



Medical Research Scotland
63rd Annual Report and Financial Statements
2016-17

*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 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 (retired on 17th March 2017)

*Mr Graham Paterson, MBA, FCCA

Professor Jennifer M Woof BSc, PhD, FHEA, FRSB

Professor Andrea Nolan OBE, FRSE, MRCVS

*Mr Barry Rose, BSc

*Mr Alasdair Gill, BEng, FIA (from 9th June 2017)

** 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

AUDITOR

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

INVESTMENT MANAGER

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

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BUCKINGHAM PALACE

As Patron, it gives me pleasure to see Medical Research Scotland continue to prosper which it has done by carefully considering its role and developing its mission. Medical Research Scotland's scientists all work collaboratively in Universities and industry, minimizing the gap between the two. The work that is supported is intended to have a high impact, developing new drugs, medical devices and diagnostic tools to benefit healthcare globally.

But the biggest direct impact that Medical Research Scotland has is in its support for both undergraduate and postgraduate students. This helps supports the individuals concerned and develops a sound base for Scotland's knowledge economy. Collaboration with the excellent Daphne Jackson Trust, supporting scientists returning to the laboratory after a career break, helps maintain careers, while on the other side, outreach to secondary schools gives those choosing their career paths valuable insights into the exciting possibilities a career in research offers.

I am pleased to note that the Board of Medical Research Scotland remains alive to the need to grow and improve, and that they are actively developing their online presence, which has obvious importance to the way we live and work now. I wish Medical Research Scotland every success in its continuing mission to promote excellent research and develop the careers of talented scientists.

HRH The Princess Royal

Chairman's Report

Continuity and change: the mission of Medical Research Scotland remains focused on helping scientists early in their career develop in ways that will bring benefit to themselves, their institutions and to Scotland's commercial life science sector. But continuity is not the same as stationary, just doing the same year on year so, as must any organization, we always look to improve.

Our programmes have not changed. We support students undertaking doctoral degrees, fostering collaborations between Universities and industry that stimulate research with impact and give students insight into different career opportunities. In addition, recognizing that a career break is often necessary – life is more than careers – we are committed to our relationship with the Daphne Jackson Trust, supporting scientists coming back to research after a break. As well as this, we help undergraduates explore life as a full-time researcher through the award of Vacation Scholarships, allowing them to spend time in the summer working in academic laboratories. The numbers of applicants for these awards remains high, indicating a strong demand for these experiences.

Even more developmentally, we have outreach into secondary schools to show school students that a career in research is achievable and exciting. In 2017 we had two well attended "Meet the Researcher Showcase" events, at the Dundee and Glasgow Science Centres. These events really show who we are. They present research from a wide range of disciplines – life and physical sciences, health sciences, mathematics, computer science, engineering, all with an industrial partner – letting students see that medical research is not a narrow and closed-off programme but a broadly based one. Critically, it is our PhD students, Vacation Scholars and Daphne Jackson Fellows who pitch to school students, making abundantly clear that science is a youthful, creative, exciting endeavour, and one that they can join in.

All this continues our work. Change has come in membership of the Board of Trustees – Mr Barry Rose joined us – and in our operations. We have begun a major revision of our website and social media presence, and we are creating for the first time online submission procedures. All of this will be of benefit to anyone who follows us, to scientists submitting applications and to our support staff, whose work will be much more on screen, creating time for more interesting work than managing paper forms. This is a major undertaking that should be of huge benefit to everyone engaged with Medical Research Scotland.

Financially, we remain secure, with strong forward projections. Nevertheless, receiving income is always welcome and during the year, funds were received through donations from individuals, legacies and trust giving. All donations are acknowledged individually and highlighted on our website.

Despite the strange times in which we live – such turbulent political life – the Board of Medical Research Scotland is not complacent or disturbed. Rather, we are confident. Confident in the value of our mission, confident in our management, and confident in our focused approaches to encouraging and supporting developing scientists.

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 2017. 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 2016-17 Financial Year the Trustees awarded a total of 11 PhD Studentships (15 in 2015-16) and 75 Undergraduate Vacation Research Scholarships (48 in 2015-16). The topics of the PhD Studentships cover a wide range including multiple sclerosis, cancer, rheumatoid arthritis, gastrointestinal disease, heart disease and bone augmentation, many having drug development as their primary focus. Vacation Scholarships were held at the following universities:- Aberdeen, Dundee, Edinburgh, Glasgow, Glasgow Caledonian, Heriot-Watt, St Andrews, 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. The total value of the funding awarded amounted to £1,562,790.

Achievements and Performance

The Trust's **Annual Plan** for 2016-17 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 and Undergraduate Vacation Research Scholarship Award process and criteria.

The Trustees reviewed the criteria for appointment of Students and it was confirmed during the period that the Medical Research Scotland eligibility criteria will be tailored to the individual project, but the Trustees of Medical Research Scotland expect students to have been awarded a minimum of an upper second class undergraduate honours degree in a relevant subject.

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.

11 PhD Studentships and 75 Undergraduate Vacation Research Scholarships were awarded. The Trustees agreed to support three Daphne Jackson Trust Fellowship awards (three were offered and one withdrew).

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

Two successful Meet the Researcher Showcase events were held at Dundee Science Centre and Glasgow Science Centre on 28th February and 1st March 2017 respectively. Over 150 pupils and their teachers from schools in Aberdeenshire, Edinburgh, Dumfriesshire, Dundee, Fife, Glasgow, Lanarkshire and Perthshire attended, with over 60% of the pupils saying the event had influenced their career plans. Over the two events, the pupils and teachers enjoyed careers talks from Professor David Harrison, John Reid Chair of Pathology, University of St Andrews; Dr Morag McFarlane, CEO Tissue Solutions Ltd; Dr Chris Carter, Senior Lecturer, University of Strathclyde; and Dr Lynsey Howard, Lead Scientist, Lamellar Biomedical Ltd. Malaria, osteoporosis, cancer, lung and kidney disease were just some of the areas of medical research which the pupils had the opportunity to discuss with Medical Research Scotland-funded scientists, who were presenting their work. As well as speaking to the scientists, pupils also engaged with exhibitors who used innovative and fun ways to relay research on parasites, viruses, cancer, dementia and endoscopes from the Universities of Dundee, Glasgow and Strathclyde, the University of Aberdeen's Marine Biodiscovery Centre, the Institute for Medical Science and Technology (IMSaT), the Cancer Research UK Beatson Institute and TC BioPharm Ltd

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.

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

The Trustees reviewed the appointment of Investment Managers and agreed to reappoint them.

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 2016.

The 2015/16 Annual Report & Financial Statements was printed on 28th October 2016 and is available on the Trust's website.

9. To engage with student and supervisors possibly through establishing an advisory board.

The chairman has engaged with students at the commercial training day at Murrayshall, to gain their feedback on the charity. The feedback will be reviewed and areas of change will be identified going forward. In particular, the time taken for the application process to complete and the relationship with industry.

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 £1,122,847 during the year which includes accumulated income, compared with £1,197,993 in 2015-16 and royalties were £133,958 compared with £112,204.

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 AC World [Net].

The year under review was a positive one for equity markets with returns for UK based investors boosted by the weakness of the pound in the aftermath of the BREXIT vote. The total return on the Trust's overall portfolio was 26.0%, marginally behind the return on the benchmark of 26.8%. The core UK equity portfolio delivered a 20.7% return, behind the FTSE All Share Index over the period which returned almost 22%. Exposure to overseas assets through the Martin Currie Global Equity Income Fund and the Martin Currie Global Emerging Markets Fund boosted returns, for the aforementioned reason. The Emerging Markets fund had a particularly strong year delivering a return of 42.3%, well ahead of its benchmark. As at 31st March 2017, the value of the Trust's investment portfolio (including capital cash) was £39,607,618, compared with £32,481,921 at 31st March 2016 and a value as at 27th October 2017 of £41,704,321 an increase of £7,125,697 and an increase of £2,096,703 respectively.

Environmental, Social and Corporate Governance

Environmental, Social and Corporate Governance (ESG) refer to the three central factors in measuring the sustainability and ethical impact of an investment in a company or business. The Trustees have given consideration to ESG and the Trust's investment manager is actively engaged in this.

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 £41,807,525 with £11,276,059 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 2017-18** is as follows:

<p>Mission</p> <ul style="list-style-type: none"> ○ 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. ○ Seek to appoint up to three Daphne Jackson Fellowships for those returning to biomedical research following a career break. 	<p>Funding</p> <ul style="list-style-type: none"> ○ To keep under close review the Trust's investment portfolio and its income. ○ To have the Trust's Annual Report & Financial Statements available from its website during 2017.
<p>Presence</p> <ul style="list-style-type: none"> ○ To continue to raise awareness of the Trust within the Scottish academic and global business communities, seeking to ensure appropriately high-quality applications and bearing in mind the possible impact of the UK leaving the European Union on applications received. ○ To develop opportunities in relation to outreach events. 	<p>Delivery</p> <ul style="list-style-type: none"> ○ To review the Trust's website and work to produce an online application system to streamline applications and capture data. ○ To review work with industrial partners. ○ To review the PhD Studentship and Undergraduate Vacation Research Scholarship Award process and criteria. ○ To keep under review the membership of the Trust to ensure that there is the appropriate breadth of expertise needed for the continued good governance of the Trust. ○ To review the Trust's services in line with the agreed timetable.

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 2017 form part of this Report and are presented on pages 14 - 31.

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:

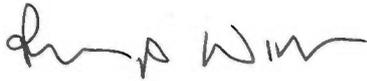
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

- 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)

27th October 2017

Independent Auditor's Report to the Members For the year ended 31 March 2017

We have audited the financial statements of Medical Research Scotland for the year ended 31 March 2017 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 pages 10 and 11, 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.

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 2017 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 2017

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

Date

Statement of Financial Activities

For the year ended 31 March 2017

	Notes	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2017 £	Total 2016 £
Income and endowments from:							
Donations and legacies	7	307,966	-	148,982	-	456,948	525,364
Charitable activities	8	133,958	-	-	-	133,958	112,204
Investments	9	832,038	-	290,809	-	1,122,847	1,197,993
Other		51,450	-	-	-	51,450	58,345
Total income		<u>1,325,412</u>	<u>-</u>	<u>439,791</u>	<u>-</u>	<u>1,765,203</u>	<u>1,893,906</u>
Expenditure on:							
Raising funds	10	26,246	47,912	8,749	15,971	98,878	92,367
Charitable activities	11	749,501	-	1,060,867	-	1,810,368	1,218,851
Other expenditure		35,417	-	-	-	35,417	-
Total expenditure		<u>811,164</u>	<u>47,912</u>	<u>1,069,616</u>	<u>15,971</u>	<u>1,944,663</u>	<u>1,311,218</u>
Net gains/(losses) on investments		-	4,950,167	-	1,838,138	6,788,305	(2,821,291)
Net income/(expenditure)		514,248	4,902,255	(629,825)	1,822,167	6,608,845	(2,238,603)
Transfers between funds	20	(389,513)	-	389,513	-	-	-
Net movement in funds		124,735	4,902,255	(240,312)	1,822,167	6,608,845	(2,238,603)
Total funds brought forward		3,752,412	21,752,064	1,685,743	8,008,461	35,198,680	37,437,283
Total funds carried forward	21	<u>3,877,147</u>	<u>26,654,319</u>	<u>1,445,431</u>	<u>9,830,628</u>	<u>41,807,525</u>	<u>35,198,680</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 17-31 form part of these Financial Statements.

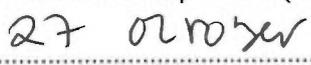
Balance Sheet
As at 31 March 2017

		2017		2016	
Notes	£	£	£	£	£
Fixed assets					
Investments at fair value	14		38,024,596		31,333,355
Cash at Investment Manager	16		1,580,510		1,145,717
			39,605,106		32,479,072
Current assets					
Debtors	15	205,898		185,046	
Cash at bank – at Secretaries	16	3,281,255		3,424,386	
		3,487,153		3,609,432	
Creditors: Amounts falling due within one year					
Creditors	17	53,960		35,471	
Grants payable	18	1,195,357		854,353	
		1,249,317		889,824	
Net current assets			2,237,836		2,719,608
Total assets less current liabilities			41,842,942		35,198,680
Provisions			35,417		-
			41,807,525		35,198,680
Funds	21				
Unrestricted					
Unrestricted Capital Fund	4		26,654,319		21,752,064
Unrestricted Income Fund			3,877,147		3,752,412
			30,531,466		25,504,476
Restricted funds					
Restricted Capital Fund	6	9,830,628		8,008,461	
Restricted Income Fund	5	1,445,431		1,685,743	
		11,276,059		9,694,204	
			41,807,525		35,198,680

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



Professor Philip Winn (Chairman)

 27 October 2017

The Notes on pages 17-31 form part of these Financial Statements.

Statement of Cash flows
for the year ended 31 March 2017

	Notes	Total funds £	Restated Prior Year funds £
Cash flows from operating activities:			
<i>Net cash used in operating activities</i>	22	(928,249)	(575,137)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,122,847	1,197,993
Proceeds from sale of investments		4,209,176	2,995,320
Purchase of investments		(4,112,112)	(2,843,090)
<i>Net cash provided by investing activities</i>		1,219,911	1,350,223
<i>Change in cash and cash equivalents in the reporting period</i>		291,662	775,086
<i>Cash and cash equivalents at the beginning of the reporting period</i>		4,570,103	3,795,017
<i>Cash and cash equivalents at the end of the reporting period</i>	16	4,861,765	4,570,103

The Notes on pages 17-31 form part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2017

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.

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.

Notes to the Financial Statements
For the year ended 31 March 2017

1. Accounting policies (continued)

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 shown as restricted income in the financial statements.

Dividend income and interest on Government stocks are credited when they become ex-dividend and are 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 control 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.

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.

Notes to the Financial Statements

For the year ended 31 March 2017

1. Accounting policies (continued)

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% (2016: 35%) to Governance activities, and 65% (2016: 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 2017

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 as 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.

Provisions

Provisions are recognised when the Charity has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

1. Accounting policies (*continued*)

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 and subsequently 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 basic 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. 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.

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.

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

3. Comparative Statement of Financial Activities

	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2016 £
Income and endowments from:					
Donations and legacies	474,989	-	50,375	-	525,364
Charitable activities	112,204	-	-	-	112,204
Investments	886,258	-	311,735	-	1,197,993
Other	45,133	-	13,212	-	58,345
Total income	1,518,584	-	375,322	-	1,893,906
Expenditure on:					
Raising funds	24,392	44,883	8,131	14,961	92,367
Charitable activities	557,973	-	660,878	-	1,218,851
Total expenditure	582,365	44,883	669,009	14,961	1,311,218
Net gains on investments	-	(2,064,907)	-	(756,384)	(2,821,291)
Net income/(expenditure)	936,219	(2,109,790)	(293,687)	(771,345)	(2,238,603)
Transfers between funds	(170,669)	-	170,669	-	-
Net movement in funds	765,550	(2,109,790)	(123,018)	(771,345)	(2,238,603)

4. Unrestricted Designated Capital Fund

	2017 £	2016 £
Balance at 1 April 2016	21,752,064	23,861,854
Resources expended	(47,912)	(44,883)
Net realised gains/(losses) on sale of investments	506,999	(1,175)
Unrealised gains/(losses) on investments	4,443,168	(2,063,732)
Balance at 31 March 2017	26,654,319	21,752,064

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.

Notes to the Financial Statements (continued)
For the year ended 31 March 2017

5. Restricted Income Funds

Movement during the year was as follows:

	As at 1 April 2016 £	Investment & other income £	Legacies & Donations £	Grants £	Cost of raising funds, support & admin costs £	Transfers £	As at 31 March 2017 £
Neurological diseases	-	12,070	11,400	(145,477)	(2,997)	125,004	-
Cancer	46,096	122,157	6,550	(408,984)	(30,328)	264,509	-
Arthritis	485,510	57,548	-	(134,811)	(14,287)	-	393,960
Diabetes	-	5,653	27,462	(18,052)	(1,403)	-	13,660
Kidney	27,117	11,279	-	-	(2,800)	-	35,596
Cardiac & vascular diseases	313,868	73,068	10	(181,601)	(18,141)	-	187,204
Miscellaneous conditions	240,745	9,034	44,000	-	(2,243)	-	291,536
Multiple Sclerosis	451,762	-	-	(108,492)	-	-	343,270
ME	70,645	-	-	-	-	-	70,645
Respiratory diseases in children	50,000	-	4,636	-	-	-	54,636
Deafness	-	-	27,462	-	-	-	27,462
Blindness	-	-	27,462	-	-	-	27,462
	<u>1,685,743</u>	<u>290,809</u>	<u>148,982</u>	<u>(997,417)</u>	<u>(72,199)</u>	<u>389,513</u>	<u>1,445,431</u>

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

6. Restricted Capital Funds

Movement during the year was as follows:

	As at 1 April 2016 £	Cost of raising funds £	Realised gain on investments £	Unrealised gain on investments £	As at 31 March 2017 £
Neurological diseases	332,390	(663)	7,964	68,327	408,018
Cancer	3,364,035	(6,709)	80,604	691,524	4,129,454
Arthritis	1,584,795	(3,161)	37,973	325,777	1,945,384
Diabetes	155,674	(310)	3,730	32,001	191,095
Kidney	310,600	(619)	7,442	63,848	381,271
Cardiac & vascular diseases	2,012,184	(4,013)	48,214	413,632	2,470,017
Miscellaneous conditions	248,783	(496)	5,961	51,141	305,389
	<u>8,008,461</u>	<u>(15,971)</u>	<u>191,888</u>	<u>1,646,250</u>	<u>9,830,628</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.

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

7. Donations and Legacies

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2017 £	Total 2016 £
Legacies	306,691	147,022	453,713	524,247
Donations	1,275	1,960	3,235	1,117
	<u>307,966</u>	<u>148,982</u>	<u>456,948</u>	<u>525,364</u>

8. Charitable Activities

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2017 £	Total 2016 £
Royalties	133,958	-	133,958	112,204
	<u>133,958</u>	<u>-</u>	<u>133,958</u>	<u>112,204</u>

9. Investment income

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2017 £	Total 2016 £
UK listed investments	829,664	290,309	1,119,973	1,191,952
Other	2,374	500	2,874	6,041
	<u>832,038</u>	<u>290,809</u>	<u>1,122,847</u>	<u>1,197,993</u>

10. Raising funds

	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	2017 £	2016 £
Investment management costs	25,799	47,912	8,600	15,971	98,282	92,068
Other	447	-	149	-	596	299
	<u>26,246</u>	<u>47,912</u>	<u>8,749</u>	<u>15,971</u>	<u>98,878</u>	<u>92,367</u>

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

11. Analysis of charitable activities

	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	2017 £	2016 £
Grant making activity:						
Grants payable (note 18)	559,152	-	997,417	-	1,556,569	1,060,077
Support costs (note 12)	150,629	-	50,210	-	200,839	110,374
Governance costs (note 12)	39,720	-	13,240	-	52,960	48,400
	<u>749,501</u>	<u>-</u>	<u>1,060,867</u>	<u>-</u>	<u>1,810,368</u>	<u>1,218,851</u>

12. Analysis of support and governance costs

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

	Charitable activities £	Governance costs £	2017 £	2016 £
Secretaries' fee	70,964	38,212	109,176	105,078
Miscellaneous	55,693	-	55,693	4,552
Salary costs	48,798	-	48,798	30,167
Commercial training	14,788	-	14,788	2,890
Showcase	10,248	-	10,248	1,660
Auditors' remuneration – audit	-	9,567	9,567	7,730
Auditors' remuneration – financial statements preparation	-	5,181	5,181	3,893
Other	348	-	348	2,804
	<u>200,839</u>	<u>52,960</u>	<u>253,799</u>	<u>158,774</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.

Notes to the Financial Statements (continued)
For the year ended 31 March 2017

13. Staff costs

	2017	2016
	£	£
Gross wages	46,500	29,250
Employer's National Insurance	2,298	917
	<u>48,798</u>	<u>30,167</u>

	No	No
The average number of employees during the year was as follows:		
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 (2016: £nil).

Meeting expenses amounting to £1,062 (2016: £926) were reimbursed to 5 (2016: 5) of the Members.

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

14. Investments

	Investment property	UK Stock Exchange listed	Total
	£	£	£
Market value at 1 April 2016	27,500	31,305,855	31,333,355
Additions	-	4,112,112	4,112,112
Disposals	-	(3,510,289)	(3,510,289)
Net unrealised investment gains in the year	-	6,089,418	6,089,418
	<u>27,500</u>	<u>37,997,096</u>	<u>38,024,596</u>
Market value at 31 March 2017	<u>27,500</u>	<u>37,997,096</u>	<u>38,024,596</u>
Historical cost	<u>27,500</u>	<u>29,936,475</u>	<u>29,963,975</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

	2017	2016
	£	£
Accrued income	<u>205,898</u>	<u>185,046</u>

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

16. Cash at bank

	2017 £	2016 £
Cash at bank at:		
Secretaries	3,281,255	3,424,386
Investment manager	1,580,510	1,145,717
	4,861,765	4,570,103

17. Creditors: amounts falling due within one year

	2017 £	2016 £
Accrued fees	52,645	34,482
Tax and social security payments	1,315	989
	53,960	35,471

18. Grants

	2017		2016	
(a) Reconciliation of grants payable	£	£	£	£
At 1 April 2016		854,353		760,338
Grants awarded and authorised in the year	1,562,790		1,098,179	
Grant awards cancelled and recovered	(6,221)		(38,102)	
	1,556,569		1,060,077	
Grants payable for the year		1,556,569		1,060,077
Grants paid during the year		(1,215,565)		(966,062)
		1,195,357		854,353
At 31 March 2017		1,195,357		854,353

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2017 £	Total 2016 £
(b) Grants falling due within one year:				
Grants payable	302,640	892,717	1,195,357	854,353

Notes to the Financial Statements (*continued*)
For the year ended 31 March 2017

18. Grants (continued)

(c) Grants awarded

Grants awarded and authorised during the year were as follows:

Phd Studentship awarded 2017

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
Heriot-Watt University	1	29,495	
University of Edinburgh	5	145,241	
University of Dundee	1	28,488	
University of Glasgow	2	53,866	
University of St Andrews	1	29,515	
University of Strathclyde	1	28,864	
		<hr/>	315,469

Daphne Jackson Memorial Fellowship awarded 2017

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
Cancer Research UK Beatson Institute	1	27,687	
University of Edinburgh	2	63,614	
University of Glasgow	2	89,499	
University of St Andrews	1	28,302	
University of Strathclyde	1	31,498	
		<hr/>	240,600

Vacational Grants awarded 2017

<i>Institution</i>	<i>Number of awards</i>	<i>£</i>	<i>£</i>
Glasgow Caledonian University	2	4,000	
Heriot-Watt University	1	2,000	
Robert Gordon University	1	2,000	
NHS Greater Glasgow & Clyde	1	2,000	
University of Aberdeen	13	25,250	
University of Dundee	10	19,000	
University of Edinburgh	20	37,500	
University of Glasgow	20	38,250	
University of St Andrews	2	3,500	
University of Strathclyde	4	7,500	
University of West of Scotland	1	2,000	
		<hr/>	143,000

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

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>
Heriot-Watt University	4	75,294	
University of Aberdeen	2	61,700	
University of Dundee	4	88,692	
University of Edinburgh	9	180,097	
University of Glasgow	11	255,789	
University of St Andrews	3	68,363	
University of Strathclyde	5	133,786	
		<hr/>	863,721
			<hr/>
			1,562,790
			<hr/> <hr/>

(d) 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 2017 was £4,168,537 (2016: £3,861,612) of which £550,851 is expected to be payable within one year if certain conditions are satisfied (2016: £411,569).

19. Financial assets and liabilities

	2017	2016
	£	£
Financial assets at fair value	42,886,361	35,903,458
Financial assets at amortised cost	205,898	185,046
Financial liabilities at amortised cost	(1,248,002)	(888,835)
	<hr/>	<hr/>
	41,844,257	35,199,669
	<hr/> <hr/>	<hr/> <hr/>

Financial assets at fair value comprise investments and cash at investment manager and at bank.

Financial assets at amortised cost comprise of accrued income due within one year.

Financial liabilities at amortised cost comprise of accrued expenses and grants payable.

20. Transfers between funds

There was a transfer during the year of £389,513 from the Unrestricted Income Fund to Restricted Income Funds; this was to eliminate the deficit on the Neurological Diseases and Cancer funds.

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

21. Analysis of net assets between funds

	Investments £	Cash at investment manager £	Net Current Assets £	Provisions	Total £
Unrestricted Funds					
Unrestricted Capital Fund	26,654,319	-	-	-	26,654,319
Unrestricted Income Fund	1,313,392	1,169,073	1,430,099	(35,417)	3,877,147
	<u>27,967,711</u>	<u>1,169,073</u>	<u>1,430,099</u>	<u>(35,417)</u>	<u>30,531,466</u>
Restricted Funds					
Restricted Capital Fund	9,830,628	-	-	-	9,830,628
Restricted Income Fund	226,257	411,437	807,737	-	1,445,431
	<u>10,056,885</u>	<u>411,437</u>	<u>807,737</u>	<u>-</u>	<u>11,276,059</u>
Total Funds	<u><u>38,024,596</u></u>	<u><u>1,580,510</u></u>	<u><u>2,237,836</u></u>	<u><u>(35,417)</u></u>	<u><u>41,807,525</u></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. Reconciliation of net income/(expenditure) to net cash outflow from operating activities

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	6,608,845	(2,238,603)
Adjustments for:		
(Gains)/Losses on investments	(6,788,305)	2,821,291
Dividends, interest and rents from investments	(1,122,847)	(1,197,993)
Increase in debtors	(20,852)	(51,635)
Increase in creditors	359,493	91,803
Increase in provisions	35,417	-
	<u>(928,249)</u>	<u>(575,137)</u>
Net cash used in operating activities	<u>(928,249)</u>	<u>(575,137)</u>

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

23. 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.

24. Related party transactions

Professor Jennifer Woof was awarded a PhD award by the Charity before she was appointed as a Trustee. The award continued into the 2016/17 financial year.

Notes to the Financial Statements (*continued*)

For the year ended 31 March 2017

23. 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.

24. Related party transactions

Dr Jennifer Woof was awarded a PhD award by the Charity before she was appointed as a Trustee. The award continued into the 2016/17 financial year.