoined the MRC Unit, The Gambia as a Trainee Radiographer. She worked briefly at the X-Ray Department before taking up a supervisory role with the Global Fund TB prevalence study. She was one of only two women in the team and the only woman with any seniority. With the field work completed, Rahmatulai is now back with the MRC X-Ray Department as a scientist. *"I contribute to the Unit in two important ways,"* she says. *"As a professionally trained radiographer, I provide skilled services to the community on whose goodwill and engagement our research teams depend absolutely. I work with several of our research teams that need quality x-ray radiography and ultrasound imaging."* She adds, *"And then I am also a volunteer lecturer*

at the University of The Gambia, where one evening a week I train x-ray technicians. I am passionate about them gaining a thorough theoretical grounding in their profession." To achieve her next goal, to qualify as one of the country's very few sonographers (thus also doubling the Unit's capacity), Rahmatulai has been accepted for an MSc course in Medical Ultrasound at Imperial College London.

Seeing such impressive stories of success, the Medical Research Foundation has agreed to provide £1.1m over 7 years to extend and expand the scholarship programme at the MRC Unit, The Gambia. The MRF funding will allow the Unit to recruit 2 new students per annum to the BSc scholarship programme for a 5-year period and extend the opportunities available for the training and development of the high-performing MRF-funded graduate cohort through a new Masters scholarship programme which will be able to support seven one-year research-Masters placements in UK universities. We look forward to hearing about further excellent students and their successes.

Medical Research Foundation funding has clearly had an impact here and research capacity building in Africa will remain an MRF priority through the next quinquennium. During the coming year we will begin exploring ways of increasing our efforts and having an even greater impact.

Molecular biologists

The MRC's Laboratory of Molecular Biology (LMB) in Cambridge is a world class research centre undertaking long-term, basic research on the biological processes underpinning human health and disease. LMB scientists have been awarded 10 Nobel prizes to date. It is a vibrant training ground for the next generation of researchers and every year the LMB International PhD Programme gives 20-30 new graduate students from the UK and all over the world the opportunity to do cutting-edge research. The Medical Research Foundation supports this programme by providing student bursaries to PhD students studying at the LMB who have a low income. During the year, we were able to support the studies of seven promising young molecular biologists, thanks to a generous legacy from the late Mr Strauss.

Disseminating research results

Improving outcomes for families affected by neurodevelopmental disorders

The growth and development of the human brain involves an intricate and precisely controlled cascade of molecular and cellular events. Even minor abnormalities in these processes may result in defects in brain function and result in neurodevelopmental delay, in which a child's behaviour or ability to learn is impaired. An MRC-funded study by Dr Emma Baple and Professor Andrew Crosby (University of Exeter) has shed light on the processes involved in brain development by studying specific inherited disorders, which while individually rare in the general population, occur more frequently in genetically isolated communities such as the Amish - a group of conservative and traditional American protestants who have their origins in 17th Century Europe. The MRC research recently identified the genes responsible for three inherited neurodevelopmental disorders, each of which is new to medical science.

As with many disorders, early diagnosis and intervention in these conditions will result in improved outcomes for affected individuals. However, due to a lack awareness amongst the Amish community and their health care providers, affected individuals have often been subjected to needless, expensive and sometimes painful investigations. The Medical Research Foundation has provided funding to disseminate information about these

newly identified disorders to affected families, clinicians and education providers through information leaflets, family information days and education meetings for health care workers and school teachers. This wide reaching dissemination programme is aimed at increasing early diagnosis and understanding of the genetic origins of the disorders with a view to reducing the social and financial burden on the community and ultimately improve health and developmental outcomes for patients.

Complex interventions in Palliative Care: an e-learning short course

Each year in the UK 500,000 people die and although some have excellent care at the end of life, many do not die as they would wish. Improved end-of-life care services are needed to help benefit patients and families. These services and treatments are often complex comprising of multiple interacting dimensions and layers. For example, palliative care is provided at home, in care homes and hospitals and involves an array of health and social care practitioners. At present, research in this field is held back by a lack of consistency and common research standards and has led to poor conclusions being used to inform end-of-life care practice. Professor Irene Higginson and colleagues (King's College London) have, with MRC funding, undertaken research to develop much needed, evidence-based guidance for practitioners and researchers on the best methods of designing and conducting research that evaluates end-of-life care services and treatments. The results of this research have attracted much interest and the Medical Research Foundation has provided £30,000 funding for Professor Higginson's team to make this guidance available to a broader audience, including health and social care workers, through a web-based short e-learning course on evaluative research methods for end-of-life care. It is hoped that the e-learning course will result in better designed research studies in end-of-life care and treatment.

Raising awareness of gigantism in Ireland

MRC-funded research by Professor Marta Korbinits (Queen Mary University of London) had identified a mutation in a gene that causes acromegaly (production of too much growth hormone) and gigantism and, by taking DNA samples from an 18th century 'Irish Giant' skeleton and a number of Irish families with the disease, she was able to identify a common genetic origin that has been in a specific area of Northern Ireland for over 1500 years (and seems to be the basis of many of the popular Irish myths about 'Irish Giants'). As a result of these early findings, Professor Korbonits has initiated systematic screening of local patients in collaboration with Belfast University, and has undertaken a community screening project collecting 1,000 DNA samples from the small geographic area in order to study prevalence of the mutation and identify carriers of this disease. The MRF has provided Professor Korbonits with funding to raise awareness of this rare disease and its clustering in a localised area amongst Northern Irish GPs, with a view to ensuring earlier diagnosis for families and, as a result, better outcomes for the patients.

Encouraging collaborations and skill-sharing

Medical research is a dynamic intellectual process that requires constant input of new ideas and the development of new technologies, and the acquisition of cutting-edge 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 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 £100,000.

During the year we concluded a comprehensive strategic review of our property and agreed that there was a continued need for safe, secure and managed accommodation in London to support medical research. To this end, we have agreed to refurbish our residential property, which was purpose built in the late 1960's to accommodate researchers, with a view to entering into a lease agreement with the new Francis Crick Institute. Our property will be used to accommodate the research leaders of the future who are newly appointed to the Francis Crick Institute and will ease their transition into London and will ensure that establishing their new research programmes can be prioritized over domestic arrangements. The Francis Crick Institute, which is being built at Kings Cross, London, will be an inter-disciplinary medical research institute bringing together scientists and engineers from all disciplines to solve the health problems of today and the future. In leasing our property to the Institute we are ensuring that the Medical Research Foundation will continue to support innovative collaborations and skill sharing into the future.

For almost a decade we have also owned an apartment in Kyoto, Japan that we have used to provide accommodation for Dr Nigel Unwin (MRC Laboratory of Molecular Biology, Cambridge) and co-workers, whilst they conducted ground breaking research with their collaborator, Professor Yoshi Fujiyoshi in Kyoto University. The collaboration brought together Professor Fujiyoshi's expertise and high-performance electron microscope with UK researchers from the world-class MRC Laboratory of Molecular Biology. The collaborators developed new technology to support their research aimed at understanding better how nerve cells communicate with muscle cells, signalling the muscle to contract. The nicotinic acetylcholine receptor, at the junction between the two cells, is the principal protein mediating this communication. The fruitful collaboration solved the structure of the acetylcholine receptor in 2005 and then in 2012 determined its structural mechanism. As a result, the process of neuromuscular transmission can now be explained at a more fundamental level. The MRF's investment in accommodation proved invaluable to the effective, long-term collaboration. The research has now concluded and during the year the apartment was sold. The apartment was originally purchased with funds restricted to support Dr Unwin's research and the proceeds of the sale are now available to further support his research.

NEW RESEARCH THAT WE SUPPORTED

We have highlighted some of the 47 new grants, fellowship, studentship and dissemination awards that we made during 2013/14, 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 medical research of £3.4 million.

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 Jennie Bell legacy
Funds to purchase equipment to support the research and career development of Dr Melissa Cudmore (University of Edinburgh)
£158,000

Funded from the Dr Henry Kane legacy
Funds to purchase equipment to support the research and career development of Dr Demetris Soteropoulos (University of Newcastle)
£100,000

Funded from the Effie Munro legacy
Funds to purchase equipment to support the research and career development of Dr Marika Charalambous (Queen Mary, University of London)
£80,000

Funded from the Jeanie Bell legacy
Funds to purchase equipment to support the research and career development of Dr Colin Rickman (Herriot-Watt University).
£65,000

Funded from the Dr Henry Kane legacy
Funds to purchase equipment to support the research and career development of Dr Atsushi Senju (Birkbeck College)
£50,000

Funded from the Jeantet Prize Fund (for Dr Nigel Unwin's research)
Award to support the salary of post-doctoral researcher, Dr Krizyzosiak Agnieszka, working with Dr Nigel Unwin at the MRC's Laboratory of Molecular Biology, Cambridge.
£36,800

Award to meet the running costs of Dr Nigel Unwin's research at MRC's Laboratory of Molecular Biology, Cambridge.
£15,000

Tackling diseases and conditions that devastate lives

Addiction research

Funded by the Ed Coleman donation
Support for Professor David Nutt's research on addiction at Imperial College, London.
£200

Brain damage and repair research

Funded from the Egbert Higgs legacy
Funds to purchase equipment to support the research and career development of Dr Barry McCall (University of Edinburgh).
£76,000

Cancer research

Funded from the Cancer Research Fund
Funds to purchase equipment and support the research and career development of Dr Michael Schmid (University of Liverpool).
£74,000

Funded from the Cancer Research Fund
Funds to purchase equipment to support the research and career development of Dr Mathew Coleman (University of Birmingham).
£16,000

Funded from the Fersht Research Fund
Two grants to fund the running expenses for Professor Alan Fersht's research on tumour suppressants at the MRC's Laboratory of Molecular Biology(Cambridge).
£5,500

Crohn's disease research

Funded from the Edith Winifred McNeill legacy
Support for Professor David Wilson (University of Edinburgh) to biomarkers of Crohn's disease prediction, diagnosis course and potential therapeutic targets.
£100,000

Encephalitis research

Funded from the Jean Francis Martin legacy

Three year's support awarded to Dr Vanessa Sancho-Shimizu (Imperial College London) for research on encephalitis associated with human herpes virus infection.

£270,049

Fungal infections research

Funded from the Dr Henry Kane legacy

Funds to purchase equipment to support the research and career development of Dr Simon Johnstone (University of Sheffield).

£126,000

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 the MRC's National Institute for Medical Research.

£31,000

Hearing research

Funded from the MRC Institute of Hearing Research Fund

Funds to purchase equipment to support the research and career development of Dr Paul Chadderton (Imperial College London)

£73,000

Heart diseases research

Funded from the Balzan Prize Fund

Two awards to support Professor Tom Meade (London School of Hygiene and Tropical Medicine) to follow up on studies of the MRC-funded Northwick Park Heat Study and the Thrombosis Prevention Trial.

£71,602

Human herpes virus research

Funded from the Peggy Hart Fund

Three-year's support awarded to Dr Mandy Glass (University of Glasgow) for research on human herpes virus and reactivation.

£264,020

Three year's support for Dr Daniel Depledge (University College London) for research on Varicella Zoster Virus and Post Herpetic Neuralgia.

£299,838

Intellectual disabilities research

Funded from the Mental Health Research Fund

Support for a pilot study by Professor David Skuse (University College London) and colleagues on intellectual disabilities.

£100,000

Mental health research

Funded from the Frank Steel legacy

Funds to purchase equipment to support the research and career development of anxiety disorders researcher, Dr Hannah Clarke (University of Cambridge).

£23,000

Funded from the Sheila Hague legacy

Funds to purchase equipment to support the research and career development of depressive illness researcher, Dr Oliver Robinson (University College London) .

£14,000

Funded from the Alan Miller McNaughton legacy

Support for Dr Marianne Van De Bree (Cardiff University) to support the research to dissect the biology of schizophrenia into clusters of intermediate phenotypes.

£7,848

Funded from the Alan Miller McNaughton legacy

Funds for Professor Dale Hay (Cardiff University) to support research on precursors to symptoms of depression and anxiety disorders in later childhood.

£6,612

Septicaemia research

Funded from the Dr Kane legacy

Funds to purchase equipment to support the research and career development of Dr Stephen Hare (Imperial College London).

£52,000

Tuberculosis research

Funded from the Dr Henry Kane legacy

Funds to purchase equipment to support the research and career development of Dr Apoorva Bhatt (University of Birmingham).

£45,000

Training the next generation of researchers to improve lives

African researchers

Funded from the General Purposes Fund

A major award for the MRC Gambia Unit to fund a BSc and Masters training programme for talented your Africans who wish to embark on a career on research.

£1,100,000

Molecular biologists

Funded from the MRC LMB Strauss Bequest

Bursaries provided for nine students at the MRC's Laboratory for Molecular Biology (Cambridge) to support their PhD-level training in molecular biology for 12 months: Bursary for Alex Shapson Coe (£500), Ashley Easter (£726), Alexander Frey (£2,126), Guilhem Chalancon (£2,750), Marina Romanello (£2,000), Jerry Tam (£1,270), Benjamin Ravenhill (£1,270), Mariya Karpiyevich (£2,000), and Buyon Zhao (£410).

Funded from the Celltech Research Fellowships Fund

Salary support for postdoctoral researcher Dr Andrew Franklin at the MRC's Laboratory for Molecular Biology (Cambridge).

£19,000

Salary support for postdoctoral researcher, Dr Michael Wandle at MRC's Laboratory for Molecular Biology (Cambridge).

£12,766

Prostate cancer researchers

Funded from the British Virgin Isles Movember Charitable Trust

Awards to support the skills training and development of prostate cancer researchers Dr Emilio Porfiri (University of Birmingham) (£1707), Dr Roberto Alonzi (Mount Vernon Hospital, Middlesex) (£1,707), Dr Hashim Ahmed (University College London) (£1706) and Dr David Waugh (Queens University Belfast) (£1706).

Disseminating research results

Funded from the Fleming Memorial Fund for Medical Research

Support for Dr Emma Baple and Professor Andrew Crosby (University of Exeter) to disseminate the results of MRC-funded research on genetic disorders in Amish families.

£30,000

Support for Professor Higginson and colleagues (Kings College London) to disseminate results from an MRC-funded study to develop and evaluate complex interventions in palliative care.

£29,300

Support for Professor Marta Karbonits (Queen Mary University of London) to disseminate the result of her MRC-funded research on gigantism in northern Irish communities.
£2,500

OUR AIMS FOR 2014/15

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 2014/15, we aim to make £4m available for new research awards:

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 and conditions that devastate lives

We will continue to focus our support on research on the diseases and conditions that can devastate lives and families:

Respiratory disease

In response to the wishes of a number of donors, we will make £1m funding available for research on respiratory diseases and conditions, where possible focusing support on occupational lung diseases and catarrh research. There are currently around 12,000 deaths in the UK each year due to occupational respiratory diseases.

Asthma

We will offer opportunities for mid-career researchers with the potential to be the research leaders of the future, to extend their research on asthma. Asthma affects 5.4 million people in the UK, including 1.1 million children, and causes the death of 3 people a day and we will make £1m available to tackle this problem.

Motor neurone diseases research

We will carry forward our aim of supporting motor neurone diseases research from the current year. We will aim to make £450,000 available to tackle this devastating group of progressive neurological disorders that cause debilitating disability and eventually death.

Hearing research

In response to the wishes of a donor, we will aim to make £250,000 available to train scientific support staff in hearing research at the MRC's Institute of Hearing Research in Nottingham.

Parkinson's disease

A number of donors have given us funds to support research on Parkinson's disease. We will make over £100,000 available to support such research extending and complementing the research that the MRC's scientists already undertake in this area.

Training the next generation of researchers to improve lives

Where appropriate, we will target our research funding to mid-career researchers with the potential to become research leaders of the future not only supporting innovative research but developing the career opportunities of the UK's best and brightest. We will begin to consider where to focus funds left to us for research training in order to have the biggest impact and fill gaps in the provision of trained researchers for the UK's biomedical sciences sector. Funding will be made available in 2015/16 and 2016/17.

We will consider ways of having an even greater impact on research capacity building in Africa.

Disseminating research results

We will continue to support the dissemination of MRC and MRF-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

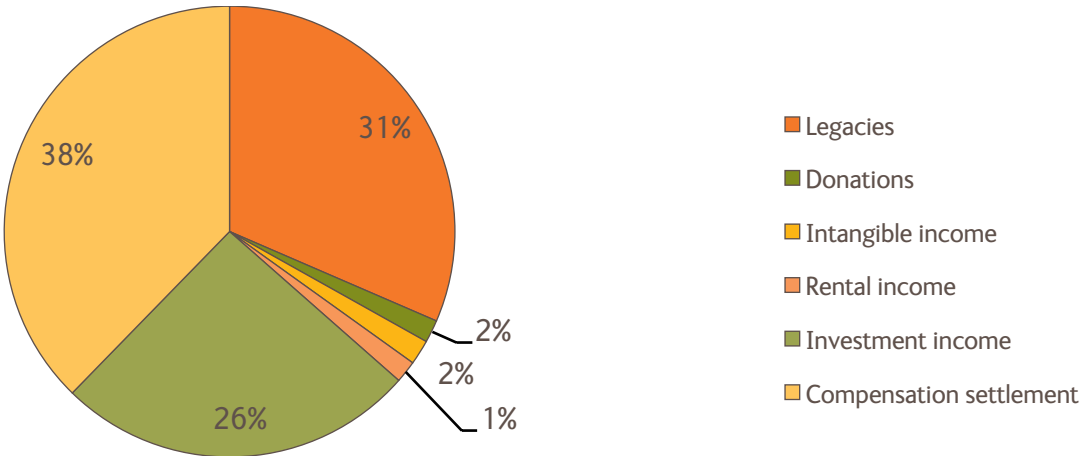
We will seek new ways to use our existing residential accommodation to support our objective of encouraging research collaborations and skill-sharing.

Supporting more research

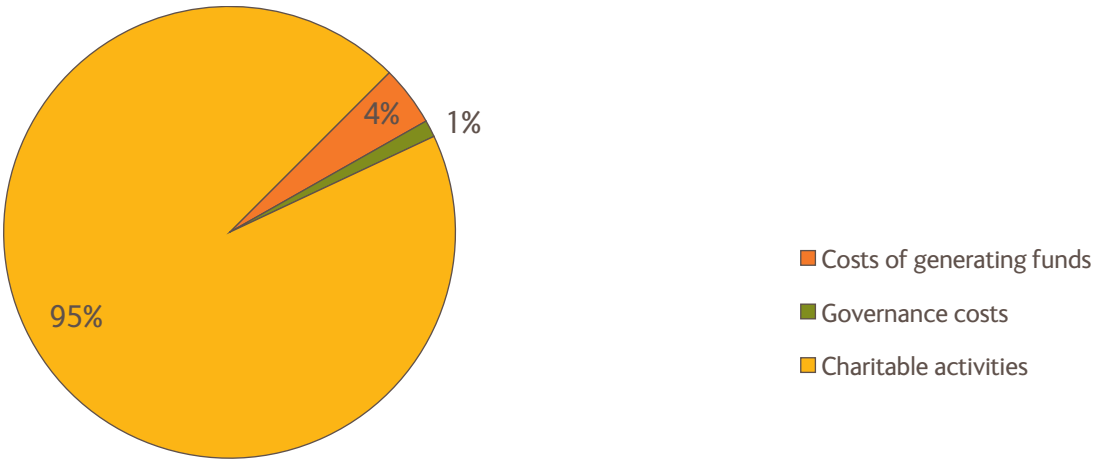
We will continue our on-going efforts to improve our communications with researchers and the public and will develop a revised fund-raising strategy with a view to increasing the funds available to undertake more research for human health.

OUR FINANCES FOR 2013/14

Our income at a glance:



Our expenditure at a glance:



For every £1 spent on advertising during the year we received £104 in legacies and donations.

The charity's financial statements for the year are on pages 40 to 54. A summary of the financial results of the year are set out below:

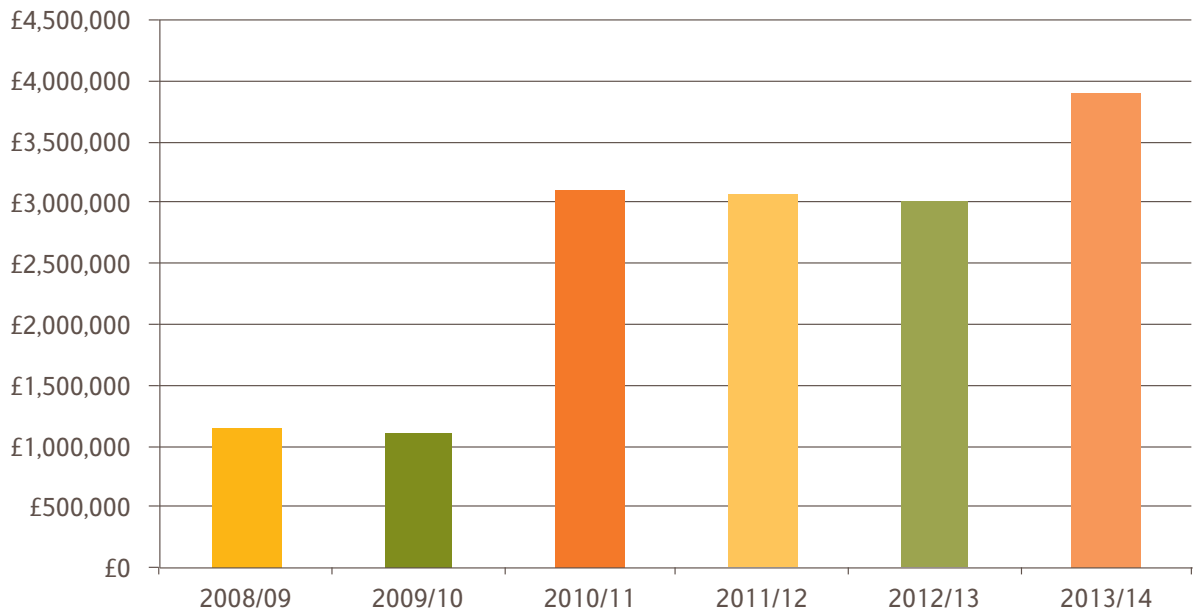
Incoming resources

This year's income of £5.66m was significantly higher than in previous years (2012/13: £2.6m) for a number of notable reasons. Despite the continued uncertain economic times and the difficulties seen by many charities in raising voluntary income in this environment, our voluntary income was very healthy and at £1.98m was significantly higher than the previous year (2012/13: £1.07m). This was principally derived from legacies which amounted to £1.8m (2012/13: £0.9m) and was double last year's legacy income thanks to a very significant bequest from an individual donor. We also received a large out-of-court settlement during the year in respect of a claim for professional negligence against a previous advisor, which amounted to 31% of the year's income. Our investments continued to provide our other main source of incoming resources and we received £1.462m investment income (compared with £1.459m in 2012/13). The stock markets continued to be volatile during the year and the value of investments fluctuated throughout. We made recognised gains on our investments of £1.6m million (though this did not compare favorably to gains of £4.3m in 2012/13). We were in receipt of free services with a value of £101k from the Medical Research Council. This was slightly less than the previous year (£110k in 2012/13) as a result of normal fluctuation in support for business activities. We generate a small level of rental income from a property that we hold to support research and we received £90k during 2013/14. This was higher than the sums received in 2013/14 (£60k) and reflected greater demand for the accommodation.

Resources expended

Total expenditure during the year was £4.12m (2012/13: £3.27m) as we continued to spend more on research. Total expenditure on charitable activities increased to £3.9m (2012/13: £3.0m) and was more than three and a half times our expenditure on research in 2009/10 (£1.06m). This is the fourth year running that we have increased our expenditure on research and reflects our ongoing commitment to make more of our funds available to conduct the research that our donors want and the research that will fulfill national research needs aimed at improving human health.

Our increasing commitment to research



The costs of raising funds

We spend very little on generating voluntary income (less than £14,000 in 2013/14) and for every

£1 that we spent on fundraising, we received £104 in legacies and donations.

Investment management fees were £153,000 and were similar to the previous year (2012/13: £138,000). We saw more than a 60% reduction in our governance costs - from £121,000 in 2012/13 to £47,000 in 2013/14 brought about by the settlement of the professional negligence claim and a reduction in our attendant legal costs.

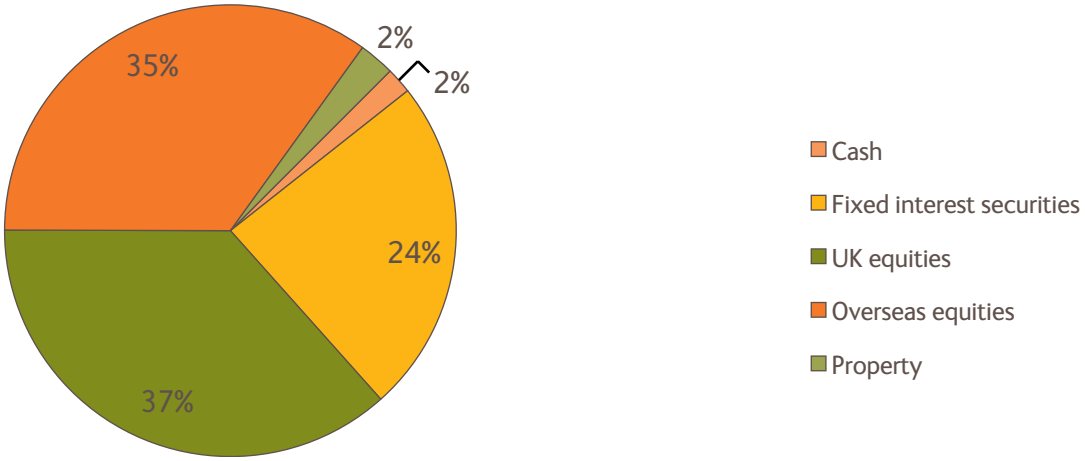
Reserves policy

The trustees are committed to making more funding available to support research over the medium-term and as a grant-giving charity our commitments span many years. In addition, we do not actively fundraise but rely on the Medical Research Foundation's and the MRC's reputation to raise voluntary income, and on our investments to generate the income that we need to fulfill our commitments to existing research and our aims of increasing funds available for more research in the future. The charity's reserves policy 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. The trustees consider it prudent to hold between £10 - £12m unrestricted funds. This reserve will provide funding for 2.5 years of identified research priorities, and associated operational costs, and is the timeframe that the trustees consider most realistic for generating new income streams should the existing streams fail. At 31 March 2014, the MRF held £14.8m in reserve (£10.2m at 31 March 2013). This increase is principally as a result of much higher levels of income during the year than in the previous year. Plans are in place to reduce the level of reserves held by increasing expenditure on research. This will bring the actual reserves held more closely in line with our reserves policy.

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 set restrictions on our investments and have agreed a range of asset allocation limits within which our investment managers must operate. At 31 March our investments were allocated:



We have a benchmark against which our investment managers are monitored and they outperformed the benchmark by 1.97% for our main fund and 3.43% for our permanent endowment fund over the 12 months prior to 31 March 2014. Throughout the year, and 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.

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 Director assists and advises the Board in all activities and has delegated authority for the implementation of the charity's policies and responsibility for the day-to-day management of the charity. The part-time Director is assisted by a part-time Finance and Grants manager and a part-time Administrator. 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 as designated funds.

Appointment, induction and training of trustees

New trustees are appointed by the Board of the charitable company. Initial appointments are normally for a three-year period 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 Board of trustees is committed to recruiting individuals with the necessary skills and expertise to progress the aims and objectives of the charity and recruitment processes are specific to the trustee vacancy. 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 Director and are provided with a comprehensive induction explaining the strategic aims and objectives of the charity, 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 eighteen-month 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 charity's 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 its 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 national and international experts to assess the quality of the research proposals that we receive. 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 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 from institutions and individuals by either advertising in the specialist press or by direct contact with the institution or researchers.

Risk management

The Medical Research Foundation pays due regard to the management of risk. 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 live risks at six monthly intervals and risks that we have agreed to tolerate on an annual basis. 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).

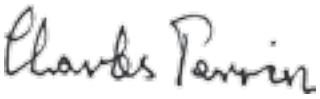
Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources 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



Charles Perrin CBE
Chair, Board of Trustees

Date: 12/11/2014

REPORT OF THE INDEPENDENT AUDITOR

We have audited the Financial Statements of the Medical Research Foundation for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes numbered 1 to 20. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge assigned by us in the course of performing the

audit. 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 2014 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; or
- we have not received all of the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

Mike Hicks
Crowe Clark Whitehall LLP
Statutory Auditor
London, 10/12/2014

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

Financial Statements

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2014

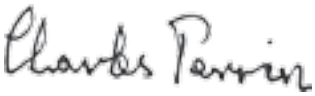
	Note	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total 2014 £000	Total 2013 £000
Incoming Resources						
Voluntary income	2	1,975	2	-	1,977	1,070
Income from charitable activities	3	90	-	-	90	60
Investment income	4	825	637	-	1,462	1,459
Other income	5	1,084	1,051	-	2,135	-
Total Incoming Resources		**3,974**	**1,690**	**-**	**5,664**	**2,589**
Outgoing Resources						
Costs of generating funds	6	(167)	-	-	(167)	(146)
Charitable activities	7	(3,511)	(390)	-	(3,901)	(3,001)
Governance costs	8	(47)	-	-	(47)	(121)
Total Outgoing Resources		**(3,725)**	**(390)**	**-**	**(4,115)**	**(3,268)**
Net Incoming/ (Outgoing) Resources before Transfers		**249**	**1,300**		**1,549**	**(679)**
Transfers between funds	17, 18	2	(2)	-	-	-
Net Incoming/ (Outgoing) Resources before Other Recognised Gains or Losses		**251**	**1,298**	**-**	**1,549**	**(679)**
Other Recognised Gains and Losses						
Unrealised (loss) on functional properties	9	-	-	-	-	(11)
Depreciation written back	9	-	-	-	-	24
Loss on investment chattels		-	-	-	-	(54)
Realised Loss on property sale	12	(18)	-	-	(18)	-
Gains on investment assets	11	855	569	227	1,651	4,327
Net Movement in Funds		**1,088**	**1,867**	**227**	**3,182**	**3,607**
Fund balances at 1 April		23,980	15,342	4,277	43,599	40,566
Transfer of Trusteeship		-	-	-	-	(574)
Fund Balances at 31 March		**25,068**	**17,209**	**4,504**	**46,781**	**43,599**

The Accounting Policies and Notes on pages 42 to 54 form part of these Financial Statements.

BALANCE SHEET AT 31 MARCH 2014

	Note	2014 £000	2013 £000
Fixed Assets			
Functional property	9	5,580	5,890
Investment properties	10	1,316	-
Investment securities	11	40,727	39,270
Total Fixed Assets		**47,623**	**45,160**
Current Assets			
Debtors	12	6	18
Short term deposits		5,064	5,064
Cash at bank and in hand		2,616	247
Asset held for sale	13	-	111
Total Current Assets		**7,686**	**5,440**
Liabilities			
Creditors: amounts falling due within one year	14	(5,437)	(4,728)
Net Current Assets		**2,249**	**712**
Creditors: amounts falling due after more than one year	15	(3,091)	(2,273)
Total Assets less Liabilities		**46,781**	**43,599**
The Funds of the Charity			
Permanent Endowment funds	16	4,504	4,277
Restricted funds	17	17,209	15,342
Unrestricted funds	18	25,068	23,980
		46,781	**43,599**

The Financial Statements were approved and authorised for issue by the trustees on 12th November 2014 and were signed on their behalf by:



Charles Perrin CBE
Chair of the Board of Trustees
Company number: 7366816

The Accounting Policies and Notes on pages 42 to 54 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

1.1 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.

1.2 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.
ii. Restricted funds are for specified areas of medical research imposed by the donors under the terms of the legacy 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.
iii. Permanent endowment funds represent capital gifts to the charity for specified areas of medical research. The terms imposed by the donors under the legacy or donation determine how the income generated by the capital may be used. The capital element of the 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.

1.3 Incoming Resources

Incoming resources, both income and capital, are recorded in the Statement of Financial Activities (SOFA) 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.

Legacy income is accounted for as income when it is virtually certain that the legacy will be received and the monetary value of the legacy can be measured with sufficient reliability.

1.4 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.

i. ***Costs of generating income*** includes the direct costs of advertising and investment managers fees.

ii. ***Costs of charitable activities*** are determined by the aims of the charity - to fund biomedical research related activities. Research, equipment, dissemination and travel grants, fellowships, studentships, and scholarships and the costs associated with reviewing, awarding and managing them, are charged when the obligation to pay arises i.e. 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 expenditure), which are allocated on a pro-rata basis from an estimate of staff time and are apportioned at the end of the year.

iii. ***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. 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.

1.5 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.

1.6 Fixed Assets – Investment Properties

Certain properties are held as investment properties for the purpose of producing income for the Foundation. These properties are not used for the direct charitable purposes of the Foundation and are disclosed in the Financial Statements on the basis of periodic valuations.

1.7 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 SOFA.

1.8 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.

2. Analysis of Voluntary Income

Analysis of Voluntary Income	2014 £'000	2013 £'000
Bequests and Legacies	1,784	935
Donations	92	25
Intangible income	101	110
	1,977	**1,070**

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

Charitable activities	5	12
Governance costs	96	98
	101	**110**

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 research managers, estates managers and communication managers in respect of the time spent on MRF's business, peer review advice and a property management and lettings service. The MRC also provides accommodation and associated services. These free facilities and services (intangible income) are recorded as voluntary income in the SOFA 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

Income from Charitable Activities	2014 £'000	2013 £'000
Rental income from functional assets	90	60

The total commercial market rent that could be achieved on the functional property is estimated to be £190,000. The amount of rental income receivable is as shown.

4. Investment Income

Investment Income	2014 £'000	2013 £'000
Dividends received	1,416	1,383
Interest on deposits	35	76
Rental from investment properties	11	-
	1,462	**1,459**

Interests in two properties were bequeathed to the charity during the year (see note 10). The rental income from these properties is in respect of the period from July 2013 to 31 March 2014.

5. Other income - Legal Compensation

The Medical Research Foundation received £2,250,000 in June 2013 to settle a claim for professional negligence against previous professional advisors. £114,071 of this income was received by the MRF on behalf of the entities included in note 7. The MRF has not recognised the income in relation to this transaction as they have no legal entitlement to the income. The net income recognised by the MRF is £2,135,929 for the year ended 31 March 2014.

6. Costs of Generating Funds

	2014 £'000	2013 £'000
Costs of Generating Funds		
Investment manager's fees	153	138
Costs of generating voluntary income - advertising	14	8
	167	**146**

7. Costs of Charitable Activities

	2014 £'000	2013 £'000
Costs of Charitable Activities		
Grant expenditure/commitments (see next page)	3,431	2,570
Endowment distributions	-	14
Cancelled commitments	(144)	(143)
Functional property expenses	33	53
Depreciation	310	316
Other support costs	271	191
	3,901	**3,001**

Endowment distributions share the income from the Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall's permanent endowment fund for medical research between a number of charities, under the direct terms of the bequest. Asthma Research UK, British Red Cross, the British Heart Foundation and the Medical Research Foundation receive an equal share of the income. MRF receives this income on behalf of the parties listed above, and transfers it to them annually. In the year ended 31 March 2014, the MRF has not recognised the income and expense in relation to this transaction as it has no legal entitlement to the income.

Schedule of Grants awarded in the Year

New grant commitments made to specific research organisations during the year are set out below.

	2014 £'000	No of grants	2013 £'000	No of grants
Birkbeck University	49	1	-	-
Heriot–Watt University	65	1	-	-
Imperial College of Science Tech & Medicine	396	4	-	-
Kings College London	29	1	298	1
London School of Hygiene and Tropical Medicine	72	2	-	-
MRC Anatomical Neuropharmacology Unit, Oxford	-	-	95	1
MRC Cancer Cell Unit, Cambridge	-	-	200	1
MRC Centenary project	-	-	100	1
MRC Cognition and Brain Sciences Unit, Cambridge	-	-	5	2
MRC Gambia Unit, Gambia	-	-	266	4
MRC Human Immunology Unit, Oxford	-	-	22	1
MRC Human Nutrition Research Unit, Cambridge	-	-	146	1
MRC Institute of Hearing Research, Nottingham	-	-	10	1
MRC Laboratory of Molecular Biology, Cambridge	104	15	130	16
MRC Mammalian Genetics, Oxford	-	-	200	1
MRC Mitochondrial Biology Unit, Cambridge	-	-	3	2
MRC National Institute of Medical Research, London	31	1	252	4
MRC Protein Phosphorylation Unit, Dundee	-	-	54	1
MRC The Gambia Unit	1,079	1	-	-
MRC Unit for Lifelong Health and Ageing	-	-	18	1
MRC Lifecourse Epidemiology Unit, Southampton	-	-	60	1
Queen Mary University of London	83	2	-	-
Queens University Belfast	2	1	-	-
University of Birmingham	67	3	-	-
University College London	419	4	27	1
University of Cambridge	22	1	-	-
University of Cardiff	14	2	-	-
University of Edinburgh	333	3	70	2
University of Exeter	30	1	-	-
University of Glasgow	266	1	287	4
University of Leeds	-	-	255	1
University of Liverpool	74	1	-	-
University of Newcastle	100	1	-	-
University of Oxford	-	-	18	1
University of Sheffield	126	1	-	-
Dr Terry Jones (personal award)	-	-	26	2
Other Commitments	69	-	28	-
Less Commitments recovered*	-	-	-	-
	3,431	**47**	**2,570**	**50**

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

8. Governance Costs

	2014 £'000	2013 £'000
Governance Costs		
Audit fees	19	17
Legal fees	19	100
Other direct governance costs	6	-
Trustees meeting costs (travel and subsistence)	2	3
Overheads and support costs	1	1
	47	**121**

9. Fixed Assets - Property

	Freehold land and buildings Total
Cost or Valuation	**£'000**
At 1 April 2013 and 31 March 2014.	6,200
Depreciation	
At 1 April 2013	(310)
Charge for the year	(310)
At 31 March 2014	**(620)**
Net Book Value	
At 31 March 2014	5,580
At 31 March 2013	**5,890**

The Medical Research Foundation holds the following property:

Medresco House, Hampstead, London

Medresco House is a freehold property built in the late 1960's using charitable funds. It consists of 14 self-contained flats used to house visiting researchers to the MRC's London research establishments with the aim of facilitating collaborative research between UK-based MRC researchers and those from overseas. It was valued during 2011/12 by Colliers International, Chartered Surveyors at £6,200,000.

10. Investment Properties

	2014 £'000	2013 £'000
Investment Properties		
Market value at 1 April 2013	-	-
Additions at valuation	1,316	-
Market value at 31 March 2014	**1,316**	**-**

The Medical Research Foundation's interests in the investment properties were valued at the date of transfer (18 July 2013). They will be revalued every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The valuation was undertaken by Elaine Mayle (RICS Registered Valuer) of CBRE Ltd, Chartered Surveyors.

The interests in the investment properties were bequeathed to the MRF under a Will in which there is an express wish (although not a binding obligation) that the properties are not sold. Whilst this represents a restriction on the ability of the Trustees to dispose of their interest in the properties, the interests have been included in the financial statements at full market value as the rental income derived from the properties is a commercial market rent negotiated on an arm's length basis.

11. Fixed Assets - Investment Securities

	2014 £'000	2013 £'000
Market value at 1 April 2013	39,270	35,055
Acquisitions at cost	11,657	8,345
Sale proceeds from disposals and withdrawals	(11,851)	(8,457)
Net gains in year	1,651	4,327
Market value at 31 March 2014	**40,727**	**39,270**

Analysis of Investments

Cash balances	759	199
Fixed interest securities	9,791	10,493
UK equities	14,924	15,387
Overseas equities	14,216	11,894
Property	1,037	1,297
Total investments	**40,727**	**39,270**
The following investment is considered material:		
Newton Financial Management Ltd Global Growth and Income Fund for Charities	4,484	4,231

12. Debtors

	2014 £'000	2013 £'000
Debtors		
Accrued income	5	17
Pre-payments	1	1
	6	**18**

13. Current Assets

Current Assets	2014	2013
Asset held for sale (Kyoto Flat)	-	111

Residential Accommodation, Kyoto, Japan

This flat was purchased using funds from the Jeantet (Unwin) Fund which is designated to support the research of Dr Nigel Unwin from the MRC's Laboratory of Molecular Biology, Cambridge. The residential accommodation was 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 nerves and muscles. The flat was valued by Office Raku Co. Ltd, real estate agents in Kyoto, Japan, in February 2010 at 16,900,000 yen (£122,000) and depreciation was first charged on this property in the year ended 31 March 2011. The property was held for sale at the previous year-end and was sold in June 2013 for £92,898, resulting in a loss of £18,000.

14. Creditors: Amounts falling due within One Year

Creditors: Amounts falling due within One Year	2014	2013
Trade creditors	1	21
Accruals	87	65
Commitments	5,335	4,628
Audit fees	14	14
	5,437	**4,728**

15. Creditors: Amounts falling due after One Year

Creditors: Amounts falling due after One Year	2014	2013
Commitments	3,091	2,273

16. Permanent Endowment Funds

	Balance at 1 April 2013 £'000	Transfers £'000	Expenditure £'000	Investment gains £'000	Balance at 31 March 2014 £'000
Alice Cory Bequest Fund	304	-	-	16	320
Dorothy Temple-Cross Fellowship Fund	39	-	-	2	41
Gertrude Nicholl Bequest Fund	125	-	-	6	131
Sir Leonard Rogers Tropical Medicine Research Fund	2,776	-	-	148	2,924
Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for Medical Research	197	-	-	10	207
Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for Asthma Research	215	-	-	12	227
Williams Barker Bequest Fund	621	-	-	33	654
	4,277	**-**	**-**	**227**	**4,504**

These permanent endowment capital funds are invested 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.

17. Restricted Funds

Name of Fund	Balance at 1 April 2013 £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/ (losses) £'000	Balance at 31 March 2014 £'000
Alice Cory Fellowship Income Fund	422	-	65	5	16	508
Cancer Research Fund	2,945	-	231	(101)	106	3,181
Crohn's Disease Research Fund	101	-	4	(101)	3	7
Dorothy Temple-Cross Bequest Income Fund	175	-	15	(1)	6	195
Dr Gornall Bequest Medical Research Income Fund	1	-	3	-	-	4
Hepatitis Research Tartellin Fund	1,053	-	114	(4)	39	1,202
Fleming Memorial Fund for Medical Research	2,724	-	198	(72)	98	2,948
Hepatitis Research Tartellin Fund	1,053	-	114	(4)	39	1,202
Jeantet Prize Fund (Pelham)	1,309	-	105	10	47	1,471
Liver Disease Research Fund	-	-	131	(80)	5	56
Mental Health Research Fund	766	-	63	(39)	28	818
MRC LMB Celltech Research Fellowship Fund	768	-	69	25	29	891
MRC LMB Merck Visiting Research Fellowship Fund	638	-	46	(2)	23	705
MRC LMB Strauss Fund	696	-	58	(14)	25	765
Pain Research Fund	682	-	51	(3)	25	755
Poliomyelitis Research Fund	867	-	68	(3)	31	963
Sir Cusrow Wadia Research Fund	126	-	38	(1)	5	168
Sir Leonard Rogers Tropical Medicine Research Fund	853	-	287	(4)	38	1,174
Rheumatic Diseases Research Fund	1,207	-	91	(5)	43	1,336
Williams Barker Bequest Income Fund	9	(2)	53	-	2	62
	15,342	**(2)**	**1,690**	**(390)**	**569**	**17,209**

18. Unrestricted Funds

Name of Fund	Balance at 1 April 2013 £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/ (losses) £'000	Balance at 31 March 2014 £'000
General Purposes Research Fund	11,081	1,150	1,104	(2,255)	400	11,480
Designated Funds						
Asthma Research Fund	729	-	68	(3)	27	821
Balzan (Meade) Prize Fund	78	-	8	(67)	1	20
Descartes Prize Fund (Holt)	120	-	10	-	4	134
Diagnostic Techniques Research Fund	430	-	27	(2)	15	470
Encephalitis Research Fund	221	-	17	(246)	8	-
Ernst Jung Prize (Jones Research Fund)	46	-	4	-	2	52
Eye Diseases Research Fund	586	-	43	(2)	21	648
General Purposes (Scotland) Research Fund	302	-	30	(222)	11	121
Genetics of Mitochondrial Diseases	-	-	83	-	-	83
Human Movement and Balance Research Fund	123	-	10	(2)	4	135
Heart Disease Research Fund	82	-	5	-	3	90
Intellectual Disabilities Fund	1,000	-	31	(104)	35	962
Jeantet Prize Fund (Unwin)	224	-	129	(55)	(13)	285
Jeantet Prize Fund (Skehel)	25	-	25	(2)	2	50
MRC CSC Cyclotron Unit Greenleaf Bequest	52	-	4	-	2	58
MRC NIMR Relocation Fund	1,546		117	(6)	55	1,712
Neurochemical Pathology Research Fund	53	-	5	2	-	60
2013 Equipment Grant Competition	1,081	(1,148)	34	(4)	37	-
Carried forward	**17,779**	**2**	**1,754**	**(2,968)**	**614**	**17,181**

18. Unrestricted Funds (continued)

Name of Fund	Balance at 31 March 2013 £'000	Transfers between funds £'000	Incoming resources £'000	Expenditure £'000	Investment gains/ (losses) £'000	Balance at 31 March 2014 £'000
Brought forward	**17,779**	**2**	**1,754**	**(2,968)**	**614**	**17,181**
Ann Hart Fund for Shingles & Chickenpox Research	563	-	18	(597)	20	4
Kathleen Goff Training Fund	-	-	1,784	-	-	1,784
John Chadwick Barlow Bequest	140	-	9	-	5	154
Leukaemia Research Fund	215	-	17	(1)	8	239
Lupus Erythematosus Research Fund	589	-	32	(2)	21	640
Motor Neurone Disease Research Fund	417	-	18	(2)	15	448
MRC CSC Cardiovascular Imaging Research Fund	133	-	10	(1)	5	147
MRC Clinical Sciences Centre – Bydder Research Fund	115	-	9	-	4	128
MRC Clinical Sciences Centre General Research Fund	167	-	13	(1)	6	185
MRC Clinical Trials Unit Research Fund	87	-	12	-	3	102
MRC Institute of Hearing Research General Research Fund	220	-	19	(1)	8	246
MRC Institute of Hearing Research Fray Bequest Fund	298	-	22	(1)	11	330
MRC LMB BIORAD Visiting Fellows Research Fund	289	-	22	(1)	10	320
MRC Fersht Research Fund	162	-	12	(15)	6	165
MRC LMB Techne Studentship Fund	263	-	20	(1)	9	291
MRC NIMR General Purposes Research Fund	112	-	8	-	4	124
MRC NIMR Robinson Research Fund	248	-	22	(32)	9	247
MRC NIMR Rosa Beddington Fund	385	-	28	(1)	14	426
MRC Toxicology Unit Research Fund	103	-	15	-	3	121
Nutrition Research Fund	118	-	8	-	4	130
Parkinson's Disease Research Fund	114	-	8	-	4	126
Respiratory Medicine Research Fund	1,002	-	67	(4)	36	1,101
Stroke/Arterial Illness Research Fund	148	-	11	(76)	6	89
Other research funds	313	-	36	(21)	12	340
	23,980	**2**	**3,974**	**(3,725)**	**837**	**25,068**

18. Unrestricted Funds (continued)

Unrestricted funds with a fund value of less than £50,000, at both the start and end of the year, have been grouped under the 'Other Research Funds' category for the purposes of this note. In practice, all funds are managed separately.

19. Analysis of Net Assets between Funds

	Unrestricted funds	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000
Analysis of Net Assets between Funds				
Tangible assets	5,580	1,316	-	6,896
Investment securities	14,765	21,478	4,484	40,727
Current assets	7,666	-	20	7,686
Current liabilities	(1,664)	(3,773)	-	(5,437)
Long-term liabilities	(1,279)	(1,812)	-	(3,091)
	25,068	**17,209**	**4,504**	**46,781**

20. Related Party Transactions

Trustees' Expenses

During the year, two Trustees were reimbursed for travel and subsistence expenses to attend Trustees' meetings in London and other business meetings, amounting to £2,038 (2012/13 - £2,420). There were no other related party transactions during the year (2012/13 - none).

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 ensures more ground-breaking science is funded.

Supporters

During the year, we received support from the late Mrs Joan Anderson, Miss Freda Helen Collier, Miss Kathleen Goff, Mrs Peggy Hart, Dr Henry Kane, Mary Barker Lovell, Ms Effie Munro, Mr Fredick Paice, Dr Phillip Rizza, Miss Doetje Louise Sloman and Mrs Alison Speers. The friends and family of Mrs Dinah Boerma, Leslie William Bond, Mr L Bushell, and Gordon Richard Marks also provided support. Other donations were received from Mrs E Bloom, British Virgin Islands Movember Charitable Trust, Mr E Coleman, Mr Simon Copps, Mr P Gidley, K A Hilder, R E W & A F Hills, Mr D R Marks, Dr E Murray, S Wright.

The MRC made a significant contribution to the Medical Research Foundation during the year by providing over £100,000 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, our Director; Vanessa Chauhan, our Finance and grants manager; and, Kerrie Wadmore, our administrator.

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; he was Chairman of the MRC Pension Trust from 2004 until 2010. Charles is currently Honorary Treasurer of the Royal Veterinary College, a Governor of the Royal Central School of Speech & Drama and a Trustee of the Nuffield Trust. He was elected in 2009 as an Honorary Fellow of the Royal College of Physicians.

Professor Daniel Altmann (from 1 April 2014)

Danny Altmann is a biomedical research scientist. He has run a lab at the Hammersmith Hospital Campus of Imperial College since moving to the site for the opening of the MRC's Clinical Sciences Centre in 1994. His main research interests are the study of adaptive immunity in human disease including severe bacterial infection and autoimmune disease, such as multiple sclerosis. Danny took two and a half years out of bench research from 2011 to work with the Wellcome Trust on strategy for biomedical research funding initiatives in infection, immunity and population health. He is Editor-in-Chief of 'Immunology' and Associate Editor of 'Vaccine' journals.

Ms Louise Ansari

Louise Ansari has been Director of Communications at Diabetes UK since October 2011. Previous to this she had worked on communications and campaigns for a range of UK and international organisations dealing with health, social policy, and local services, including several years as Head of Communications at Lambeth Council, and as a media specialist at Which? Magazine, the Food Standards Agency, and the Health Education Authority. She is passionate about using communications to help improve people's lives.

Professor Sir Andrew Haines (from 1 April 2014)

Andy Haines was Director of the London School of Hygiene & Tropical Medicine from 2001 to 2010. He was previously Professor of Primary Health Care and Head of the Department of Primary Care and Population Sciences at University College London, and worked part-time as a general practitioner in North London for many years. Before that Andy was a consultant in epidemiology at the MRC's Epidemiology and Medical Care Unit. He was also formerly Director of Research & Development at the National Health Service Executive, North Thames and a member of the MRC's Council and the Strategy Board. He is a trustee of UK Biobank and a number of other charitable bodies. Andy was nominated by the MRC for his position on the Board of Trustees.

Professor Eve Johnstone CBE (until 31 March 2014)

Eve Johnstone is Assistant University Principal for Mental Health Research and Development at the University of Edinburgh where she was Head of Division of Psychiatry until 2010 when she retired from that post. Her main research area is in the field of schizophrenia and psychotic illness. She was previously Chair of the MRC's Neurosciences and Mental Health Research Board and a 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 a trustee of the Shirley Foundation which is concerned principally with research into Autism Spectrum Disorders.

Professor Nicholas Lemoine

Nick Lemoine is Director of Bart's Cancer Institute at Queen Mary University of London and Director of Research & Development for the Cancer Clinical Academic Unit at Bart's Health, the country's largest NHS Trust. His main research interests are in molecular genetics and biological therapies for cancer. He is also 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 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, until 6 September 2013 when he was reelected in his personal cacapity.

Professor Genevra Richardson CBE

Genevra 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. Genevra has been a trustee of the Nuffield Foundation since 2002.

Dr Alan Stone (until 31 March 2014)

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 CBE

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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