



Medical Research Scotland  
62<sup>nd</sup> Annual Report and Financial Statements  
2015-16

*Medical Research Scotland is the operational name  
of the Scottish Hospital Endowments Research Trust (SHERT)  
Recognised in Scotland as a charity with Scottish Charity No. SC014959*

## **Medical Research Scotland**

As Scotland's largest independent comprehensive charity funder of medical research, Medical Research Scotland is committed to:

- supporting people in the early stages of their careers in biomedical research in Scotland
- supporting only the highest-quality clinical and laboratory-based research, which is aimed at improving understanding of the basic mechanisms of disease processes; or the diagnosis, treatment or prevention of disease; or the advancement of medical technology.

### **PATRON**

HRH The Princess Royal

### **MEMBERS**

The following served as Members during the year:

Professor Philip Winn, BA, PhD, FRSB, FAPS, SRPharmS

Professor Andrew H Baker, BSc, PhD, FAHA, FESC, FRSE

Professor John R Brown, CBE, BSc, PhD, MBA, FRSE

Professor Bernard A Conway, BSc, PhD

\*Mr Brian Duffin, MA, FFA, CCMi

Mr Scott Johnstone, BEng(Hons), MBA, CEng, FIET FIMechE

\*Professor Walter Nimmo, CBE, BSc, MD, FRCP, FRCA, FANZCA, FRSE

\*Mr Graham Paterson, MBA, FCCA

\*Dr David Stretton BSc, PhD, LL.M (*resigned on 29th September 2015*)

Dr Jennifer M Woof BSc, PhD, FHEA, FRSB

Professor Andrea Nolan OBE, FRSE, MRCVS

\*Mr Barry Rose, BSc (from 1st January 2016)

*\* Denotes membership of the Audit & Investment Sub-Committee*

### **PRINCIPAL ADDRESS**

Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE

### **SECRETARIES**

Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE

### **SCIENTIFIC ADVISER**

Dr Alex M Graham, PhD

### **AUDITORS**

Scott-Moncrieff, Exchange Place 3, Semple Street, Edinburgh EH3 8BL

### **INVESTMENT MANAGER**

Martin Currie Investment Management Ltd, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES

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# Foreword



BUCKINGHAM PALACE

As Patron, I am delighted that the work of Medical Research Scotland continues to develop and grow. The mission of the Charity is to help develop the careers of talented biomedical scientists with direct support for both undergraduate and postgraduate students. The work done by all of Medical Research Scotland's scientists helps enhance relationships between Scotland's Universities and industry.

It was a particular pleasure this year to be able to support the work of Medical Research Scotland in outreach programmes for secondary school pupils. The event that I attended at the Dundee Science Centre displayed the work of Medical Research Scotland Vacation Scholars and PhD students. The secondary school pupils who visited this exhibition were clearly enthused by what they experienced and I hope that Medical Research Scotland will be able to continue this valuable programme.

I am pleased to note that the Board of Medical Research Scotland has again been refreshed by the recruitment of new members and hope that it will continue actively to promote the value of collaborative research between academia and industry to deliver benefit in biomedical sciences.

The science sponsored by Medical Research Scotland is intended to have a high impact in both academia and Scotland's life science industries, developing new drugs, medical devices and diagnostic tools to benefit healthcare globally. I wish Medical Research Scotland every success in its continuing mission to promote excellent research and develop the careers of a talented cohort of students.

HRH The Princess Royal

## Chairman's Report

This last academic year saw continuing progress for Medical Research Scotland. Our mission remains focused on helping scientists in the early stages of their careers to develop in ways that will bring benefit to themselves, their institutions and to Scotland's life science industries.

We support the development of biomedical scientists by funding research that will lead to the award of doctorates. The numbers of PhD students we support continues to grow and we have been able to provide further resources for this programme – both the number and value of studentships has increased. Medical Research Scotland continues to support doctoral students by working in partnership with colleagues in life science industries, developing the drugs, devices and diagnostics that will provide for ever more effective and efficient health care in Scotland and around the world. The work is vitally important in itself, but additionally our approach helps our students understand the close and necessary interdependence of academia, industry and primary health care.

We have also cemented further our relationship with the Daphne Jackson Trust, supporting Fellowships to help scientists return to research after a career break. We have lengthened our support for these from two years to three – all on a part time basis – and will support Medical Research Scotland sponsored Daphne Jackson Fellows in the coming year.

Medical Research Scotland is also supportive of undergraduates, through the award of Vacation Scholarships that enable students to spend time in the summer working in academic laboratories, usually just before starting their final year of study. This is a valuable experience, letting undergraduates understand what full time research in a lab is actually like. The numbers applying for these bursaries have increased dramatically, from 67 applications for the summer of 2015 to 134 applications for the current year.

We also continue our relationship with secondary schools. Two well attended "Meet the Researcher Showcase" events were held this year, at the Aberdeen and Dundee Science Centres. These events give senior pupils an opportunity to talk to students supported by Vacation Scholarships or PhD Studentships. The event in Dundee was attended by our Royal Patron, HRH The Princess Royal. It is of significant value to us that our Royal Patron takes such a close interest and continues actively to support us.

The Board of Trustees at Medical Research Scotland continues to evolve. After valuable and valued service Dr David Stretton stood down this year, while Mr Barry Rose joined us, bringing his considerable experience of financial services to the Board.

Our financial position remains secure, enabling us to maintain both the numbers of awards we would like, and their value. During the year, funds were received through royalties, donations from individuals (including online), legacies and trust giving. All donations are acknowledged individually and highlighted on our website.

The Board of Medical Research Scotland is not complacent. We look all the time to improve the way in which we work and to adapt to changing circumstances – and of course these are turbulent times in national and international political life. In the coming year we will have a strategic review of our work so that we can consolidate or change in ways that are most appropriate to providing support for the best quality biomedical research in Scotland.

**Professor Philip Winn**  
**Chairman**

## Trustees' Report

The Trustees present their report along with the Financial Statements of the Trust for the year ended 31st March 2016. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Trust's constitutive legislation the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) published on 16th July 2014 (as amended).

### Objectives and Activities

The objectives of the Trust are to:

- Receive and hold endowments, donations and bequests;
- Awarding funding from these to promote medical research in Scotland;
- Engage in fundraising activities for the purposes of the Trust;
- Develop and exploit ideas and exploit intellectual property.

The Trust aims to improve health standards by funding research of the highest quality into the cause, diagnosis, treatment and prevention of all forms of illness and genetic disorders, and into the advancement of medical technology.

The Trust fulfils its objectives by providing a range of opportunities to support and encourage research-minded individuals to pursue high-calibre research in biomedicine, independently or in collaboration with colleagues in their own or other universities, major hospitals and research units in Scotland, or with trading companies operating in healthcare-related fields. Through its short Undergraduate Vacation Scholarships, commercially-linked PhD Studentships and its support of part-time Daphne Jackson Trust Fellowships, the Trust offers provision for biomedical researchers. The awards help to prepare the recipient researchers for a career, or return to a career, in academia or the health-related commercial sector.

### Grant-making Policy

The Trust aims to support research of the highest quality. It has a rigorous system of assessment of funding applications before they reach Trustees.

Funding decisions for the PhD Studentship awards are taken in a two-stage process. Applications, detailing a defined research project, are subject to expert peer review by members of the specially-appointed PhD Studentship Panel, who are first provided (by the Scientific Adviser) with sufficient information about each to enable them to declare any possible conflict of interest in any application. The Panel members then review the applications independently and their reports are subsequently considered by all the Panel members meeting in committee. Recommendations for funding are then made to the Trustees, who take the final decisions. Those accepting the offer of funding then select appropriately highly-motivated and qualified students following advertisement and interview by a group comprising the academic institution and representatives from both the company and the Trust. Following appointment of suitable students, recipients of PhD awards must submit annual reports providing information about progress on both the academic and company aspects of the award. These are scored by the scientific Trustees to ensure that the work is progressing satisfactorily before payment of subsequent years' fees is made.

Vacation Scholarship applications are reviewed separately and independently by the scientific and medical Trustees, who make recommendations to the Trustees. The final

funding decisions are taken by all the Trustees in light of those recommendations and available funds. After completion of the Vacation Scholarship, a short report is required from the award holder and the student. These reports are reviewed by all the Trustees.

All continuing project award holders are required to submit progress and final reports and also a post-completion report. Progress and final reports are scored by the scientific trustees and any found to be unsatisfactory are followed up. The purpose of the post-completion check is to assess the award holder's subsequent progress and what publications and possible intellectual property exploitation may flow from a project which the Trust has supported. An annual report is also received from the Intellectual Property Manager of each administering institution in respect of each project awarded.

The Trust also sponsors a number of Daphne Jackson Trust Fellowships with Trustees participating in the funding decisions taken by the Daphne Jackson Trust. Progress reports are received by the Trust from recipients of these Fellowships on a six monthly basis.

### **Funding Awarded**

During the 2015-16 Financial Year the Trustees awarded a total of 15 PhD Studentships (13 in 2014-15) and 48 Undergraduate Vacation Research Scholarships (30 in 2014-15). The topics of the PhD Studentships cover a wide range including liver injury, diabetes, fibrosis and cancer, many having drug development as their primary focus. Vacation Scholarships were held at the following universities:- Aberdeen, Abertay, Dundee, Edinburgh, Edinburgh Napier, Glasgow, Heriot-Watt, St Andrews, Stirling, Strathclyde and West of Scotland. Further information about all the awards formally accepted can be found on the Trust's website: [www.medicalresearchscotland.org.uk](http://www.medicalresearchscotland.org.uk). The total value of the funding awarded amounted to £1,098,179.

### **Achievements and Performance**

The Trust's **Annual Plan** for 2015-16 and performance against it are summarised as follows:

1. To continue to raise awareness of the Trust and particularly its new funding strategy within the academic and business communities in Scotland, seeking to ensure appropriately high-quality applications.

*The availability of the PhD Studentships and Vacation Scholarships was widely circulated among the academic and commercial biomedical sectors. The number and quality of the applications received suggest these continue to be increasingly popular and competitive.*

2. To review the PhD Studentship Award process and criteria.

*The Trustees reviewed the criteria for appointment of Students and it was confirmed during the period that Medical Research Scotland would normally expect Students to have been awarded a minimum of an upper second class undergraduate honours degree in a relevant subject. The Standard Conditions for the PhD Studentship Award will be reviewed in the coming year.*

3. To make up to 15 PhD Studentship Awards for suitably high-quality, relevant projects submitted by university/industry collaborations, to make funds available for up to 50 Undergraduate Vacation Research Scholarships and also to seek to appoint up to three Daphne Jackson Fellowships for those seeking to return to biomedical research following a career break.

15 PhD Studentships and 48 Undergraduate Vacation Research Scholarships were awarded. The Trustees agreed to support two Daphne Jackson Trust Fellowship awards.

4. To develop marketing opportunities in relation to schools events and/or Science Festivals.

*Two successful Meet the Researcher Showcase events were held at Aberdeen Satrosphere Science Centre and Dundee Science Centre on 8th and 9th March 2016 respectively, the latter of which Her Royal Highness The Princess Royal kindly attended.*

5. To keep under review the membership of the Trust in light of retirements and resignations and the need to ensure that there is the appropriate breadth of expertise needed for the continued good governance of the Trust.

*During the period, one Trustee retired and one new Trustee with the appropriate expertise was appointed.*

6. To review the Trust's services in line with the agreed timetable.

*The Trustees noted that the appointment of the Investment Managers should be reviewed in the coming year.*

7. To continue to keep under close review the Trust's investment portfolio and, in particular, its income.

*The asset allocation of the portfolio was reviewed in detail by the Trust's Audit & Investment Committee in consultation with the Trust's Investment Managers.*

8. To have the Trust's Annual Report & Financial Statements printed and available from its website during 2015.

*The Annual Report & Financial Statements was printed on 30th October 2015 and is available on the Trust's website.*

## **Financial Review**

The Trust can only spend income and it is therefore reliant on the income from its investments, and also on legacies, donations and royalties. The annual investment income is supplemented by an Income Investment Fund which was created at a time when there was a surplus of income. Income generated on the investment portfolio and related cash deposits was £1,197,993 during the year which includes accumulated income, compared with £1,134,267 in 2014-15 and royalties were £112,204 compared with £117,883.

## **Investment Policy and Performance**

The remit given to the Trust's investment manager, Martin Currie Investment Management Limited, is to manage the fund conservatively with the objective of maintaining the real value of income whilst protecting capital growth. The investment manager may invest in UK and Foreign Equities, Fixed Interest Securities, Regulated Collective Investment Schemes managed by an associate of Martin Currie and Investment Trusts managed within Martin Currie or elsewhere.

The Investment Manager is prohibited from investing directly in the tobacco sector and in stocks exposed to the production of alcohol. The Investment Manager reports to the Members in writing four times a year, provides monthly statements to the members of the Audit & Investment sub-committee and reports in person at meetings on a regular basis. The benchmark selected, against which performance is monitored and reported on in writing and at meetings, comprises 60% FTSE All Share, 20% MSCI Emerging Markets Index and 20% MSCI World High Dividend Yield Index.

The year under review was a challenging one for equity markets. The total return on the Trust's overall portfolio was -3.9%, moderately behind the return on the benchmark of -3.2%. The core UK equity portfolio delivered a -4.0% return, broadly in-line with the FTSE-All Share Index over the period. The holding in the Martin Currie Global Equity Income Fund produced a smaller negative return but failed to keep pace with its relevant benchmark, and whilst the holding in the Martin Currie Emerging Markets Fund kept pace with its benchmark over the period under review, emerging markets were one of the weakest equity asset classes globally and hence the position had a detrimental impact on overall returns.

As at 31st March 2016, the value of the Trust's investment portfolio (including capital cash) was £32,481,921, compared with £34,949,955 at 31st March 2015 and a value as at 27th October 2016 of £37,190,172, a decrease of £2,468,034 and increase of £4,708,251 respectively.

### **Reserves Policy**

Under the National Health Service (Scotland) Act 1978 it is the duty of the Trust to hold and administer funds on Trust for the purpose of assisting the conduct of research into specified matters. The Trust has power to accept, hold and administer property on Trust. The Trust has a limited power to borrow money or draw upon capital to meet expenditure of a capital nature, but otherwise may only spend its income. The Trust's investments are divided into Restricted and Unrestricted Funds. Restricted Funds support research into specific diseases; the Unrestricted Funds are available for supporting any area of the Trust's work. In addition, the Trust has an Income Investment Fund. This Fund, although invested, is part of the Unrestricted Income Fund and is therefore available to be drawn down in the discretion of the Members from time to time.

The Trust's expenditure on Charitable activities has increased again during the period and, in turn, the income surplus continues to reduce. The continued and increasing support by the Trust of PhD Scholarship Awards, Vacation Scholarship Awards and Daphne Jackson Trust Fellowships and the development of these funding streams will increase expenditure year on year.

The Trust continues to seek to meet expenditure commitments as they fall due for payment out of its predictable flow of income and, if required, the Income Investment Fund and expects to be able to do so.

At the end of the reporting period, the total funds held by the charity amounted to £35,198,680 with £9,694,204 of that amount representing Restricted Funds and so unavailable for general purposes.

## **Risk Management**

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the operations and finances of the Trust, have reviewed those risks, both in the Audit & Investment sub-committee and at full Trust meetings, and are satisfied that systems are in place to mitigate exposure to the major risks. The following processes have been established:

- A Risk Register of all the Trust's activities is held and maintained by the Secretaries. This is considered regularly by the Audit & Investment sub-committee and any recommendations for change made to the Trustees.
- Regular Trustees' meetings to consider the plans, policies, finances and strategic direction of the Trust.
- Regular meetings of the Audit & Investment sub-committee to consider the Trust's finances.
- Monthly meetings of the relevant staff of the Secretaries to consider the plans, policies, finances and strategic direction of the Trust together with any associated risks.
- The Audit & Investment sub-committee receives monthly reports from the Investment Manager to consider both investment performance and risk.
- Monthly financial reconciliations prepared by the Secretaries.
- Six-monthly checks by the auditors of the monthly financial reconciliations.
- Annual statutory Financial Statements are audited by independent external auditors.

## **Plans for the Future**

The Trustees are carrying out a comprehensive strategic review of the Trust's activities in light of the current and likely future direction of the biomedical research and health care environments in Scotland. A longer-term plan is in preparation taking account of this review.

The Trust's **Annual Plan 2016-17** is as follows:

1. To continue to raise awareness of the Trust and particularly its new funding strategy within the academic and business communities in Scotland, seeking to ensure appropriately high-quality applications.
2. To review the PhD Studentship and Undergraduate Vacation Research Scholarship Award process and criteria.
3. To make up to 15 PhD Studentship Awards for suitably high-quality, relevant projects submitted by university/industry collaborations, to make funds available for up to 100 Undergraduate Vacation Research Scholarships and also to seek to appoint up to three Daphne Jackson Fellowships for those seeking to return to biomedical research following a career break.
4. To develop marketing opportunities in relation to schools events and/or Science Festivals.
5. To keep under review the membership of the Trust in light of retirements and resignations and the need to ensure that there is the appropriate breadth of expertise needed for the continued good governance of the Trust.
6. To review the Trust's services in line with the agreed timetable.

7. To continue to keep under close review the Trust's investment portfolio and, in particular, its income.
8. To have the Trust's *Annual Report & Financial Statements* available from its website during 2016.
9. To engage with students and supervisors possibly through establishing an advisory board.

## **Structure, Governance and Management**

The Trust is a body corporate constituted under the Hospital Endowments (Scotland) Act 1953 (repealed and re-enacted by the National Health Service (Scotland) Act 1978) all as subsequently amended, most recently by the Smoking, Health and Social Care (Scotland) Act 2005, which repealed the Trust's non-departmental public body status. The Trust was established to receive and hold endowments, donations and bequests and to award funding from these funds to promote medical research in Scotland. It is empowered by the National Health Service and Community Care Act 1990 to engage in fundraising activities for the purposes of the Trust. It is also required by the Health & Medicines Act 1988 where feasible to develop and exploit ideas and to exploit intellectual property.

The Trust funds are administered in terms of this legislation by a body of Trustees who receive no fee or remuneration for their services. Trustees are appointed by the existing Trustees and, in accordance with the Standing Orders of the Trust, the minimum number of Trustees is six and the maximum is fifteen. In accordance with the constitutive legislation, Trustees may not be appointed for a period exceeding four years, and are eligible for re-appointment only once. A 'light-touch' appraisal process is in place for Trustees reaching the end of their first term of appointment.

The Trustees meet at least twice-yearly to agree the broad strategy and areas of activity for the Trust, including considering applications for funding, investment, reserves and risk management policies and performance. There is also an Audit & Investment sub-committee which normally meets twice a year to consider accounting and investment issues in more detail. The day-to-day administration of awards and processing and handling of applications prior to consideration by the Trust (or the relevant sub-committee) is dealt with by the Trust Secretaries and Scientific Adviser.

In addition to ensuring a breadth of expertise among the scientific Trustees, consideration is also given to ensuring that other skill requirements among the Trustees are met. New Trustees may be sought by open advertisement or through dialogue with the research universities.

The induction process for any newly appointed Trustee comprises a welcome pack including a brief history of the Trust, a copy of the constitutive legislation, guidance on the duties and responsibilities of charity trustees, a copy of the most recent Annual Report & Financial Statements and any other relevant documentation. There is an opportunity to discuss particular issues with either the Chairman or the Trust Secretaries, and there is an explanation of the award-making process and the organisational structure.

There is also training offered to both new and existing Trustees at Trust meetings and this is at least annually, but more frequently if appropriate.

## Financial Statements

The Financial Statements for the year to 31st March 2016 form part of this Report and are presented on pages 13 - 29.

### Statement of disclosure of information to auditor

To the knowledge and belief of each of the persons who are Members at the time the report is approved:

- so far as the Member is aware, there is no relevant information of which the Charity's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Member in order to make himself/herself aware of any relevant audit information, and to establish that the Charity's auditor is aware of the information.

### Statement of Members' responsibilities

The Members are responsible for preparing the Members' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

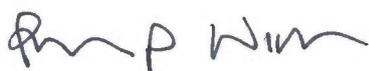
The law applicable to charities in Scotland requires the Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing these financial statements, the Members 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 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 Charity will continue in business.

The Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the National Health Service (Scotland) Act 1978. 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.

The Members are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Members and authorised to be signed on their behalf by:



Professor Philip Winn (Chairman)

**28th October 2016**

## **Independent Auditor's Report to the Members For the year ended 31 March 2016**

We have audited the financial statements of Medical Research Scotland for the year ended 31 March 2016 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Charity's Members, as a body, in accordance with section 44(1)(c) of the Charities & Trustee Investment (Scotland) Act 2005, and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Statement of Members' Responsibilities set out on page 10, the Members are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under 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 (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Smaller Entities (Revised)", in the circumstances set out in Note 22 to the financial statements.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2016 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Independent Auditor's Report to the Members - continued**  
**For the year ended 31 March 2016**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion :

- The information given in the members' annual report is inconsistent in any material respect with the financial statements; or
- Proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

*Scott-Moncrieff*

**Scott-Moncrieff**  
**Statutory Auditor**  
**Chartered Accountants**  
**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**  
**Exchange Place 3**  
**Seemple Street**  
**Edinburgh**  
**EH3 8BL**

Date *28/10/2016*

## Statement of Financial Activities

For the year ended 31 March 2016

	Notes	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>							
Donations and legacies	7	474,989	-	50,375	-	525,364	108,736
Charitable activities	8	112,204	-	-	-	112,204	117,883
Investments	9	886,258	-	311,735	-	1,197,993	1,134,267
Other		45,133	-	13,212	-	58,345	101,737
<b>Total income</b>		<u>1,518,584</u>	<u>-</u>	<u>375,322</u>	<u>-</u>	<u>1,893,906</u>	<u>1,462,623</u>
<b>Expenditure on:</b>							
Raising funds	10	24,392	44,883	8,131	14,961	92,367	97,976
Charitable activities	11	557,973	-	660,878	-	1,218,851	934,777
<b>Total expenditure</b>		<u>582,365</u>	<u>44,883</u>	<u>669,009</u>	<u>14,961</u>	<u>1,311,218</u>	<u>1,032,753</u>
Net (losses)/gains on investments		<u>-</u>	<u>(2,064,907)</u>	<u>-</u>	<u>(756,384)</u>	<u>(2,821,291)</u>	<u>1,761,393</u>
Net income/(expenditure)		936,219	(2,109,790)	(293,687)	(771,345)	(2,238,603)	2,191,263
Transfers between funds	20	<u>(170,669)</u>	<u>-</u>	<u>170,669</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		765,550	(2,109,790)	(123,018)	(771,345)	(2,238,603)	2,191,263
Total funds brought forward		<u>2,986,862</u>	<u>23,861,854</u>	<u>1,808,761</u>	<u>8,779,806</u>	<u>37,437,283</u>	<u>35,246,020</u>
Total funds carried forward	21	<u>3,752,412</u>	<u>21,752,064</u>	<u>1,685,743</u>	<u>8,008,461</u>	<u>35,198,680</u>	<u>37,437,283</u>

The Charity has no recognised gains or losses other than those included in the Statement of Financial Activities. All activities relate to continuing operations.

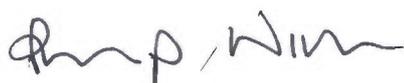
The Notes on pages 16-29 form part of these Financial Statements.

## Balance Sheet

### As at 31 March 2016

		2016		2015	
Notes	£	£	£	£	£
<b>Fixed assets</b>					
Investments at fair value	14		31,333,355		34,306,876
Cash at Investment Manager	16		1,145,717		658,758
			32,479,072		35,965,634
<b>Current assets</b>					
Debtors	15	185,046		133,411	
Cash at bank – at Secretaries	16	3,424,386		3,136,259	
		3,609,432		3,269,670	
<b>Creditors: Amounts falling due within one year</b>					
Creditors	17	35,471		37,683	
Grants payable	18	854,353		737,933	
		889,824		775,616	
<b>Net current assets</b>			2,719,608		2,494,054
<b>Total assets less current liabilities</b>			35,198,680		37,459,688
<b>Creditors: Amounts failing due after more than one year</b>					
Grants payable	18		-		22,405
<b>Net assets</b>			35,198,680		37,437,283
<b>Funds</b>	21				
<b>Unrestricted</b>					
Unrestricted Capital Fund	4		21,752,064		23,861,854
Unrestricted Income Fund			3,752,412		2,986,862
			25,504,476		26,848,716
<b>Restricted funds</b>					
Restricted Capital Fund	6	8,008,461		8,779,806	
Restricted Income Fund	5	1,685,743		1,808,761	
			9,694,204		10,588,567
			35,198,680		37,437,283

Authorised for issue by the Members and signed on their behalf by:



Professor Philip Winn (Chairman)

28<sup>th</sup> October 2016

The Notes on pages 16-29 form part of these Financial Statements.

**Statement of Cash flow  
for the year ended 31 March 2016**

	Notes	Total funds £	Restated Prior Year funds £
<b>Cash flows from operating activities:</b>			
<b><i>Net cash used in operating activities</i></b>	1	(575,137)	(714,756)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,197,993	1,134,267
Proceeds from sale of investments		2,995,320	2,198,146
Purchase of investments		(2,843,090)	(2,701,428)
<b><i>Net cash provided by (used in ) investing activities</i></b>		1,350,223	630,985
<b><i>Change in cash and cash equivalents in the reporting period</i></b>		775,086	(83,771)
<b><i>Cash and cash equivalents at the beginning of the reporting period</i></b>		3,795,017	3,878,788
<b><i>Cash and cash equivalents at the end of the reporting period</i></b>	16	4,570,103	3,795,017

**NOTES**

**1 Reconciliation of net income/(expenditure) to net cash outflow from operating activities**

	2016 £	2015 £
<b>Net (expenditure)/income for the reporting period (as per the statement of financial activities)</b>	(2,238,603)	2,191,263
<b>Adjustments for:</b>		
Losses/(Gains) on investments	2,821,291	(1,761,393)
Dividends, interest and rents from investments	(1,197,993)	(1,134,267)
(Increase) in debtors	(51,635)	(37,555)
Increase in creditors	91,803	27,196
<b><i>Net cash provided by ( used in ) operating activities</i></b>	(575,137)	(714,756)

The Notes on pages 16-29 form part of these Financial Statements.

## **Notes to the Financial Statements**

### **For the year ended 31 March 2016**

#### **1. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### **Basis of preparation**

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", the Charities and Trustee Investment (Scotland) Act and the Charities Accounts (Scotland) Regulations 2006.

They are prepared on the historical cost basis, except for investments which have been included at fair value.

Medical Research Scotland meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires members to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas including a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed in note 2.

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" referred to below as "previous UK GAAP".

These financial statements for the year ended 31 March 2016 are the charity's first financial statements that comply with the FRS 102. The charity's date of transition to FRS 102 is 1 April 2015. The charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015. There were no restatements required to the comparative prior year amounts as a result of the transition. The transition to FRS 102 has not affected the financial position or financial performance of the charity.

## **Notes to the Financial Statements**

**For the year ended 31 March 2016**

### **1. Accounting policies (continued)**

#### **Going concern**

Due to the strong balance sheet and cash position, the Members are of the opinion that the Charity can continue to meet its objectives as they fall due for the foreseeable future. As a consequence, the Members have prepared the financial statements under the going concern basis.

#### **Incoming resources**

Incoming resources are recognised when the Trust becomes entitled to the income, the receipt is probable and the amount can be measured reliably.

Where there are terms placed on income that limit the Charity's discretion over how that income can be used, that income is as restricted income in the financial statements.

Dividend income and interest on Government stocks are credited when they become ex-dividend and is measured at fair value, generally the transaction value. Accrued interest on fixed interest stocks received on disposal and acquisition is credited to the Statement of Financial Activities. Deposit interest receivable is recognised using the effective interest rate applicable to the asset, generally the transaction value. Where the Charity has elected to take shares instead of cash dividends under enhanced scrip dividend offers, the cash equivalent is included as income. The income of the Charity includes, where applicable, any recoverable tax deducted at source.

Investment income arising from the capital funds is allocated to the appropriate Unrestricted Income or Restricted Income Fund to which it relates.

Legacies and donations are included in the period in which they are receivable, which is when the Charity becomes entitled to the resource. Entitlement exists when the members have sufficient evidence that a gift has been left, the executor is satisfied that the gift will not be required to satisfy claims on the estate and any conditions are within the contract of the Charity or have been met. Legacy income is measured at fair value, generally the cash amount receivable, and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable. Legacies and donations given for general medical research are included in Unrestricted Funds, and those given for research into specific medical conditions or illnesses at the request of the donor are included within Restricted Funds. Unless the donor has specified that the legacies or donations must be held as capital, the amounts will be included initially within the Income Funds. An appropriation is made to Capital Funds thereafter at the discretion of the Members.

Gifts in kind are recorded at their market value at the date of donation.

## **Notes to the Financial Statements**

### **For the year ended 31 March 2016**

#### **1. Accounting policies (continued)**

Royalties are receivable from the commercial exploitation of the intellectual property resulting from research funded (in whole or in part) by the Charity. Royalty receipts are credited to revenue in the period receivable.

#### **Resources expended**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended. All charitable expenses and costs of generating funds are apportioned between Unrestricted and Restricted Income Funds 75% and 25% respectively. The Members consider this allocation reasonable based on the balance on the Unrestricted and Restricted Funds.

Expenditure is shown inclusive of any irrecoverable VAT.

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income and fundraising costs for raising donations and legacy income. Charitable activities comprise grants payable and support costs for processing grants and applications. Governance costs relate to costs incurred in respect of strategic or constitutional matters and also compliance with statutory reporting requirements. Where the Secretaries' fees cannot be directly attributed to these categories, they are estimated 35% (2015: 35%) to Governance activities, and 65% (2015: 65%) to Grant-making activities.

#### **Investment management fees**

Investment management fees are allocated 65% to capital funds and 35% to income funds in line with the investment objectives and expected long-term return on the investment portfolio.

#### **Foreign exchange gains and losses**

Transactions in foreign currencies are recorded at an average rate over the financial period. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. All currency differences are taken to the Statement of Financial Activities (SOFA).

#### **Grants**

Grants payable are charged to the SOFA when the application is approved and a valid expectation created with the recipient that the grant will be paid. Where the grant offer or an element thereof, is conditional, such grants are not recognised as expenditure until the conditions are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but are not accrued as expenditure.

#### **Fund accounting**

The nature and purpose of each fund are explained in Notes 4, 5, 6 and 21.

## **Notes to the Financial Statements (*continued*)**

**For the year ended 31 March 2016**

### **1. Accounting policies (*continued*)**

#### **Investments**

Quoted investments are included in the financial statements at fair value at the reporting date, the unrealised gain or loss on revaluation being applied to Unrestricted or Restricted Capital Funds in the period in which they arise appropriate.

Land is included at agricultural value, being the appropriate estimate of fair value.

Gains or losses arising on the sale of investments during the year are taken to Unrestricted and Restricted Capital Funds as appropriate. Within the Restricted Capital Funds gains or losses are allocated based on the balance of the funds held at the beginning of the year.

#### **Debtors**

Accrued income relates to legacies and dividend income to which the charity is entitled but which has not been received before the year end.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

#### **Financial assets and financial liabilities**

Financial instruments are recognised in the statements of financial activities when the Charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method, All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 2. Critical Judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Legacy income is measured at fair value, but where part of a legacy left to the Charity includes property or shares to be sold, judgement is used to estimate the amount receivable.

### 3. Comparative Statement of Financial Activities

	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2015 £
<b>Income and endowments from:</b>					
Donations and legacies	107,733	-	1,003	-	108,736
Charitable activities	117,883	-	-	-	117,883
Investments	837,715	-	296,552	-	1,134,267
Other	88,331	-	13,406	-	101,737
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income	1,151,662	-	310,961	-	1,462,623
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on:</b>					
Raising funds	27,467	46,015	9,156	15,338	97,976
Charitable activities	284,506	-	650,271	-	934,777
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	311,973	46,015	659,427	15,338	1,032,753
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net gains on investments	-	1,276,334	-	485,059	1,761,393
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	839,689	1,230,319	(348,466)	469,721	2,191,263
Transfers between funds	(220,540)	-	220,540	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds	619,149	1,230,319	(127,926)	469,721	2,191,263
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2016**

**4. Unrestricted Designated Capital Fund**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Balance at 1 April 2015	23,861,854	22,631,535
Resources expended	(44,883)	(46,015)
Net realised gains on sale of investments	(1,175)	27,183
Unrealised gains on investments	(2,063,732)	1,249,151
	<hr/>	<hr/>
Balance at 31 March 2016	<u>21,752,064</u>	<u>23,861,854</u>

The Unrestricted Designated Capital Fund is derived from legacies, bequests and donations which were donated, or allocated by the Members, for the purposes of general medical research and which form the Unrestricted Funds of the Charity.

**5. Restricted Income Funds**

Movement during the year was as follows:

	<b>As at 1 April 2015</b>	<b>Investment &amp; other income</b>	<b>Legacies &amp; Donations</b>	<b>Grants</b>	<b>Cost of generating funds, support &amp; admin costs</b>	<b>Transfers</b>	<b>As at 31 March 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Neurological diseases	-	13,487	-	(164,589)	(1,986)	153,088	-
Cancer	177,301	136,497	275	(247,889)	(20,088)	-	46,096
Arthritis	485,958	64,304	100	(55,388)	(9,464)	-	485,510
Diabetes	4,890	6,317	-	(27,857)	(931)	17,581	-
Kidney	16,369	12,603	-	-	(1,855)	-	27,117
Cardiac & vascular diseases	369,700	81,645	-	(125,461)	(12,016)	-	313,868
Miscellaneous conditions	232,136	10,094	-	-	(1,485)	-	240,745
Multiple Sclerosis	451,762	-	-	-	-	-	451,762
ME	70,645	-	-	-	-	-	70,645
Respiratory diseases in children	-	-	50,000	-	-	-	50,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,808,761</u>	<u>324,947</u>	<u>50,375</u>	<u>(621,184)</u>	<u>(47,825)</u>	<u>170,669</u>	<u>1,685,743</u>

The Restricted Income Funds are derived from the Restricted Capital Funds of the Charity.

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 6. Restricted Capital Funds

Movement during the year was as follows:

	As at 1 April 2015	Cost of generating funds	Realised gain/(loss) on investments	Unrealised gain on investments	As at 31 March 2016
	£	£	£	£	£
Neurological diseases	364,404	(621)	(27)	(31,366)	332,390
Cancer	3,688,046	(6,284)	(277)	(317,450)	3,364,035
Arthritis	1,737,437	(2,961)	(130)	(149,551)	1,584,795
Diabetes	170,668	(291)	(13)	(14,690)	155,674
Kidney	340,516	(580)	(26)	(29,310)	310,600
Cardiac & vascular diseases	2,205,990	(3,759)	(166)	(189,881)	2,012,184
Miscellaneous conditions	272,745	(465)	(20)	(23,477)	248,783
	<u>8,779,806</u>	<u>(14,961)</u>	<u>(659)</u>	<u>(755,725)</u>	<u>8,008,461</u>

The Restricted Capital Funds are derived from legacies, bequests and donations which were donated for specific areas of medical research and which form the Restricted Funds of the Charity.

### 7. Donations and Legacies

	Unrestricted Income Fund	Restricted Income Funds	Total 2016	Total 2015
	£	£	£	£
Legacies	474,247	50,000	524,247	104,322
Donations	742	375	1,117	4,414
	<u>474,989</u>	<u>50,375</u>	<u>525,364</u>	<u>108,736</u>

### 8. Charitable Activities

	Unrestricted Income Fund	Restricted Income Funds	Total 2016	Total 2015
	£	£	£	£
Royalties	<u>112,204</u>	<u>-</u>	<u>112,204</u>	<u>117,883</u>

Royalty income arising from research funded by the Charity varies from year to year depending on the research undertaken and cannot be reliably ascertained until receipt.

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 9. Investment income

	Unrestricted Income Fund	Restricted Income Funds	Total 2016	Total 2015
	£	£	£	£
UK listed investments	881,518	310,434	1,191,952	1,126,095
Other	4,740	1,301	6,041	8,172
	<u>886,258</u>	<u>311,735</u>	<u>1,197,993</u>	<u>1,134,267</u>

### 10. Raising funds

	Unrestricted Income Fund	Unrestricted Capital Fund	Restricted Income Funds	Restricted Capital Funds	2016	2015
	£	£	£	£	£	£
Investment management costs	24,168	44,883	8,056	14,961	92,068	94,389
Other	224	-	75	-	299	3,587
	<u>24,392</u>	<u>44,883</u>	<u>8,131</u>	<u>14,961</u>	<u>92,367</u>	<u>97,976</u>

### 11. Analysis of charitable activities

	Unrestricted Income Fund	Unrestricted Capital Fund	Restricted Income Funds	Restricted Capital Funds	2016	2015
	£	£	£	£	£	£
<b>Grant making activity:</b>						
Grants payable (note 18)	438,893	-	621,184	-	1,060,077	793,649
Support costs (note 12)	82,780	-	27,594	-	110,374	95,543
Governance costs (note 12)	36,300	-	12,100	-	48,400	45,585
	<u>557,973</u>	<u>-</u>	<u>660,878</u>	<u>-</u>	<u>1,218,851</u>	<u>934,777</u>

**Notes to the Financial Statements (*continued*)**  
**For the year ended 31 March 2016**

**12. Analysis of support and governance costs**

Support costs and governance are allocated to activities as detailed below:

	<b>Charitable activities</b>	<b>Governance costs</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Secretaries' fee	68,301	36,777	105,078	97,500
Miscellaneous	39,269		39,269	27,097
Auditors' remuneration – audit	-	7,730	7,730	7,547
Auditors' remuneration – financial statements preparation	-	3,893	3,893	3,913
Other	2,804	-	2,804	5,071
	<u>110,374</u>	<u>48,400</u>	<u>158,774</u>	<u>141,128</u>

**Bases of allocation**

Where costs are directly attributable to an activity, they are allocated to that activity. Where items of expenditure relate to more than one activity, the cost is apportioned on the basis of usage or staff time as appropriate, and allocated to each activity on that basis. Secretaries' fees are allocated on the basis of staff time with the exception of fees for specific work which are allocated to the relevant activity.

**13. Staff costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Gross wages	29,250	19,500
Employer's National Insurance	917	-
	<u>30,167</u>	<u>19,500</u>

The average number of employees during the year was as follows:

	<b>No</b>	<b>No</b>
Scientific Adviser	1	1

No employees received emoluments above £60,000

The Members did not receive any direct remuneration for their services during the year (2015: £nil).

Meeting expenses amounting to £926 (2015: £1,274) were reimbursed to 5 (2015: 5) of the Members.

There is no key management personnel as Trustees make all decisions and Turcan Connell as secretaries process the transactions.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2016**

**14. Investments**

	<b>Investment property</b>	<b>UK Stock Exchange listed</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Market value at 1 April 2015	27,500	34,279,376	34,306,876
Additions	-	2,843,090	2,843,090
Disposals	-	(2,997,153)	(2,997,153)
Net unrealised investment gains in the year	-	(2,819,458)	(2,819,458)
	<u>27,500</u>	<u>31,305,855</u>	<u>31,333,355</u>
Market value at 31 March 2016	<u>27,500</u>	<u>31,305,855</u>	<u>31,333,355</u>
Historical cost	<u>27,500</u>	<u>28,228,410</u>	<u>28,255,910</u>

	<b>Investment property</b>	<b>UK Stock Exchange listed</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Market value at 1 April 2014	27,500	32,014,701	32,042,201
Additions	-	2,701,428	2,701,428
Disposals	-	(2,158,109)	(2,158,109)
Net unrealised investment gains in the year	-	1,721,356	1,721,356
	<u>27,500</u>	<u>34,279,376</u>	<u>34,306,876</u>
Market value at 31 March 2015	<u>27,500</u>	<u>34,279,376</u>	<u>34,306,876</u>
Historical cost	<u>27,500</u>	<u>27,838,731</u>	<u>27,866,321</u>

The Charity is a joint beneficiary of an estate comprising potential development land. The potential development land has not yet been sold and has been included in the financial statements as an investment property. The land included in the balance sheet is at agricultural value as a development value cannot be quantified with reasonable accuracy.

**15. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Accrued income	<u>185,046</u>	<u>133,411</u>

**16. Cash at bank**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Cash at bank at:</b>		
Secretaries	3,424,386	3,136,259
Investment manager	1,145,717	658,758
	<u>4,570,103</u>	<u>3,795,017</u>

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 17. Creditors: amounts falling due within one year

	2016	2015
	£	£
Accrued fees	34,482	37,243
Tax and social security payments	989	440
	35,471	37,683
	35,471	37,683

### 18. Grants

	2016		2015	
(a) Reconciliation of grants payable	£	£	£	£
At 1 April 2015		760,338		735,720
Grants awarded and authorised in the year	1,098,179		874,825	
Grant awards cancelled and recovered	(38,102)		(81,176)	
		1,060,077		793,649
Grants payable for the year		(966,062)		(769,031)
Grants paid during the year				(769,031)
At 31 March 2016		854,353		760,338

	Unrestricted Income Fund	Restricted Income Funds	Total 2016	Total 2015
	£	£	£	£
(b) Grants falling due within one year:				
Grants payable	224,127	630,226	854,353	737,933
(c) Grants falling due after more than one year:				
Year to 31 March 2016	-	-	-	22,405
Total grants payable	224,127	630,226	854,353	760,338

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 18. Grants (*continued*)

(d) Grants awarded

Grants awarded and authorised during the year were as follows:

**Phd Studentship awarded 2016**

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
Heriot-Watt University	3	85,207	
University of Edinburgh	3	85,111	
University of Glasgow	6	167,272	
University of St Andrews	2	56,888	
University of Strathclyde	1	28,420	
		<hr/>	422,898

**Daphne Jackson Memorial Fellowship awarded 2016**

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
University of Edinburgh	2	61,505	
University of Glasgow	1	29,574	
University of Strathclyde	1	29,904	
		<hr/>	120,983

**Vacational Grants awarded 2016**

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
Edinburgh Napier University	1	2,000	
Heriot-Watt University	1	2,000	
University of Aberdeen	5	7,900	
University of Abertay Dundee	1	2,000	
University of Dundee	1	2,000	
University of Edinburgh	13	24,098	
University of Glasgow	20	35,750	
University of St Andrews	2	4,000	
University of Stirling	1	2,000	
University of Strathclyde	2	3,500	
University of West of Scotland	1	2,000	
		<hr/>	87,248

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 18. Grants (*continued*)

#### Conditional grants awarded in previous years, now unconditional and authorised

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
University of Edinburgh	6	154,416	
University of Glasgow	4	120,806	
University of Aberdeen	2	38,000	
University of Strathclyde	2	45,354	
University of Dundee	3	80,422	
University of St Andrews	1	28,052	
			467,050
			1,098,179

#### (e) Commitments

In addition to the amounts committed and accrued noted above, the Members have also authorised certain grants which are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 31 March 2016 was £3,861,612 (2015: £2,177,417), of which £411,569 is expected to be payable within one year if certain conditions are satisfied (2015: £651,380).

### 19. Financial assets and liabilities

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Financial assets at amortised cost	185,046	133,411
Financial liabilities at amortised cost	(888,835)	(797,581)
	(703,789)	(664,170)

Financial assets comprises of accrued income due within one year. Financial liabilities comprise of accrued expenses and grants payable.

## Notes to the Financial Statements (*continued*)

For the year ended 31 March 2016

### 20. Transfers between funds

There was a transfer during the year of £170,669 from the Unrestricted Income Fund to Restricted Income Funds; this was to eliminate the deficit on the Neurological Diseases Fund.

### 21. Analysis of net assets between funds

	Investments £	Cash at investment manager £	Net Current Assets £	Total £
<b>Unrestricted Funds</b>				
Unrestricted Capital Fund	21,752,064	-	-	21,752,064
Unrestricted Income Fund	1,168,291	849,008	1,735,113	3,752,412
	<u>22,920,355</u>	<u>849,008</u>	<u>1,735,113</u>	<u>25,504,476</u>
<b>Restricted Funds</b>				
Restricted Capital Fund	8,008,461	-	-	8,008,461
Restricted Income Fund	404,539	296,709	984,495	1,685,743
	<u>8,242,331</u>	<u>296,709</u>	<u>984,495</u>	<u>9,694,204</u>
<b>Total Funds</b>	<u>31,333,355</u>	<u>1,145,717</u>	<u>2,719,608</u>	<u>35,198,680</u>

The Unrestricted Funds represent the funds which the Members are free to use in accordance with the charitable objects.

The Restricted Funds are derived from legacies, bequests and donations which were donated for specific areas of medical research and which form the Restricted Funds of the Charity. The Members may only use these Restricted Funds to make grants for medical research into the specific areas noted within the original terms of the legacy, bequest or donation.

### 22. Non audit services

In common with many other charities of our size and nature, we use our auditors to assist in the preparation of the financial statements

### 23. Related party transactions

Dr Jennifer Woof was awarded a PhD award by the Charity before she was appointed as a Trustee. The award continues and is due to end in 2017.