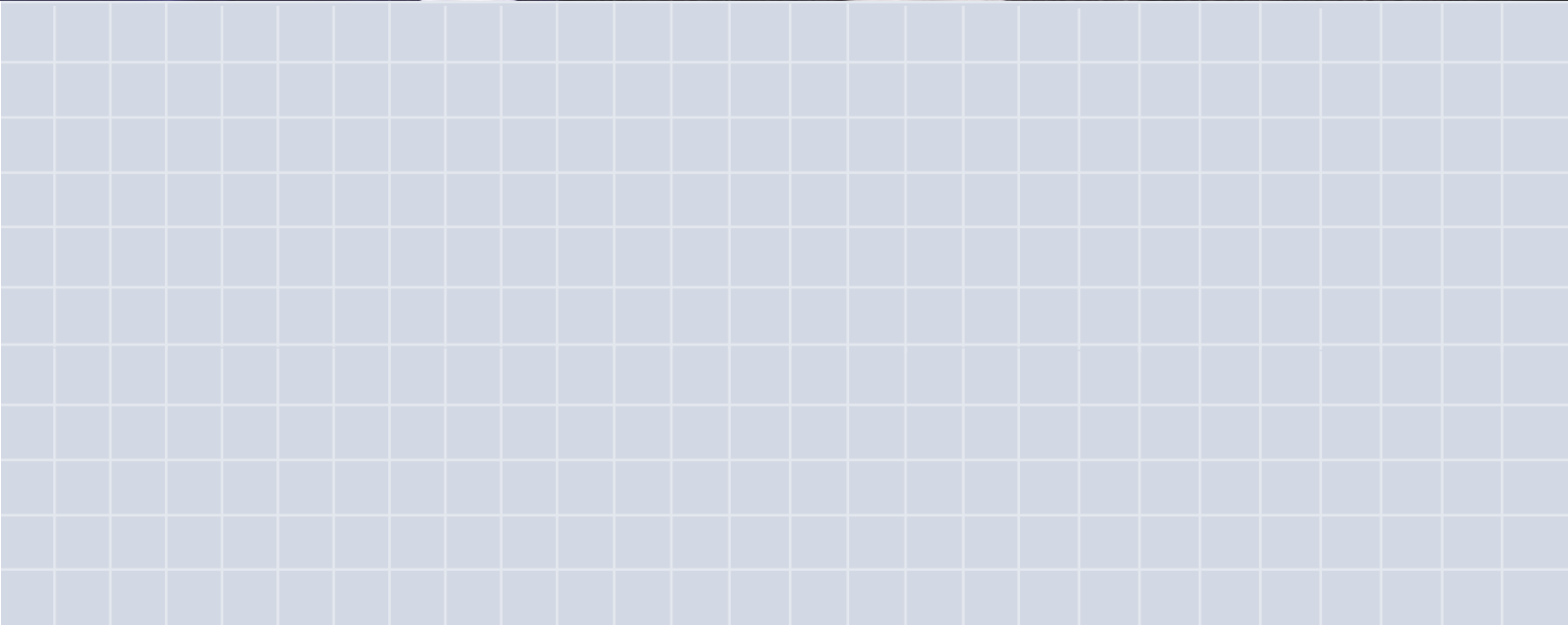




**Medical
Research
Foundation**

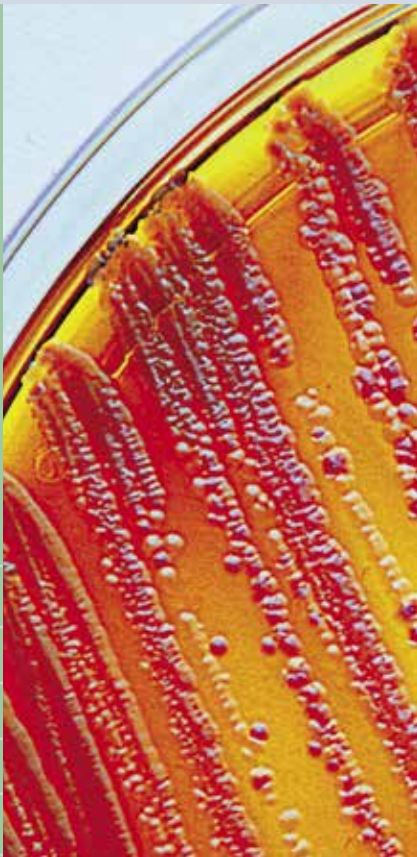


**Annual Report and
Financial Statements
2018** Year ended 31 March 2018



Contents

Charity Reference and Administrative Details	4
Trustees' Annual Report (Including Directors' Report)	5
Independent Auditor's Report	31
Statement of Financial Activities (Including Income and Expenditure Account)	33
Balance Sheet	35
Statement of Cash Flows	36
Notes to the Financial Statements	37
Other Charity Information – 'Who we are'	60



Legal and Administrative Information

Board of Trustees

Professor Nicholas Lemoine
(Chair of the Board of Trustees) ¹

Professor Daniel Altmann

Professor Cyrus Cooper OBE
(10 July 2017 – 21 January 2018)

Mr Russell Delew ¹

Professor Calliope Farsides ¹

Mr Stephen Visscher CBE
(until 31 March 2018)

Mrs Susan Wilkinson

Mr David Zahn ¹²

Chief Executive

Dr Angela Hind

Africa Research Excellence Fund (AREF) Board

Professor Charles Mgone
(Chair of the Board)

Professor Ibrahim Abubakar

Professor Daniel Altmann

Dr Ralph Clemens

Dr Wendy Ewart MBE

Mr George Fowlis

Professor Rose Leke

Professor Francine Ntoumi

Mr Mark Radford

Mrs Susan Wilkinson

Africa Research Excellence Fund Director

Professor Tumani Corrah CBE MRG

Accountants

PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

Auditors

Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Bankers

Lloyds Bank PLC
25 Gresham Street
London EC2V 7HN

Scottish Widows Bank PLC
PO Box 12757
67 Morrison Street
Edinburgh EH3 8YJ

Virgin Money
Jubilee House
Gosforth
Newcastle-upon-Tyne NE3 4PL

BNY Mellon
One Canada Square
London E14 5AL

Investment Manager

Newton Investment Management Ltd
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Investment Custodian

The Bank of New York Mellon SA/NV
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Legacy Consultants

Legacy Link
60 Kirkgate
Sherburn in Elmet
Leeds LS25 6BL

Solicitors

Withers LLP
20 Old Bailey
London EC4M 7AN

Company Secretary

Withers LLP
20 Old Bailey
London EC4M 7AN

Registered Office

Medical Research Foundation
49-51 East Road
London N1 6AH

¹ Remuneration Committee Member

² Investment Committee Member

Our Vision

Changing medicine today. Changing lives tomorrow.

The Medical Research Foundation's vision is to advance medical research, improve human health and change people's lives.

Many of the diseases and conditions that affect human health have been cured or overcome as a result of medical research. But there will always be more to do. Although significant resources are being spent around the world on developing exciting new treatments and therapies, there are areas of medical need that receive little or no support – and people's lives that see no improvement. That's where we step in.

As the charitable foundation of the Medical Research Council (MRC) we are inspired by the responsibility and independence that our donated income gives us. We are guided by the wealth of expertise available to us and are bold and ambitious in the science we choose to support. We fund and support the most promising new health research wherever we discover great opportunities that are not being pursued.

We nurture the talented research leaders of tomorrow by supporting them today. We use our donated income responsibly and ensure it makes the greatest impact where it is most needed. We meet the highest research standards through our unique connection with the MRC.



How we arose

The Medical Research Foundation is the charitable foundation of the MRC. The MRC is the UK's main government-funded body charged with improving human health through medical research. In addition to its government funding, the MRC has been eligible to accept income from the giving public since its inception in 1913 and separately registered these charitable funds with the Charity Commission in 1968. In 2010, the funds of this predecessor charity were transferred to a new, modern charitable company, the Medical Research Foundation. A Declaration of Trust and a subsequent Deed of Assignment allows for charity funds gifted by the public to benefit the MRC, to be assigned to the Medical Research Foundation.

The Medical Research Foundation is the trustee of 19 connected charities whose vision and aims align with its own.

A note from the MRC's Chief Executive

Populations around the world are aging and the environmental and economic conditions in which we all live are in flux. Modern medical science is needed to respond to these changes and our increasing demands on health and social services.

The Medical Research Foundation, with the expert support of the MRC and the generous support of benefactors, is ensuring that the UK's brightest and best researchers can work to improve the health and wellbeing of individuals and populations in the UK and beyond.

The Foundation's predecessor charities had been funding medical research for over 90 years. The Foundation is continuing that drive to improve human health by making a significant and increasing contribution to the UK's investment in medical research.

The MRC's scientific community supports the Medical Research Foundation to achieve its aims by undertaking high-quality peer review of applications for research support – and applying the same standards that MRC applies to its own research proposals – and the MRC provides other support such as free office space and advice on scientific strategy. As the Medical Research Foundation continues to go from strength to strength, I hope the MRC's continued commitment will assure donors that their generous support will be used to support only the very best medical research and the very best scientists.



Professor Sir John Savill
Chief Executive, Medical Research Council (until 31 March 2018)



Welcome from the Chair of the Board of Trustees

The Medical Research Foundation's vision to improve human health is far-reaching and the need is great. There are many diseases and conditions affecting human health that have been cured or overcome as a result of medical research. This is sometimes the result of a single ground-breaking finding and in other cases, the result of decades of dedicated chipping away at the problem. But whilst significant progress has been made in some areas of health, there are other areas where people's lives have seen little improvement. This is where we step in.

We respond to scientific opportunities as they arise and identify areas of ill health in the greatest need of medical research. We use our donated income to support research that will change medicine today and change lives tomorrow. And that is all that we do. We do not provide patient support services nor advice. We do not lobby, nor do we undertake advocacy. Other health charities already do this well on behalf of their patient members. Medical research is what we know best and it is our sole focus.

During the year, we focused our unrestricted resources on tackling the threat to all of us that drug resistant infections pose. The resistance of bacteria, viruses and other pathogens to our current drugs – known as antimicrobial resistance (AMR) – is a growing threat. A bleak report by economist Jim O'Neill, commissioned by the government, estimated that 700,000 deaths globally could be attributed to AMR this year and that the annual toll would climb to 10 million deaths by

2050 and could cost the world US\$ 100 trillion in losses if nothing is done to reverse the trend. The World Health Organisation declared a global action plan in 2016 and the Medical Research Foundation has responded to this major human health challenge by providing the funding to ensure that the UK has the next generation of skilled researchers capable of tackling antimicrobial resistance. We invested even more in this programme this year.

Medical research is making advances to improve health all the time but there is always more that can be done. We are committed to making more funds available for more life-changing research like that you will find profiled in this report. Over the year, we funded 57 new research projects and researchers, investing another £3.4m in new research that will improve human health. We were only able to achieve this with the support of our donors, our funding partners, the talented research scientists that we fund, our trustees and our staff. I should like to thank them all. In particular, I should like to thank my fellow trustees whose vision and commitment have ensured that we continue to be able to honour our donors' wishes, and to pay tribute to our small but growing team whom we ask to achieve so much with so little overhead costs. They safeguard our donors' wishes and ensure that every donated penny is spent on research.

**Changing medicine today.
Changing lives tomorrow.**



Professor Nicholas Lemoine
Chair of the Board of Trustees



Trustees' Annual Report

The trustees present their report and the audited financial statements of the charity and its 19 connected charities for the year ended 31 March 2018. The trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charities.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charities governing documents, the Charities Act 2011 and the FRS102 SORP published in July 2014.

Trustees of the charity

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end are listed on page 4.

Public benefit statement

The Charities Act 2011 requires that every charity meets the legal requirement that its aims are for the public benefit. The trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Medical Research Foundation and its connected charities.



Our objectives and activities

Although many of the diseases and conditions that affect human health have been cured or overcome as a result of medical research, there will always be more to do. Our supporters recognise that as the charitable foundation of the MRC, we are well placed to advance medical research, improve human health and change people's lives. And that is all that we do. We don't provide patient support services or advice. We don't campaign nor do we undertake advocacy. Other health charities already do this well on behalf of their members. We are passionate about the power of medical research to change lives. That is what we know best and that is all that we do.

Funding more research to improve health

Our charitable purposes allow us to support any medical research that will improve health. This is a wide remit and the need is great. It would be easy to try to tackle every health condition and to act without impact. Instead, we take a targeted approach. Our strategy is to look for gaps in knowledge about health and disease and find the right people to improve understanding. We provide support across four strategic research themes:

- **Increasing understanding:** support for the discovery science that increases understanding of the biological processes underpinning all human health and disease.
- **High need, low research investment:** support for research on the conditions and diseases that devastate lives where there is unmet need for new research but a low research investment.
- **Emerging research leaders:** providing opportunities for emerging research leaders who will address the biomedical research questions of the future by supporting their cutting-edge research today.
- **Disseminating findings:** support to disseminate research results beyond the scientific press to people who will ensure that the findings change healthcare policy and practice as well as personal life-choices.

Although independent of the MRC, we are guided by the wealth of expertise available to us through our association with the MRC to identify the human health issues with the most pressing need for research, and

to determine the form of support that we can provide that will make the biggest difference. Some of the research areas that we fund are specified by individual supporters who restrict their gifts to fund research on particular diseases or by specific research teams. In these cases, we rely on independent scientific experts to advise us on the most pressing questions that need to be addressed and the most effective way to do so.

We identify our research funding priorities on a five-yearly cycle giving appropriate weight to the wishes of our donors and the research needs identified by the experts. Whatever the area of human health, we are always looking to support research that others have overlooked.

The Medical Research Foundation has 19 connected charities and the objectives and activities of each of these is woven throughout this trustees' report, with the exception of the Africa Research Excellence Fund whose story we choose to highlight throughout.



Our objectives and activities (continued)

Research capacity in Africa

In our connected world, the rising tide of infectious diseases such HIV-Aids, multiple-drug resistant tuberculosis, Zika and Ebola threatens everyone and in Africa, close behind these threats to health follows a growing wave of diabetes, hypertension, stroke and mental ill-health. Stemming that tide is a huge global challenge. Healthcare professionals in Africa lack the research evidence for context-specific actions to improve health and save lives. Moreover, the region's responses to global-health threats are still led largely by international institutions and scientists from high-income regions.

The good news is that the Africa Research Excellence Fund (AREF) connected charity is supporting a new generation of African scientists, eager to improve health and save lives in Africa. But that growing talent needs support, even as African countries increasingly invest in their science. AREF empowers talented African researchers to achieve excellence by connecting them with world-class research leaders, role

models and mentors in universities in the UK, Europe and America. With AREF's support they gain advanced technical and transferable skills rare at home. Better equipped, they can transform their commitment and creative ideas into properly funded research to improve healthcare in Africa and protect populations.

Excellent research capacity building initiatives are emerging across the region, especially in Eastern and Southern Africa and a cadre of Masters- and PhD-qualified health researchers trained in Africa is growing. However, after the PhD the opportunities to develop an independent research career and skills for leadership are very few. Many of the brightest minds are tempted away from research, either abroad or into other sectors. AREF's funds provide ambitious early-career researchers with opportunities rare in Africa. Its "stepping-stone" fellowships and training provide access to crucial experience, networks and skills. With these essential tools, African emerging health researchers are more able to win the highly competitive funding necessary to put their research ideas into action in Africa for Africa.

We established AREF three years ago, as an independent charity with a distinctive, compelling mission. Its small staff has experience and skills that make it unique in Africa. AREF is increasingly being sought out by potential partners seeking creativity and competence in researcher and leadership development in African settings. AREF is a step away from the more typical charity model of donating to support the immediate victims of conflict, disease and poverty. Instead, AREF works to create knowledge, skills and networks to stem the health challenges facing Africans. By providing opportunities for talented scientists in Africa, AREF is helping to make the world more healthy, secure and resilient. This model of opportunity and not aid is proving to be attractive to donors.

Our aims for 2017/18 were to support more research to improve human health and raise more funds in order to support even more research in the future. We are proud and delighted to report that we fulfilled our objectives.



Our achievements and performance

Funding more research to improve health

We fulfilled our primary objective to invest more in research to improve lives, investing £3.4m in 57 new research grants, fellowship and studentship awards and other activities such as scientific workshops. This brought our on-going commitment to medical research to £11m. You can find details of many of the new awards that we made during the year on pages 16-20. Here we highlight our major achievements: a series of new awards, major outcomes from our on-going research programmes and other progress that we have made.

Increasing understanding

Funding discovery science into the biological processes underpinning health and disease is fundamental for improving human health and one of our strategic research themes. Much of the research that we support into specific diseases is designed to improve understanding of the basic biology behind that disease. In addition, we fund basic molecular and cellular biology research that provide the foundations for understanding all health and disease. In the year, we provided PhD studentship support to the MRC Toxicology Unit for a project on protein translation dynamics in response to DNA damage.

High need, low research investment

Antimicrobial resistance

Antimicrobial resistance (AMR) and in particular, antibiotic resistance, is an increasingly global threat to health that requires action across all

government sectors and society. AMR is the ability of microorganisms (like bacteria, viruses, and some parasites) to change and stop an antimicrobial (antibiotics, antivirals and antimalarials) from working against it. AMR not only has a direct impact on human and animal health - due to the failure in the treatment of infectious diseases - but also carries a heavy economic cost. New resistance mechanisms are emerging and spreading globally, threatening our ability to treat common infectious diseases, and greatly increasing the risk of medical procedures resulting in prolonged illness, disability, and death. AMR has no boundaries and is present in every country. A global effort is required to combat it and in 2016 the World Health Organisation declared a global action plan. In the UK, the battle against AMR has been led by a Research Council collaboration funding large-scale collaborative groups looking at understanding resistant bacteria, accelerating the development of therapeutics and diagnostics, understanding resistance in the real-world setting, and behaviour within and beyond the health-care setting. This amounts to a very significant investment in research but there is more that can and needs to be done. In the face of the rising global threat of AMR, we were very keen to ensure a supply of talented, well-trained new researchers to lead the UK's AMR research of the future.

Last year we brought together those who are leading the Research Council-funded collaborative groups including microbiologists, geneticists, engineers, ecologists, social scientists and health service



Our achievements and performance (continued)

researchers to develop a unique multidisciplinary training programme for the next generation of UK AMR PhD researchers. The Medical Research Foundation National PhD Training Programme in AMR (“Students vs. Superbugs”) that is led by Professor Matthew Avison (University of Bristol) is now up and running and the first students have been identified to start their studies in September 2018. This is a unique training programme. There is no other in the UK and we are advised by Professor Dame Sally Davies, Chief Medical Advisor to the UK government and convener of the Inter-Agency Co-ordination Group on AMR, that there is no other in the world. We are very proud of our training programme but one cohort of students will not be sufficient to lead the UK’s future AMR research and we are fundraising actively to be able to fund many more intakes of AMR PhD students into the future. Whilst we develop momentum with our fundraising, we have awarded a further £1.2m for eight more students to start their studies in 2019. Like the first cohort, the 2019 cohort will benefit from the vast infrastructure and networks that have been developed around the Research Councils’ very significant research investments in AMR ensuring that the impact on our students will be maximised.

The trustees considered that tackling resistance to antimicrobials was a suitable use of the Fleming Memorial Fund for Medical Research connected charity, which was set up in the late 1960’s to commemorate the work of Sir Alexander Fleming, the discoverer of penicillin. A legacy to support studentships left by the late

Kathleen Goff who worked as a secretary at Fleming’s research institution, St Mary’s Hospital Medical School, and was a friend of the Fleming family, was also used to fund the additional studentships.

Puerperal psychosis

During the year, a research grant awarded to Professor Paola Dazzan (King’s College London) came to completion. Puerperal psychosis is the most severe psychiatric disorder associated with childbirth and carries risk of serious harm for both mother and child. Five years ago, we identified puerperal psychosis as an area in high need of new research but where the investment was low. Our funding allowed Prof Dazzan to investigate the role of two main factors in determining the onset of puerperal psychosis after childbirth: brain vulnerability and plasticity; and peripheral biomarkers of stress and immune response. Our financial support helped Prof Dazzan and her group leverage over £170k in additional external grant funding and travel awards for her research. Prof Dazzan and her team have disseminated the findings from the research to the scientific community and other events such as the Parliamentary event “Perinatal mental health: a paradigm shift” at the House of Commons, and the study was presented to HRH Duchess of Cambridge and members of the Royal Foundation at a round-table discussion earlier this year at King’s College London.

Viral hepatitis

Viral hepatitis affects over 700,000 people in the UK and is a leading cause of death and disability





worldwide. More research is needed to increase understanding of disease mechanisms and to develop and improve diagnostics and treatments for the array of virus types that cause hepatitis. This year we launched a funding competition aimed at building hepatitis research capacity to strengthen the UK's position as a world leader in virology and viral hepatitis and directly furthering the development of mid-career hepatitis researchers. We were able to support three talented researchers. Dr Elisabetta Gropelli (University of Leeds) was funded to study the mechanism of hepatitis A virus initiation of infection. Dr Nikesh Patel (University of Leeds) will study in situ structural and mechanistic interrogation of dsDNA synthesis in hepatitis B virus and Dr Leo Swadling (University College London) will investigate bioinformatic delineation of the T-cell receptor signature of hepatitis B virus control.

All of this research was possible thanks to the generous support of the late Alfred Tardtlin, Effie Miller Munro and Jenny Porley.

Emerging research leaders

Lupus researchers

This year saw the launch of our annual Emerging Leaders Prize that will reward emerging leaders who have already had an impact in their field of research. The prize is intended to reward both research

excellence and leadership potential and is expected to impact on the career trajectory of the winners. The 2017 prize focused on researchers working on lupus and associated conditions. Lupus is a serious autoimmune condition that can cause damage to the skin, organs, joints or any other part of the human body. It's a long-term illness that is difficult to diagnose and to treat.

Our inaugural Emerging Leaders Prize was awarded to three clinician scientists (who see patients in clinics and also undertake research) whose work is helping to increase understanding of the cause and course of the disease and whose findings will hopefully have an impact on diagnosis, treatment or the outcomes for lupus patients.

Dr David Hunt (University of Edinburgh) was awarded the first-place prize and will use the prize funds for his research into how lupus can affect the brain at a molecular level. His work takes place between the MRC Institute for Genetics and Molecular Medicine and the Anne Rowling Regenerative Neurology Clinic in Edinburgh. Dr Tracy Briggs (University of Manchester) was awarded the second-place prize and she will use the prize funds to further her research on the genetics of lupus; the funding will allow her to add a bioinformatician to her research group to assist with genetic data analysis. Dr Edward Vital (University

of Leeds) was awarded a runner-up prize and the funds will allow him to visit research groups in America to establish new collaborations for his research on the autoimmune elements of lupus.

Africa's researchers

AREF provides support for African researchers through Research Development Fellowships. These fellowships enable emerging researchers to access advanced research technologies, develop essential transferable skills, and connect with international mentors and potential collaborators. Typically, fellows who completed in 2017/18 used these benefits to go on to develop research proposals that won them substantial, international research funding and five fellows have been successful in securing over £1.5m combined funding. Dr Pauline Bakibinga, a Ugandan national based in Kenya, alone secured over £0.5m from Comic Relief. Since its launch in 2015, AREF has awarded 20 fellowships to early-career health researchers from nine African countries. These fellows have undertaken placements in 15 world-class research institutions in Ethiopia, Norway, South Africa, Spain, Sweden, Uganda and UK. AREF assists the fellows by providing enabling opportunities during and after their award periods. In the year, this included networking with the wider community of scientists in Africa when six fellows participated in the Next Einstein Forum Community of Scientists.

AREF delivered another successful grant-writing workshop to 30 African scientists in Dakar. The workshop

Our achievements and performance (continued)

covered formulating a research question, proposal preparation and writing, peer review, aspects of effective communication, and principles and tools for project management. Following the workshop, Dr Salome Maswime was awarded a one-year placement at the Harvard General Hospital Centre for Global Health and Dr Obina Ekwunife has been awarded a prestigious EDCTP Career Development Fellowship.

During the year, AREF launched another key scheme to confront Africa's health crises by strengthening health research and leadership – the Excell Researcher and Leadership Development Programme. This was possible with the generous support of the Robert Bosch Stiftung Foundation. The pilot programme aims to transform the capabilities of African research institutions and their nominated fellows. AREF will work with institutions selected through competition to add value to their own strategies for academic and research development and will engage and enhance the capabilities of around 20 scientists from six institutions.

Dissemination of research findings

Medical research results are typically published as peer reviewed papers in the scientific press. They are read by other experts and the results influence the approach taken to subsequent research studies on human health, incrementally increasing knowledge. Occasionally a research result has the potential to have a much more immediate impact. Through our Alexander Fleming Dissemination Scheme, we provide funding to ensure that Medical Research Foundation and MRC-funded research results are disseminated to those who can use the results to make an immediate difference and are disseminated in a way that encourages people to factor the findings into their work (health care practitioners and policy makers) or lives (patients and the healthy population at large).

Professor Márta Korbonits (Queen Mary University of London) was funded to disseminate the findings of an MRC study that characterised a novel disease and an associated genetic mutation linked to gigantism

that is prevalent in Northern Ireland (and possibly the source of the Northern Irish Giant fables). Our funding allowed Professor Korbonits to present her findings directly to local GP's and district general hospital doctors who are most likely to see patients with this disease. Her dissemination work was covered in a BBC TV documentary and Radio 4 programme and the resulting increased awareness of the mutations and the condition is expected to lead to earlier diagnosis for patients and, as a result, more effective clinical outcomes.

Professor Valerie Curran (University College London) was funded to disseminate the finding that one form of cannabis 'skunk' is more harmful than another 'weed' due to lower levels of a particular chemical compound. Our funding allowed Professor Curran to bring together the Music and Change charity and ex-gang members in inner-city London to create an animated urban music video to communicate the research results to an audience of vulnerable people from deprived backgrounds. The young people wrote the lyrics incorporating the findings of the scientific study and created a resource to inform and generate debate. This tool is being used across the UK in a variety of schools, colleges, pupil referral units, drug service and mental health settings and has been shown to be useful in changing drug users' opinions about cannabis.





Raising more funds for research

For many decades we have taken a very low-key approach to fundraising. It is time for this to change. Despite medical advances elsewhere, there are still people whose health sees little improvement and there is always more to do. We want to fund more ground-breaking research to improve lives and to do this we need to increase the funds that we have available to us. Last year we commissioned research to better understand our fundraising potential. This year, we set ourselves an objective to put in place the systems and processes needed to raise more funds and we have successfully established a fundraising function from scratch. We appointed a very small fundraising team and put in place a three-year developmental fundraising strategy with an aim of incrementally increasing voluntary income in the medium-term to support a sustained level of investment in research of £5m per annum. The 'test and learn' strategy will help us develop a sound understanding of different fundraising approaches and potential interest groups and we will use this understanding to generate more interest and funds in the future. To support our new fundraising strategy, we undertook a comprehensive brand review and launched a new visual identity and narrative, and we commissioned a communications strategy for implementation in 2018/19. We registered with the Fundraising Regulator and we will adhere to the

Fundraising Code of Practice in all of our fundraising. We implemented a complaints procedure and we are pleased to report that we received no complaints about our fundraising activities.

In addition to increasing our fundraising efforts, we reviewed our investment strategy with a view to reducing risk, diversifying income streams and taking into account emerging developments in ethical investing. We will implement the result of the investment review in the coming year.

The Africa Research Excellence Fund (AREF) connected charity is supported by the MRC which funds some of its core activities including the salaries of the Director, Deputy Director and Head of Major Gifts. The MRC reviewed AREF's achievements, funding and delivery models during the year and agreed to continue to provide funding of c. £400k each year until the end of 2021. The MRC's support provides both an endorsement of AREF's early achievements and strategy, and the financial core for a strong operational platform on which to sustain AREF's programmes and develop new sources and models of funding. During the year, AREF successfully applied for and secured further funding for its programmes from: Robert Bosch Stiftung to fund the launch and development of the first Excell Programme (£550k); Vitol Foundation to fund AREF's activities (\$500k); Wellcome Trust to fund fellowships (£75k); and, the West Africa Health Organisation contribution to the costs of scientists of the region to access AREF workshops (£36k).

Other activities

To date, the majority of our staff have been employed by the MRC and seconded to work for the Medical Research Foundation. We have met the full costs of employment by reimbursing the MRC but have not had the legal responsibilities of employing our own staff. During the year, the MRC ceased to be a legal entity as it became part of the new UK Research & Innovation. Whilst UK Research & Innovation was willing to employ our staff, the trustees considered that it was more appropriate for the Medical Research Foundation to become an employing organisation, sets its own terms and conditions of services and employ its own staff. During the year, with the support of HR advisors, we set up the Medical Research Foundation as an employer, developed a suite of HR policies, put in place payroll and pensions and transferred the MRC staff to the Foundation's employment under TUPE regulations. This was a considerable undertaking and some of our other priorities for the year had to be deferred as a result.

New research that we supported

We have highlighted some of the 57 new grants, fellowships, studentships and dissemination awards that we made during 2017/18 in the earlier section; here we provide summary information of each of the new research awards that we made during the year. These new awards plus our other charitable activities (such as workshops) amounted to an additional investment in medical research and training of £3.4m.

Increasing understanding

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

£3.4m

new investment in medical research and training

£62,000

Funded from the Jeantet Prize Fund (Pelham)

Awarded to support research on protein signalling in the plasma membrane at the MRC Laboratory for Molecular Biology.

£43,000

Funded from MRC Toxicology Unit Research Fund

PhD studentship on protein translation dynamics in response to DNA damage, with Prof Kathryn Lilley and Prof Anne Willis.

£55,000

Funded from the Francis Crick Institute Robinson Fund

Awarded to Professor Mehul Dattani at the UCL Institute of Child Health to support research into mutations causing pituitary endocrine disorders directly or indirectly affecting growth and development. This work will include sequencing studies in patients and laboratory assessments of the functional consequences of these gene mutations in cell lines and in transgenic animals.

£54,000

Funded from the MRC LMB Strauss Fund

PhD studentship to support structural studies research on AMPA receptor synaptic anchorage complexes with Dr Ingo Greger and Dr Radu Aricescu at the MRC Laboratory of Molecular Biology.

£56,000

Funded from the MRC LMB Celltech Research Fellowship Fund

PhD Studentship to support research in protein and nucleic acid chemistry on the mechanism and role that antigen cross-presentation plays in the initiation of immune responses at the MRC's Laboratory of Molecular Biology.

£6,000

Funded from the Jeantet Prize Fund (Pelham)

Awarded to support a laboratory visit by Beni Bienz to Dr Phil Holliger to develop skills in the optimisation of binding and aptamers and monoclonal antibodies.

£25,000

Funded from the Jeantet Prize Fund (Skehel)

Awarded to Prof Sir John Skehel to support research on antibody binding, sialic acid receptor binding and the three-dimensional structures of influenza virus at the Francis Crick Institute.

£4,000

Funded from the Peter Horlock Travel Bursary Fund

Funding to support three graduate technical staff in the early stages of their career development to visit a research centre of excellence to help in advancing their work in the Positron-Emission Tomography (PET) radiochemistry.

£25,000

Funded from the MRC LMB Celltech Research Fellowship Fund

Award for university fees to support a part-time PhD student studying the characterisation of protein signalling of involved in transcriptional switches and cell polarity during tissue development at MRC Laboratory of Molecular Biology.

£43,000

Funded from MRC LMB Strauss Fund

Top-up student bursaries awarded to support 15 PhD students at the MRC Laboratory of Molecular Biology.

£8,000

Funded from the Ernst Jung Prize Research Fund

Award to support Dr Terry Jones' work on whole-body Positron Emission Tomography.Biology.



High need, low research investment

£1,588,000

Antimicrobial resistance

Funded from the Fleming Memorial Fund for Medical Research charity and the Kathleen Goff legacy

Funding for a second cohort of students for the National PhD Training Programme in AMR research, led by Professor Matthew Avison (University of Bristol).

£4,000

Heart diseases

Funded from Balzan Prize fund

Award to support the costs of continuing research on heart disease by Professor Tom Meade (London School of Hygiene and Tropical Medicine).

£12,000

Prion diseases

Funded from the Prion Disease Research Fund and the MRC Prion Unit Research Fund

Awarded to Dr Simon Meade (UCL) for assays relating to the safe administration and monitoring of PRN100 in patients with sporadic Creutzfeldt-Jakob disease.



£1,000

Hearing Research

Funded from Balzan Prize fund

Contribution to the costs of Graham Fraser Foundation studentship awards.

£3,000

Conference sponsorship

Sponsorship provided to support a speaker at the international Hepatitis C virus symposium in October 2018, Dublin.

Emerging research leaders

Lupus and associated conditions

Funded from the Herrick Lupus Prize Fund

Three Emerging Leaders Prizes were awarded to lupus researchers identified as being potential research leaders of the future:

- Dr David Hunt (University of Edinburgh) for research on how Lupus can affect the brain at a molecular level.
- Dr Tracy Briggs (University of Manchester) for research on the genetic drivers of lupus and improving patient outcomes.
- Dr Edward Vital (University of Leeds) for research on the disease onset of lupus and improvement of treatment.

£200,000

Viral Hepatitis

Funded from the Hepatitis Research Tartellin Fund

Three Fellowships to undertake research into viral hepatitis:

- Dr Elisabetta Groppelli (University of Leeds) to study the mechanism of hepatitis A virus initiation of infection.
- Dr Nikesh Patel (University of Leeds) to study in situ structural and mechanistic interrogation of dsDNA synthesis in hepatitis B virus.
- Dr Leo Swadling (University College London) to study bioinformatic delineation of the T-cell receptor signature of hepatitis B virus control.

£883,000

Fellowship Symposium

Funding for research Fellows to attend the 2017 MRC Fellows symposium held in London, and hosting an event to provide the Fellows with an opportunity to network with each other and meet the Medical Research Foundation trustees, with the aim of developing professional relationships between all parties.

£7,000



Respiratory Diseases

Supplementary awards were issued for: the use of open access publishing costs awarded to Dr Franco Conforti, University of Southampton for his work on the epithelial-mesenchymal trophic unit in idiopathic pulmonary fibrosis; for the use of open access publishing costs awarded to Dr James Garnett, Newcastle university for his work on the role of glucose in cystic fibrosis lung; friend or foe in respiratory infections; and for use of open access publishing costs awarded to Dr Amanda Tatler, university of Nottingham and her work on the molecular mechanisms through which Elk1 may regulate lung function.

£18,000

Dissemination of research findings

Funded from the Fleming Memorial Fund for Medical Research connected charity

Award to Dr Emma Baple (University of Exeter) to develop an online educational resource focussed on the benefits of a community approach to disseminating research results from genomic medicine research.

£30,000



Emerging research leaders (continued)

Capacity building in Africa

Funded by the Africa Research Excellence Fund connected charity

Seven Research Development Fellowships to support a developmental placement of three-to-nine months at a leading research organisation:

- Dr Oju Ibor (University of Calabar, Nigeria) hosted by Norwegian University of Science and Technology (NTNU) Trondheim, Norway.
- Dr Linda Murungi (KEMRI|Wellcome Trust Research Programme, Kenya) hosted by Liverpool School of Tropical Medicine, UK.
- Dr Atara Ntekim (University of Ibadan, Nigeria) hosted by University of Nottingham, UK.
- Dr Akin Ojagbemi (University of Ibadan, Nigeria) hosted by Autonomous University of Madrid, Spain.
- Dr Nusirat Elelu (University of Ilorin, Nigeria) hosted by University of East London, UK.
- Dr Martha Mwangome (KEMRI|Wellcome Trust Research Programme, Kenya) hosted by Jimma University, Ethiopia.
- Dr Joseph Matovu (Makerere University, Uganda) hosted by Rakai Health Sciences Program (a collaboration between Makerere University (Uganda), Columbia and Johns Hopkins Universities (USA)).

Recognised in the period:

£217,000

AREF Other Capacity Building Activities Including Grants Writing Skills Workshop

Activities included hosting two Grants Writing Skills Workshops (May 2017 in Dakar, Senegal and March 2018 in Entebbe, Uganda) attended by 56 African early career researchers and arranging meetings for researchers to network and discuss the outcomes of their work and facilitating their attendance at the Next Einstein Forum for the Community of Scientists Launch.

Recognised in the period:

£167,000



Plans for future periods

Our aims for 2018/19

Funding more research to change lives

We are committed to extending our support for high quality medical research that addresses the concerns of donors and supports current research and health priorities. There is much more that high quality medical research can do to improve human lives and we want to fund more of this research. Over the final year of our current five-year funding cycle we hope to spend £6.5m on new research grants, fellowships, studentships and dissemination awards in line with our four strategic themes:

- **Increasing understanding:**
We will support high quality researcher-led discovery science aimed at improving understanding of the biological processes underpinning human health and disease. We will fund research and equipment to increase the understanding of interactions between the various systems of a cell, including DNA, RNA and protein biosynthesis, and how these interactions are regulated.
- **High need, low investment:**
We will invest in new research on stroke in young people, adolescent mental health in particular eating disorders and self-harm, more research on lupus and associated conditions, tuberculosis and research capacity building in Africa.
- **Emerging research leaders:**
Our priority in 2018 will be to award up to five prizes to emerging research leaders working on

adolescent mental health. We will be able to provide this support thanks to a generous legacy from the late Mrs Johanna Menage.

- **Dissemination of research findings:**
We will continue to support the rapid dissemination of Medical Research Foundation and MRC-funded research results beyond the scientific press to patients, study participants, healthcare practitioners and policy makers with a view to ensuring that healthcare policy and practice, and the ways that individuals conduct their lives, are based on up-to-date research evidence. We will provide support from the Fleming Memorial Fund for Medical Research connected charity.
- In addition, we will continue to encourage **collaborations & skill-sharing** as a means of developing research capability in the UK and around the world, and in the coming year, we will use our smaller funds to provide support for skill-sharing and collaborations, and for conference travel awards.
- **Research capacity in Africa:**
AREF will: i) run a conference and the first of four residential work shops of the AREF Excell Programme; ii) award a first round of EDCTP/ AREF Fellowships; iii) develop communications training for past and present AREF fellows; and, iv) launch a development programme in partnership with the Francis Crick Institute's Africa Network and the PRECISE network both of which are funded through the UK's Global Challenges Research Fund.

Raising more funds

We will continue with our plans to raise more funds so that we can fund more research. We will test a number of new fundraising activities in the coming year: i) challenge events designed to raise awareness and engage research community stakeholders; ii) launch our National PhD Training Programme in AMR at a supporter cultivation event at the Science Museum; iii) develop applications to Trusts and Foundations; iv) develop a programme of major donor cultivation events and fundraising; and, iv) develop a legacy fundraising and marketing strategy.

We will support fundraising activities by appointing our first communications manager and we will begin to implement our new communications strategy with a view to raising our profile.

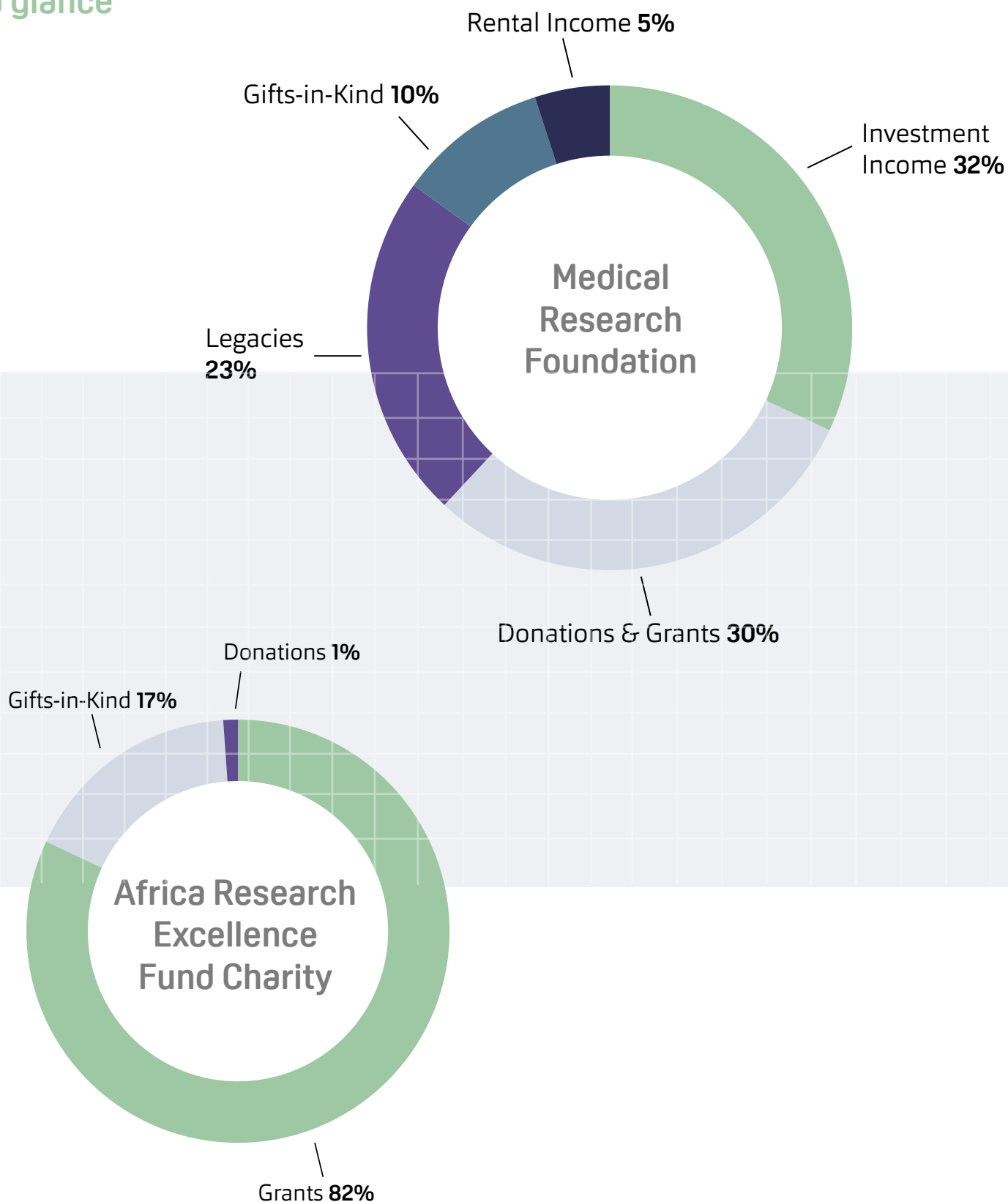
We will implement last year's review of our investment strategy to diversify income streams, reduce investment risk and increase the income available to support more research.

We will relocate to our own offices having been generously housed by the MRC for many years.

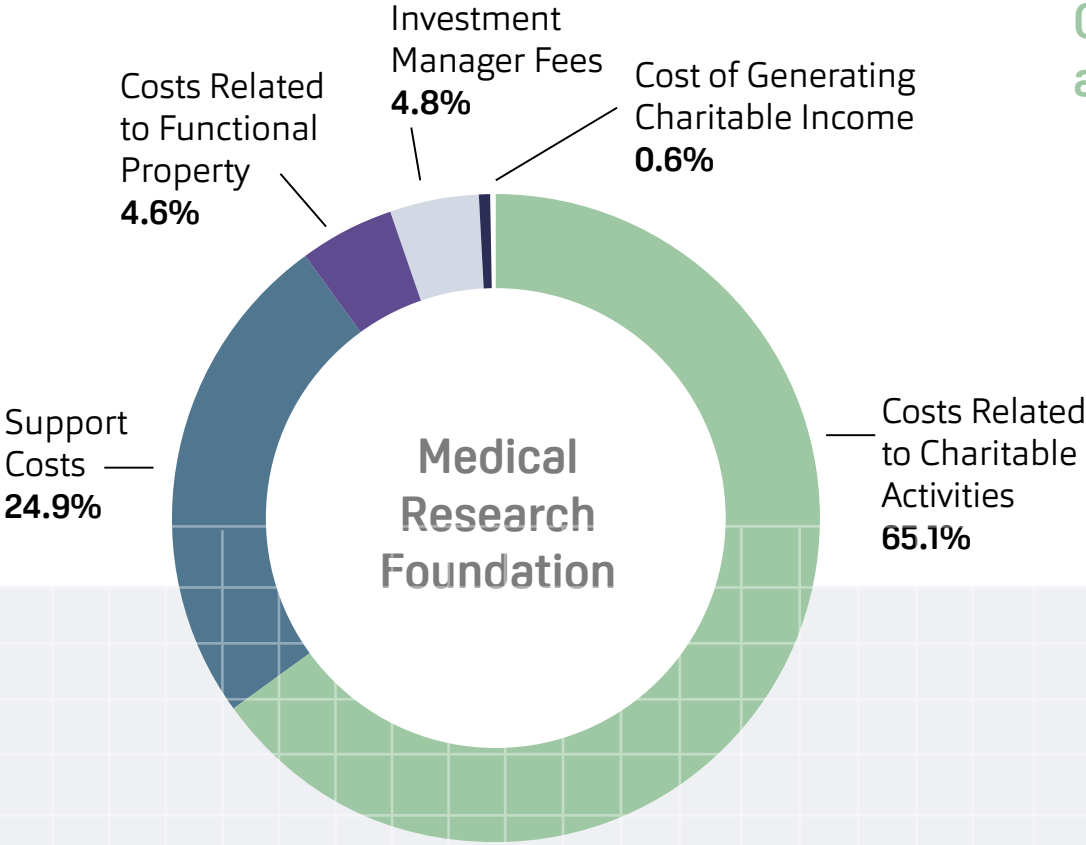
AREF will aim to sustain an income flow from existing donors and diversify funding sources by applying to appropriate foundations and research funders, and through cultivation and engagement events with high-net-worth individuals.

Our finances in 2017/18

Our income at a glance



Our expenditure at a glance



Our finances in 2017/18 (continued)

Incoming resources

We have had a good year for voluntary income. Despite economic uncertainty our voluntary income held steady at £2.7m (2017: £2.8m). 44% of this income was derived from grants (£1.2m), largely for the Africa Research Excellence Fund, and 37% relates to legacies (£1.0m) with donations and gifts in-kind accounting for the remainder. This year's total income of £4.3m is in line with the previous year (2017: £4.4m). We commenced the implementation of an active fundraising strategy to increase the funds that we have available to support medical research but recognise that it may take some years before this increase in fundraising activity translates to significant increases in voluntary income.

Our investments provided 32% of our incoming resources (2017: 32%) and we received £1.4m in 2018, the same as the previous year (2017: £1.4m). At year-end we had recognised gains on our investments assets of £0.8m. We generated a rental income from our residential property of £0.2m consistent with prior year, reflecting the lease that is in place (2017: £0.2m).

In addition to our voluntary and investment income, we were in receipt of gifts-in-kind with a value of £436k (2017: £447k). The MRC provided £365k of which £198k covered office space, IT, HR and other services and £167k covered the Africa Research Excellence Fund executive team salaries and travel. £27k was provided by the Wellcome Trust for the Africa Research Excellence Fund and provided further office space,

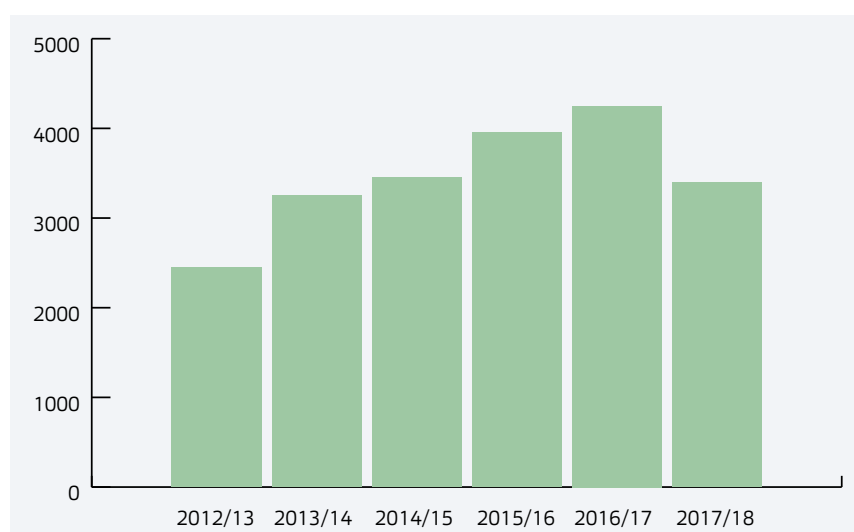
salaries, travel and overheads. £44k was provided by various other sources to cover legal advice and AREF workshop facilitators' time and travel.

Resources expended

Total expenditure during the year was £5.2m, reducing slightly from the previous year (2017: £5.5m). Expenditure on research commitments decreased to £3.4m (2017: £4.2m), principally due to planned spend of £1.2m on lupus research and hearing research being deferred as a result of the focus in the year being on becoming an employing organisation.

Support costs increased to £1.3m (2017: £0.8m) due to an increase in staffing costs and spend on communications and IT, including a brand review, software and a new website, chiefly to support the implementation of our fundraising strategy.

Our commitment to new research

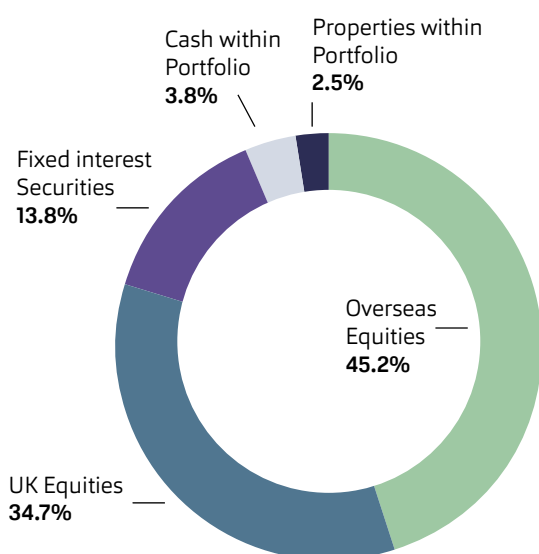


The costs of fundraising

We continued with the implementation of our fundraising strategy, spending £32k (2017: £11k) and expect to see an increased investment next year as the new strategy is fully embedded and new staff join the team. Investment management fees of £248k were higher than the previous year (2017: £211k), reflecting the portfolio value. Governance costs increased to £65k (2017: £54k) partly due to legal fees incurred in relation to becoming an employer.

Investment policy and performance

We have an investment policy which aims to provide an annual income sufficient to allow us to achieve our goals of spending more on medical research whilst preserving the real value of the portfolio over the long term. We attach high importance to social, environmental and ethical considerations in relation to our investments; smoking causes a third of all cancer deaths in the UK and we do not invest directly or indirectly in tobacco manufacture or distribution. We require our investment managers to pay appropriate regard to relevant extra factors, including corporate governance, social, ethical and environmental considerations in the management of portfolios. We have set restrictions on our investments and have agreed a range of asset allocation limits within which our investment managers must operate. At 31 March 2018 the investments within our portfolio were allocated:



We have a benchmark against which our investment managers are monitored, and they were 1.79 percentage points ahead of the benchmark for our main fund and 1.31 percentage points ahead for our permanent endowment fund over the 12 months to 31 March 2018. Throughout the year, and with our investment managers, we have closely reviewed the suitability of our investment policy in the changing economic climate. We continued a wider review of our investment strategy in the year with support from external advisers and we expect the outcomes of this review to be implemented in the coming year. The trustees' powers of investment are derived from the charity's governing documents and in exercising these powers the trustees have acted in accordance with their duty as set out in the Trustee Act 2007.

Reserves policy

As at 31 March 2018 the total funds held by the charity amounted to £57.3m. Of these funds, £28.3m are unrestricted, £23.4m are restricted and £5.6m are permanent endowments. Within the unrestricted funds there are a number of designated funds totalling £13.7m. Further details of the designated funds are set out in Note 22.

The trustees are committed to making more funding available to support research over the medium term and, as a grant-giving charity, our commitments span many years. In addition, we have only ever engaged in very low-level fundraising instead relying on the Medical Research Foundation's and



the MRC's reputation to raise voluntary income, and on our investments to generate the income that we need. Our new developmental fundraising strategy is in the early stages and has yet to have an impact on our voluntary income. The charity's reserve policy has been designed to ensure that our ongoing research commitments and aims can be fulfilled and reflects the fact that the majority of the charity's voluntary income is currently relatively insecure and unpredictable being dependent upon individual legacies and investment returns rather than regular programmed fundraising activities or major grants. The trustees consider it prudent to aim to hold between £10m – £12m of free reserves to provide funding for 2.5 years of identified research priorities, and associated operational costs, and is the timeframe that the trustees consider most realistic for generating new income streams should the existing streams fail. However, at 31 March 2018, the Medical Research Foundation held £8m in free reserves (£10m at 31 March 2017 restated). Although this is

Our finances in 2017/18 (continued)

below the range stated within the reserves policy, research spend in coming years will focus on unrestricted funds and will be set at a level which respects the value of free reserves. The trustees will review the Reserves Policy during the coming year, giving consideration to the income changes that are possible as a result of the investment strategy review and new fundraising strategy.

Risk management

The Medical Research Foundation pays due regard to the management of risk. We have in place systems of internal control designed to manage the risk of failure to achieve policies, aims and objectives; these systems provide reasonable assurance of effectiveness. Major risks are considered to be those that have a high likelihood of occurring and would, if they occurred, have a severe impact on operational performance, achievement of aims and objectives or could damage the reputation of the Medical Research Foundation or the MRC. The risks associated with new activities are considered, assessed and reduced as part of the business case for the new activity. We review all major live risks at six-monthly intervals and risks that we have agreed to tolerate on an annual basis.

The trustees consider that the greatest risks that the charities face are a loss of assets in the event of a significant downturn in the stock market. In order to address this, the Medical Research Foundation has established an Investment Committee which will oversee the implementation of a new investment strategy. Developed by the Board of Trustees, with the assistance of

an external investment adviser, the new strategy seeks to support our income-raising efforts by generating meaningful real returns with an acceptable level at risk and address the risk of loss of assets by diversifying our income streams.

Going Concern

The trustees consider it appropriate to adopt the going concern basis in preparing the financial statements. Cash balances are healthy and there are net assets on the balance sheet of £57.3m (2017: £57.4m). The Medical Research Foundation has sufficient assets to meet its liabilities as they fall due.

Post balance sheet events

There have been no significant post balance sheet events.



Our structure, governance and management

Legal entity

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

Organisational structure

The Medical Research Foundation is governed by a board of trustees, who for the purposes of the Companies Act 2006, act as Directors of the charitable company. The trustees' responsibilities include setting the strategic direction of the charity and providing effective governance. The Board meets at least four times each year.

The Board has established two subcommittees to support its work:

- a Remuneration Committee to which the Board has delegated authority to oversee the proper administration and review of its Pay Policy; to evaluate senior executive performance and to agree changes to all staff pay and rewards. The Committee is constituted by a subset of the Board and is chaired by the Chair of the Board of Trustees.
- an Investment Committee which the Board has appointed to oversee the implementation of its Investment Strategy. The Committee was established in November 2017, and will be chaired by David Zahn, a member of the Board of Trustees.

The Chief Executive assists and advises the Board in all activities and has delegated authority for the implementation of policies and responsibility for the day-to-day management of the Foundation. The Chief Executive oversees a team of ten staff across the following functions: Finance, Fundraising & Communications, Operations & Governance, and Research. The MRC provides the Medical Research Foundation with a range of support on a pro bono basis. Trustees and committee members give their time freely and there is no remuneration. Reasonable travel expenses are reimbursed.

The Medical Research Foundation is the corporate trustee for a number of connected charities (see Note 29 to the financial statements). The Medical Research Foundation's Chief Executive assists and advises the Trustee in all activities relating to these charities and has delegated authority for the implementation of policies and responsibility for the day-to-day management of the connected charities with the exception of the Africa Research Excellence Fund charity. The Africa Research Excellence Fund (AREF) connected charity, established by a Declaration of Trust, is governed by the Medical Research Foundation as corporate trustee. Fund regulations have been established and the Medical Research Foundation has delegated authority to a committee, the AREF Board, to oversee the fund in accordance with the fund regulations. A part-time director assists and advises the AREF Board in all activities and has delegated authority for the implementation of the charity's policies and

responsibility for day-to-day management. The director is assisted by a small team based in Africa and London. The Medical Research Foundation, Medical Research Council and Wellcome Trust provide AREF with a range of services on a pro bono basis.

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

Appointment, induction and training of trustees

New trustees are appointed by the Board of the charitable company. Initial appointments are normally for a three-year period and trustees can be reappointed for a further three years. The constitution allows for no less than five and no more than ten trustees. The Board of Trustees is committed to recruiting individuals with the necessary skills and expertise to progress the aims and objectives of the Medical Research Foundation and recruitment processes are specific to the trustee vacancy. The MRC makes recommendations to the Board for two trustee positions and such appointments are then made by the Board of Trustees. All other trustee

Our structure, governance and management (continued)

vacancies are advertised in the national media as well as specialist publications for the expertise being sought. The Chair of the Board is elected annually by the Trustees.

The Medical Research Foundation's success and competitiveness depends on its ability to embrace diversity and draw on the skills, understanding and experience of all its people. Trustees are committed to promoting equality, diversity and inclusion and to eliminating unjustified discrimination. In recruiting to trustee vacancies, the Foundation looks to attract a diverse pool of candidates seeking applications from those characteristics it recognises as being under-represented on the Board.

New trustees undertake a comprehensive induction programme focused on the strategic aims and objectives of the Medical Research Foundation, the relationship between the Foundation and the MRC, and any on-going policy reviews. Trustees are expected to abide by the Medical Research Foundation's Code of Conduct and act in accordance with the 'Seven Principles of Public Life' (the Nolan Principles). Trustees are provided with opportunities for training in the duties and responsibilities associated with their role. Briefings are provided for all trustees, where relevant, by either the Medical Research Foundation's legal advisors, investment managers, accountants or other issue-specific experts. The MRC provides briefings on scientific matters.

The Board of Trustees currently reviews its own effectiveness at eighteen-month intervals but will be moving to annual reviews. Individual

trustees meet with the Chair of the Board to discuss and assess personal and whole-Board effectiveness in the areas of general governance, strategic vision, expenditure on research, compliance and monitoring, and fundraising. Trustees review the performance of the Chief Executive annually and professional advisors on a triennial basis.

Declared interests

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

Fundraising

The Medical Research Foundation and its connected charities support the independent regulation of fundraising. They participate in and comply with the Fundraising Regulator's voluntary regulation scheme and pay the Fundraising Regulator levy. The charities have small fundraising teams and do not use the services of professional external fundraisers or commercial partners. There has been no failure to comply with the Fundraising Regulator's compliance scheme during the year and no complaints have been received about the fundraising. The Board has direct oversight of fundraising activities; it considers six-monthly reports on fundraising and approves all new

approaches. The charity is in the process of developing a Safeguarding Policy to protect anyone who comes into contact with it and its connected charities including vulnerable people and other members of the public who may be contacted for fundraising purposes.

Key management personnel remuneration policy

Until 31 November 2017, the Medical Research Council employed the Medical Research Foundation's staff (including key management personnel). All staff were employed on MRC terms and conditions of employment, were subject to the MRC's pay and grading policies and were seconded to the Foundation. The Medical Research Foundation became an employer in its own right with effect from 1 December 2017. Existing staff were transferred under TUPE legislation to the Foundation on their existing MRC terms and conditions of employment, while staff employed post 1 December 2017 were employed on the Foundation's own terms and conditions.

The Remuneration Committee considers the pay for new or changed executive posts and makes recommendations to the Board for approval. Decisions on pay for new or changed posts below the executive band, are delegated to the CEO.

The Africa Research Excellence Fund connected charity's key management personnel are provided as gifts-in-kind by UK Research & Innovation. Other staff are provided as a gift-in-kind by the London School of Hygiene and Tropical Medicine. In addition, the Medical Research Foundation employs one member of AREF staff.

Relationships with other organisations

The Medical Research Foundation cooperates with the MRC and other medical research funders in order to achieve its objectives.

Funds held as Custodian Trustee on behalf of others

The Medical Research Foundation does not hold funds as Custodian Trustee on behalf of others.

Third party indemnity provisions

The Medical Research Foundation has purchased a professional indemnity insurance policy which indemnifies the Foundation, its trustee and employees against any loss arising from a wrongful act on their part.

Financial instruments

The Medical Research Foundation does not acquire options, derivatives or other complex financial instruments. The main risk associated with financial instruments comes from uncertainty in the investment market and the volatility of yields. The charity controls this risk as best it can by retaining expert advisors and through regular review of the investment policy and strategy, and by directly holding less volatile assets, such as cash and property. Liquidity risk is expected to be low as all assets are traded on regulated markets. The ability to be able to buy and sell quoted stocks and equities is expected to continue and, as such, they could be sold if required. The stocks and equities held by the Medical Research Foundation are mainly traded in markets with good liquidity and high

trading volumes. There are no material investment holdings in markets subject to exchange controls or trading restrictions.

Notwithstanding the above, in the coming year a new investment strategy will be implemented and the Medical Research Foundation will consider investing a part of its assets in less liquid investments that have a long lock-up period. It will remain the case, however, that the substantial majority of assets will remain in liquid investments.

Research and development

The Medical Research Foundation funds research and development but does not directly take part in any such activities. The Africa Research Excellence Fund Connected charity provides research training and funds research in order to meet its charitable objectives.

External audit

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



Statement of Trustees' Responsibilities

The Trustees, who are also directors of the Medical Research Foundation for the purposes of company law, are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any one time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Insofar as each of the Trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditors is unaware. Each Trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make

ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



Professor Nicholas Lemoine
Chair of the Board of Trustees

28 November 2018

Independent Auditor's Report to the Members of Medical Research Foundation

Opinion

We have audited the financial statements of Medical Research Foundation for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the

audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Medical Research Foundation

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 30, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied

that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mike Hicks
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

14 December 2018

Statement of Financial Activities

Year Ended 31 March 2018

	Note	Unrestricted funds £000	2018 Restricted funds £000	Endowment funds £000	Total £000	2017 Restated Total £000
Income and endowments from:						
Donations and legacies	2	849	1,876	—	2,725	2,875
Charitable activities	3	200	—	—	200	194
Investments	4	664	732	—	1,396	1,413
Total income and endowments		1,713	2,608	—	4,321	4,482
Expenditure on:						
Raising funds	5	(174)	(106)	—	(280)	(222)
Charitable activities	6	(3,993)	(917)	—	(4,910)	(5,321)
Total expenditure		(4,167)	(1,023)	—	(5,190)	(5,543)
Net gains/(losses) on investments assets	15	366	326	60	752	7,218
Net gains/(losses) on investments properties	15	17	—	—	17	409
Net (expenditure)/income		(2,071)	1,911	60	(100)	6,566
Transfers between funds		—	—	—	—	—
Net movement in funds	22	(2,071)	1,911	60	(100)	6,566
Reconciliation of funds:						
Total funds brought forward	22	30,375	21,480	5,545	57,400	50,834
Total funds carried forward	22	28,304	23,391	5,605	57,300	57,400

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 37 to 59 form part of these financial statements.

Summary Income and Expenditure Account

Year Ended 31 March 2018

	Note	2018 £000	2017 £000
Income			
Gains/(losses) on investments	15	769	7,627
Interest and investment income	4	1,396	1,413
Gross income		2,165	9,040
Expenditure			
Depreciation and impairment charges	14	(235)	(236)
Total expenditure		(235)	(236)
Net income/(Expenditure)		1,930	8,804

Balance Sheet

Year Ended 31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Functional property	14	8,320	8,545
Investment properties	15	—	
Investment securities	15	51,669	50,906
		59,989	59,451
Current assets			
Investment Properties – Held for Sale	15	—	1,203
Debtors	16	927	418
Short-term deposits		5,109	5,100
Cash at bank and in hand		2,754	3,725
		8,790	10,446
Creditors: amounts falling due within one year	17	(3,258)	(3,700)
		5,532	6,746
Net current assets			
		65,521	66,197
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	18	(8,221)	(8,797)
		57,300	57,400
Net assets			
Charity Funds			
Permanent endowment funds	22, 24	5,605	5,545
Restricted funds	22, 24	23,391	21,480
Unrestricted funds	22, 24	28,304	30,375
		57,300	57,400
Total charity funds	22, 24	57,300	57,400

The financial statements were approved and authorised for issue by the Board on 28 November 2018.

Signed on behalf of the board of trustees



Professor Nicholas Lemoine

Chair of the Board of Trustees, 8 November 2018

The notes on pages 37 to 59 form part of these financial statements. Company registration number: 7366816

Statement of Cash Flows

Year Ended 31 March 2018

	Note	2018 £000	2017 £000
Cash flow from operating activities	25	(3,557)	(721)
Net cash flow used in operating activities		(3,557)	(721)
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(10)	–
Payments to acquire investments	15	(13,264)	(20,325)
Receipts from sales of investments	15	13,253	20,305
Receipt from sale of investment property		1,220	–
Dividends, interest and rents received from investments	4	1,396	1,413
Net cash flow provided by investing activities		2,595	1,393
Change in cash and cash equivalents in the year		(962)	672
Cash and cash equivalents at 1 April 2017		8,825	8,153
Cash and cash equivalents at 31 March 2018		7,863	8,825
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,754	3,725
Short-term deposits		5,109	5,100
Cash and cash equivalents at 31 March 2018		7,863	8,825

The Medical Research Foundation holds permanent endowment funds valued at £5,586,000 at 31 March 2018 (2017: £5,696,000). These are held in the form of managed investment funds and are unavailable for use. Net gains or losses attributable to these funds are recognised quarterly and income generated is available to support research specified by the donor.

Notes to the Financial Statements

Year Ended 31 March 2018

1 Summary of significant accounting policies

(a) General information and basis of preparation

The Medical Research Foundation is an incorporated charity (charity registration number 1138223), limited by guarantee in England and Wales (company registration number 7366816). In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is Medical Research Foundation, 49-51 East Road, London, N1 6AH. The nature of the charity's operations and principal activities are described on page 9.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Funds

Permanent Endowment funds represent capital gifts to the charity for specified areas of medical research or associated activity. The terms imposed by the donors under the legacy or donation determine how the income generated by the capital may be used. The capital element of the permanent endowment funds is ring-fenced and remains within the endowment fund. Details of each fund can be found in the notes to the financial statements.

Restricted funds are for specified areas of medical research or associated activity, imposed by the donors under the terms of the legacy or donation. Income generated from the assets held in these funds is legally subject to the same restrictions as the original funds. Details of each fund can be found in the notes to the financial statements.

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular charitable purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Notes to the Financial Statements

Year Ended 31 March 2018

1 Summary of significant accounting policies (continued)

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Grants receivable are included in the accounts when the charity is entitled to the income, there is adequate probability of receipt and the amount can be quantified with reasonable accuracy. Grants received for a specific purpose are accounted for as restricted funds.

Income from donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Fixed asset gifts-in-kind are recognised when receivable and are recognised at fair value.

Legacy income is recognised when the charity becomes aware that probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met. On occasion legacies will be notified where it is not possible to measure the amount expected to be distributed with sufficient reliability. On these occasions, the legacy is treated as a contingent asset and disclosed.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Investment income and the surplus or deficit arising from the sale or revaluation of assets, is allocated to the funds in proportion to the value of each fund, as at the balance sheet date and appropriate intermediate dates.

(d) Expenditure recognition

Commitment accounting is employed. All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the direct cost of advertising, fundraising consultants and investment manager's fees;
- Expenditure on charitable activities is determined by the aims of the charity – to fund biomedical research and related activities. Research costs, equipment, dissemination and travel grants, fellowships, studentships and scholarships and the costs associated with reviewing, awarding and managing them, are charged when the obligation to pay arises i.e. the full amount of the grant is accrued when a commitment is made. This category also includes the costs of maintaining the functional property used to facilitate medical research, which are charged as they arise. These costs include donated services and facilities (gifts-in-kind) which are allocated on a pro-rata basis from an estimate of staff time and are apportioned at the end of the year; and,
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs and governance costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. All support costs have been allocated on the basis of actual usage.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 9.

Notes to the Financial Statements

Year Ended 31 March 2018

(f) Tangible fixed assets – Functional property

Property fixed assets are stated at valuation less depreciation. Costs of freehold improvements are added to this value, if these are incurred between valuations.

Depreciation is provided at rates calculated to write off the values of the properties, less their estimated residual value, over their expected useful lives at the following effective rates:

- Freehold buildings – 2% per annum on the straight line basis.
- Freehold improvements – 5% per annum on the straight line basis

(g) Tangible fixed assets – Investment properties

Investment properties are measured at fair value at each balance sheet date, with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. A full valuation of the investment properties will take place every five years.

(h) Tangible fixed assets – Investments securities

Publicly traded investments, or those where fair value can otherwise be measured reliably, are measured at fair value at each balance sheet date, with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA. Other investments are measured at cost less impairment.

Current asset investments are short-term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

(i) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(j) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

(k) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the relevant expenditure heading in the SoFA.

(l) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(m) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

Notes to the Financial Statements

Year Ended 31 March 2018

2 Income from donations and legacies

	2018 £000	2017 £000
Bequests and legacies	1,002	1,823
Grants	1,214	123
Donations	73	482
Gifts-in-kind income	436	447
	2,725	2,875

Income from donations and legacies was £2,725,000 (2017: £2,875,000) of which £nil (2017: £nil) was attributable to permanent endowments, £1,876,000 (2017: £545,000) was attributable to restricted funds and £849,000 (2017: £2,330,000) was attributable to unrestricted funds.

Gifts-in-kind income represents the total costs borne by other organisations on behalf of the charity, and is all attributable to charitable activities.

The Medical Research Council provided the majority of the gifts-in-kind received by the Medical Research Foundation in the year. These services, detailed in an agreement between the MRC and the trustees, include HR and IT services, accommodation and meeting space and the time of research, estates and project managers spent on Medical Research Foundation's business, peer review and property refurbishment. The MRC provided the majority of the gifts-in-kind received by AREF including the executive team salaries and free UK accommodation. These free facilities and services gifts-in-kind are recorded as voluntary income in the SOFA and are also recorded as expenditure. They are apportioned to charitable activities.

No government grants were received in the year (2017: £nil).

3 Income from charitable activities

	2018 £000	2017 £000
Rental income from functional assets	200	194

Income from charitable activities was £200,000 (2017: £194,000) of which all (2017: all) was attributable to unrestricted funds. The total commercial market rent that could be achieved on the functional property is estimated to be £300,000 (2017: £300,000). The amount of rental income receivable is as shown.

4 Income from investments

	2018 £000	2017 £000
Dividends – equities	1,388	1,383
Interest – deposits	4	16
Rental income from investment properties	4	14
	1,396	1,413

Income from investments was £1,396,000 (2017: £1,413,000) of which £nil (2017: £nil) was attributable to permanent endowments, £732,000 (2017: £878,000) was attributable to restricted funds and £664,000 (2017: £535,000) was attributable to unrestricted funds.

Notes to the Financial Statements

Year Ended 31 March 2018

5 Costs of Raising funds

	2018 £000	2017 £000
Costs of Raising funds	32	11
Investment manager fees	248	211
	280	222

Costs of raising funds was £280,000 (2017: £222,000) of which £nil (2017: £nil) was attributable to permanent endowment funds, £106,000 (2017: £73,000) was attributable to restricted funds and £174,000 (2017: £149,000) was attributable to unrestricted funds.

No investment manager fees have been charged to the Africa Research Excellence Fund connected charity.

6 Analysis of expenditure on charitable activities

	Costs related to functional property £000	Costs related to charitable activities £000	Support costs £000	Total 2018 £000	Total 2017 £000
Medical research	237	2,996	914	4,147	4,745
Research capacity in Africa	–	384	379	763	576
	237	3,380	1,293	4,910	5,321

Expenditure on charitable activities was £4,910,000 (2017: £5,321,000) of which £nil (2017: £nil) was attributable to permanent endowment funds, £917,000 (2017: £2,990,000) was attributable to restricted funds (including the AREF charity) and £3,993,000 (2017: £2,331,000) was attributable to unrestricted funds.

Costs related to charitable activities is comprised as follows:

	2018 £000	2017 £000
Medical Research – Grants to Institutions and Individuals (see note 9)	2,993	3,904
Medical Research – Other Activities	3	0
Research Capacity in Africa – Grants to Institutions and Individuals (see note 9)	228	146
Research Capacity in Africa – Other Activities	156	185
	3,380	4,235

Notes to the Financial Statements

Year Ended 31 March 2018

7 Allocation of support costs

Support costs	Basis of allocation £000	Medical research £000	Research capacity in Africa £000	2018 Total £000	2017 Total £000
Governance (see note 8)	Actual usage	51	14	65	54
Derived from gifts-in-kind income	Actual usage	182	254	436	447
Human resources	Actual usage	432	92	524	257
Office costs	Actual usage	249	19	268	90
Total		914	379	1,293	848

No support costs have been allocated to costs of raising funds.

In December 2017, the Medical Research Foundation became an employer and staff who worked for the Medical Research Foundation but had been employed by the MRC were transferred to the new employer in accordance with TUPE regulations. Over December 2017 to March 2018 £13,000 of employer pension contributions were paid into the MRC defined benefit pension scheme. These contributions have been accounted for as if they were made to a defined contribution plan as there was insufficient information to account for them as contributions to a multi – employer defined benefit plan.

8 Governance costs

	2018 £000	2017 £000
Auditor's remuneration	23	17
Legal fees	29	13
Other direct governance costs	13	24
	65	54

9 Analysis of grants

	Grants to institutions £000	Grants to individuals £000	Support costs £000	2018 Total £000	2017 Total £000
Medical research	2,949	44	914	3,907	4,386
Research capacity in Africa	217	11	379	607	538
	3,166	55	1,293	4,514	4,924

Notes to the Financial Statements

Year Ended 31 March 2018

RECIPIENTS OF GRANTS TO INSTITUTIONS:

	Number	Medical Research £000	Research Capacity in Africa £000	Total 2018 £000	Total 2017 £000
Autonomous University of Madrid, Spain	1	—	25	25	—
Cardiff University, UK	—	—	—	—	11
Institut Pasteur de Madagascar, Madagascar	—	—	—	—	30
Jimma University, Ethiopia	1	—	22	22	—
Keele University, UK	—	—	—	—	30
Kings College London, UK	1	2	—	2	558
Liverpool School of Tropical Medicine, UK	1	—	37	37	—
London School of Hygiene & Tropical Medicine, UK	—	—	—	—	12
MRC Clinical Sciences Centre, UK	—	—	—	—	201
MRC - Gambia	1	—	—	—	—
MRC Genetics of Mitochondrial Diseases Unit, UK, UK	—	—	—	—	23
MRC Institute of Hearing Research, Nottingham, UK	—	—	—	—	1
MRC Laboratory of Molecular Biology, Cambridge, UK	22	245	—	245	45
MRC London Institute of Medical Sciences, UK	—	—	—	—	75
MRC Prion Unit, London, UK	—	—	—	—	13
MRC Toxicology Unit, UK	1	43	—	43	—
Newcastle University, UK	1	6	—	6	—
Norwegian University of Science and Technology (NTNU), Norway	1	—	35	35	—
Other	—	—	—	—	16
Rakai Health Sciences Program, Uganda	1	—	33	33	—
South African Centre for Epidemiological Modelling & Analysis (SACEMA)	—	—	—	—	18
The Francis Crick Institute, UK	1	1	—	1	62
The Institute of Cancer Research, UK	—	—	—	—	1
University College London, UK	1	291	—	291	419
University College London Hospital, UK	3	13	—	13	—
UCL Institute of Child Health, London, UK	1	55	—	55	100
University of Bristol, UK	2	1,588	—	1,588	2,655
University of Cambridge, UK	1	1	—	1	—
University of East London, UK	1	—	33	33	—
University of Edinburgh, UK	1	100	—	100	—
University of Exeter Medical School, UK	1	30	—	30	56
University of Hull, UK	1	2	—	2	—
University of Leeds, UK	3	612	—	612	21
University of Liverpool, UK	—	—	—	—	39
University of Manchester, UK	1	80	—	80	—
University of Nottingham, UK	2	6	32	38	40
University of Oxford, UK	—	—	—	—	1
University of Southampton, UK	1	6	—	6	—
University of Strathclyde, UK	—	—	—	—	4
Less grants recovered/cancelled *	—	132	—	132	371
	51	2,949	217	3,166	4,060

Grants to 6 groups of individuals amounted to £55,000 (2017: £16,000).

Of the total grants awarded during the year to institutions, £8,000 related to grants made from unrestricted funds (2017: £570,000), £591,000 related to grants made from designated funds (2017: £982,000) and £2,567,000 related to grants made from restricted funds (2017: £2,508,000).

Notes to the Financial Statements

Year Ended 31 March 2018

10 Net Income/(expenditure) for the year

Net income/(expenditure) is stated after charging/(crediting):

	2018 £000	2017 £000
Depreciation of tangible fixed assets	235	236
(Profit)/Loss on fair value movement of investments	(769)	(7,627)
	(534)	(7,391)

11 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £18,000 (2017: £17,000). No other services were provided.

12 Staff costs

Staff costs for persons employed by the company during the year were as follows:

	2018 £000	2017 £000
Wages and salaries	97	0
Social security costs	9	0
Pension costs	13	0
Total	119	0

In December 2017, the Medical Research Foundation became an employer and staff who worked for the Medical Research Foundation but had been employed by the MRC were transferred to the new employer in accordance with TUPE regulations.

For the period of time that Medical Research Foundation staff were employed by the MRC, the Medical Research Foundation reimbursed the MRC for the full cost of employee benefits. This expense is excluded from the table above.

Most Africa Research Excellence Fund staff are employed by either the MRC or the London School of Hygiene and Tropical Medicine and seconded to the Africa Research Excellence Fund.

The average number of persons employed by the company during the year was as follows:

	2018	2017
Research	1.2	0
Corporate Functions	4.8	0
Fundraising	1.0	0
Total	7.0	0

The total amount of employee benefits received by key management personnel during the year was £240,194 (2017 restated: £217,120). The Medical Research Foundation considers its key management personnel to comprise of the CEO. Key management personnel in connected charities comprise of the Director of the Africa Research Excellence Fund. The Africa Research Excellence Fund's key management personnel and other senior staff are provided as a gift-in-kind by the MRC.

Notes to the Financial Statements

Year Ended 31 March 2018

Employees whose annual emoluments for the year fell within the following bands:

	2018	Medical Research Foundation 2017 restated	2018	AREF 2017 restated
£60,000 – £70,000	–	1	1	1
£70,001 – £80,000	1	–	–	–
£210,001 – £220,000	–	–	1	1

The Director of the Africa Research Excellence Fund has a gross full-time equivalent salary in excess of £210,000; he works part-time and the salary is commensurate with the time commitment.

13 Trustees' remuneration and expenses

No trustees received or waived remuneration during the current or previous period. The following trustees' expenses were reimbursed or paid directly on their behalf during the year:

	2018 Number	2017 Number	2018 £000	2017 £000
Travel, Subsistence and Accommodation	2	3	–	3

None of the expenses above have been paid directly to third parties

14 Tangible fixed assets

	Freehold Land and buildings £000	Freehold Improvements £000	Total £000
Cost or valuation:			
At 1 April 2017	7,300	1,788	9,088
Additions	–	10	10
At 31 March 2018	7,300	1,798	9,098
Depreciation:			
At 1 April 2017	(438)	(105)	(543)
Charge for the year	(146)	(89)	(235)
At 31 March 2018	(584)	(194)	(778)
Net book value:			
At 31 March 2018	6,716	1,604	8,320
At 31 March 2017	6,862	1,683	8,545

Notes to the Financial Statements

Year Ended 31 March 2018

14 Tangible fixed assets (continued)

The net book value of land and buildings comprised:

	2018 £000	2017 £000
Cost or valuation:		
Freehold	7,300	7,300
	7,300	7,300
Depreciation:		
Freehold	(584)	(438)
	(584)	(438)
Net book value	6,716	6,862

The Medical Research Foundation holds the following property:

PERRIN LODGE, HAMPSTEAD, LONDON

Perrin Lodge is a freehold property built in the late 1960's using charitable funds. It consists of 14 self-contained flats used to house medical researchers with the aim of facilitating collaborative research and skill sharing. It was valued at 1 April 2014 by Powis Hughes Chartered Surveyor at £7,300,000.

No borrowing costs have been included in the cost of fixed assets.

15 Fixed asset investments

	Listed investments £000
Cost or valuation	
At 1 April 2017	50,906
Additions	13,264
Disposals	(13,253)
Net unrealised and realised gains and losses	752
At 31 March 2018	51,669
Carrying amount:	
At 31 March 2018	51,669
At 31 March 2017	50,906

Notes to the Financial Statements

Year Ended 31 March 2018

Investments at fair value comprise:

	2018 £000	2017 £000
UK equities	17,912	16,067
Overseas equities	23,369	19,943
Fixed interest securities	7,141	12,910
Cash within investment portfolio	1,952	764
Investment properties within investment portfolio	1,295	1,222
	51,669	50,906

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

An investment property held outside of the investment portfolio, reflected in Current Assets (as held for sale) at 31 March 2017 was sold during the year to 31 March 2018. The property was assessed for commercial sale as at 31 March 2017 giving a value of £3,555,000 of which the Foundation's 33.84% interest was £1,203,000. Actual proceeds totalled £1,220,000 resulting in a gain on investment property of £17,000.

The following investment is considered material:

	2018 £	2017 £
BNY Mellon Charities Funds: Newton Growth and Income Fund for Charities	5,586	5,526

16 Debtors

	2018 £000	2017 £000
Trade Debtors		
Prepayment and accrued Income	—	6
	927	412
	927	418

Notes to the Financial Statements

Year Ended 31 March 2018

17 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Grant commitments	2,701	3,149
Accruals	531	535
Audit fees	18	16
Tax and social security	8	—
	3,258	3,700

18 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Grant Commitments	8,221	8,797

19 Grants payable

	Under 1 year £000	Over 1 year £000	Total £000
At 1 April 2017	3,149	8,797	11,946
Cancelled grants	(132)	—	(132)
Amounts paid during the year	(719)	(3,529)	(4,248)
Grants committed in the year	402	2,953	3,356
At 31 March 2018	2,701	8,221	10,922

20 Provisions for liabilities

The Medical Research Foundation has no provisions for liabilities at 31 March 2018 (2017: £nil).

21 Contingent liabilities/assets

The Medical Research Foundation has no contingent assets or liabilities at 31 March 2018 (2017: £nil).

Notes to the Financial Statements

Year Ended 31 March 2018

22 Fund reconciliation

	Balance at 1 April 2017 £000	Income £000	Expenditure £000	Transfers £000	Gains/(losses) £000	Balance at 31 March 2018 £000
Unrestricted Funds						
General Purposes Fund	17,055	1,091	(3,708)	—	209	14,647
Designated Funds						
Balzan Prize (Meade Research Fund)	90	20	(6)	—	2	106
Descartes Prize Fund	174	4	(1)	—	2	179
Diagnostic Techniques Research Fund	615	15	(3)	—	8	635
Emerging Leaders Prize Fund	1,502	120	(7)	—	21	1,636
Eye Diseases Research Fund	847	21	(4)	—	12	876
General Purposes (Scotland) Research Fund	158	4	(1)	—	2	163
Genetics of Mitochondrial Diseases	115	29	(1)	—	2	145
Herrick Lupus Erythematosus Prize Fund	504	12	(12)	—	7	511
Horlock Travel Bursary Fund	59					59
Human Movement & Balance Research Fund	178	4	(1)	—	2	183
Jeantet Prize Fund (Skehel)	182	5	(9)	—	2	180
Jeantet Prize Fund (Unwin)	329	8	(1)	—	4	340
John Chadwick Barlow Bequest	201	5	(1)	—	3	208
Kathleen Goff Training Fund	3,873	39	(394)	—	46	3,564
Leukaemia Research Fund	314	7	(1)	—	4	324
Lupus Erythematosus Research Fund	836	20	(4)	—	12	864
MRC Biostatistics Unit Research Fund	57	1	—	—	1	59
MRC Cardiovascular Imaging Research Fund	25	1	—	—	—	26
MRC Clinical Trials Unit Research Fund	138	3	—	—	2	143
MRC FCI General Purposes Research Fund	167	4	(1)	—	2	172
MRC FCI Robinson Research Fund	243	4	(56)	—	3	194
MRC Institute of Hearing Research						
General Research Fund	289	7	(1)	—	4	299
MRC Institute of Hearing						
Research Stuart Gray Bequest	430	11	(2)	—	6	445
MRC LMB BIORAD Visiting Fellows Research Fund	347	8	—	—	5	360
MRC LMB Fersht Research Fund	199	5	(1)	—	3	206
MRC LMB Techne Fund	380	9	(1)	—	5	393
MRC LMB Yamanouchi Research Fund	69	1	—	—	1	71
MRC LMS General Research Fund	106	3	—	—	1	110
MRC Toxicology Unit Research Fund	78	1	(43)	—	1	37
Neurosciences Research Fund	85					85
Nutrition Research Fund	170	4	—	—	2	176
Rosa Beddington Fund	458	11	(2)	—	6	473
Stem Cell Research Fund	—	94	—	—	94	
Stroke/Arterial Illness Research Fund	117	3	(1)	—	1	120
Other Research funds	(15)	139	95	—	2	221
Total Designated Funds	13,320	622	(459)	—	174	13,657
Total Unrestricted and Designated Funds	30,375	1,713	(4,167)	—	383	28,304

Notes to the Financial Statements

Year Ended 31 March 2018

22 Fund reconciliation (continued)

	Balance at 1 April 2017 £000	Income £000	Expenditure £000	Transfers £000	Gains/(losses) £000	Balance at 31 March 2018 £000
Restricted Funds						
Africa Research Excellence Fund charity (See note 23)	585	1,475	(763)	—	—	1,297
Alice Cory Fellowship Income Fund	701	28	(5)	—	10	734
Cancer Research Fund	4,161	514	(19)	—	59	4,715
Dorothy Temple Cross Bequest Income Fund	258	8	(1)	—	4	269
Dr Gornall Bequest Medical Income Fund	21	15	(3)	—	—	33
Fleming Memorial Fund for Medical Research	2,517	61	(48)	—	34	2,564
Hepatitis Research Tartellin Fund	1,595	39	(6)	—	22	1,650
Jeantet Prize Fund (Pelham)	1,862	44	(35)	—	25	1,896
Liver Disease Research Fund	104	2	—	—	1	107
Mental Health Research Fund	590	84	(15)	—	46	705
MRC LMB Celltech Research Fellowships Fund	972	23	(52)	—	14	957
MRC LMB Merck Visiting Research Fellowships Fund	912	22	(4)	—	13	943
MRC LMB Strauss Fund	934	22	(25)	—	13	944
Pain Research Fund	986	24	(4)	—	14	1,020
Poliomyelitis Research Fund	1,259	31	(5)	—	17	1,302
Sir Leonard Rogers Tropical Medicine Research Fund	1,868	141	(26)	—	25	2,008
Rheumatic Diseases Research Fund	1,747	44	(7)	—	24	1,808
Sir Cusrow Wadia Research Fund	219	5	—	—	3	227
Whittaker Bequest for Alzheimer's & Parkinson's disease research	11	—	—	—	—	11
Williams Barker Bequest Income Fund	178	26	(5)	—	2	201
Total Restricted Funds	21,480	2,608	(1,023)	—	326	23,391
Permanent endowments Funds						
Alice Cory Fellowship Fund	394	—	—	—	4	398
The Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for medical research	255	—	—	—	3	258
The Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for asthma research	280	—	—	—	3	283
Gertrude Nicholl Bequest Fund	160	—	—	—	2	162
Dorothy Temple Cross Fellowship Fund	51	—	—	—	1	52
Williams Barker Bequest Fund	805	—	—	—	8	813
Sir Leonard Rogers Tropical Medicine Research Fund	3,600	—	—	—	39	3,639
Total Permanent endowments Funds	5,545	—	—	—	60	5,605
Total funds	57,400	4,321	(5,190)	—	769	57,300

Notes to the Financial Statements

Year Ended 31 March 2018

	Restated Balance at 1 April 2016 £000	Income £000	Expenditure £000	Transfers £000	Gains/(losses) £000	Balance at 31 March 2017 £000
Unrestricted Funds						
General Purposes Fund	15,003	1,389	(1,474)	–	2,137	17,055
Designated Funds						
Balzan Prize (Meade Research Fund)	81	2	(4)	–	11	90
Descartes Prize Fund	149	4	(1)	–	22	174
Diagnostic Techniques Research Fund	524	15	(2)	–	78	615
Emerging Leaders Prize Fund	–	1,459	(2)	–	45	1,502
Eye Diseases Research Fund	722	20	(3)	–	108	847
General Purposes (Scotland) Research Fund	135	4	(1)	–	20	158
Genetics of Mitochondrial Diseases	68	36	–	–	11	115
Herrick Lupus Erythematosus Prize Fund	430	12	(2)	–	64	504
Horlock Travel Bursary Fund	51	1	–	–	7	59
Human Movement & Balance Research Fund	152	4	(1)	–	23	178
Jeantet Prize Fund (Skehel)	156	4	(1)	–	23	182
Jeantet Prize Fund (Unwin)	280	8	(1)	–	42	329
John Chadwick Barlow Bequest	171	5	(1)	–	26	201
Kathleen Goff Training Fund	3,889	53	(687)	–	618	3,873
Leukaemia Research Fund	267	8	(1)	–	40	314
Lupus Erythematosus Research Fund	713	20	(3)	–	106	836
MRC Biostatistics Unit Research Fund	49	1	–	–	7	57
MRC Cardiovascular Imaging Research Fund	164	2	(151)	–	10	25
MRC Clinical Trials Unit Research Fund	118	3	(1)	–	18	138
MRC FCI General Purposes Research Fund	143	4	(1)	–	21	167
MRC FCI Robinson Research Fund	207	6	(1)	–	31	243
MRC Institute of Hearing Research						
General Research Fund	247	7	(2)	–	37	289
MRC Institute of Hearing						
Research Stuart Gray Bequest	367	10	(2)	–	55	430
MRC LMB BIORAD Visiting						
Fellows Research Fund	296	8	(1)	–	44	347
MRC LMB Fersht Research Fund	78	4	94	–	23	199
MRC LMB Techne Fund	324	9	(1)	–	48	380
MRC LMB Yamanouchi Research Fund	58	2	–	–	9	69
MRC LMS General Research Fund	206	4	(125)	–	21	106
MRC Toxicology Unit Research Fund	66	2	–	–	10	78
Neurosciences Research Fund	166	(81)	–	–	–	85
Nutrition Research Fund	145	4	(1)	–	22	170
Rosa Beddington Fund	449	12	(64)	–	61	458
Stroke/Arterial Illness Research Fund	99	3	–	–	15	117
Other Research funds	160	15	(40)	–	(150)	(15)
Total Designated Funds	11,130	1,670	(1,006)	–	1,526	13,320
Total Unrestricted and Designated Funds	26,133	3,059	(2,480)	–	3,663	30,375

Notes to the Financial Statements

Year Ended 31 March 2018

22 Fund reconciliation (continued)

	Restated Balance at 1 April 2016 £000	Income £000	Expenditure £000	Transfers £000	Gains/(losses) £000	Balance at 31 March 2017 £000
Restricted Funds						
Africa Research Excellence Fund charity (See note 23)	679	482	(576)	—	—	585
Alice Cory Fellowship Income Fund	589	28	(4)	—	88	701
Cancer Research Fund	3,547	100	(15)	—	529	4,161
Dorothy Temple Cross Bequest Income Fund	220	6	(1)	—	33	258
Dr Gornall Bequest Medical Income Fund	10	10	(1)	—	2	21
Fleming Memorial Fund for Medical Research	3,219	84	(1,228)	—	442	2,517
Hepatitis Research Tartellin Fund	1,360	38	(6)	—	203	1,595
Jeantet Prize Fund (Pelham)	1,587	45	(7)	—	237	1,862
Liver Disease Research Fund	53	40	—	—	11	104
Mental Health Research Fund	902	247	(1,208)	—	649	590
MRC LMB Celltech Research Fellowships Fund	806	23	22	—	121	972
MRC LMB Merck Visiting Research Fellowships Fund	777	22	(3)	—	116	912
MRC LMB Strauss Fund	813	23	(22)	—	120	934
Pain Research Fund	841	24	(4)	—	125	986
Poliomyelitis Research Fund	1,074	30	(5)	—	160	1,259
Sir Leonard Rogers Tropical Medicine Research Fund	1,508	145	(10)	—	225	1,868
Rheumatic Diseases Research Fund	1,489	42	(6)	—	222	1,747
Sir Cusrow Wadia Research Fund	187	5	(1)	—	28	219
Whittaker Bequest for Alzheimer's & Parkinson's disease research	9	1	—	—	1	11
Williams Barker Bequest Income Fund	119	28	12	—	19	178
Total Restricted Funds	19,789	1,423	(3,063)	—	3,331	21,480
Permanent endowments Funds						
Alice Cory Fellowship Fund	349	—	—	—	45	394
The Susan Catherine, Cecily May and Dr Thomas Beardwood	226	—	—	—	29	255
Gornall Fund for medical research The Susan Catherine, Cecily May and Dr Thomas Beardwood	248	—	—	—	32	280
Gornall Fund for asthma research						
Gertrude Nicholl Bequest Fund	142	—	—	—	18	160
Dorothy Temple Cross Fellowship Fund	45	—	—	—	6	51
Williams Barker Bequest Fund	713	—	—	—	92	805
Sir Leonard Rogers Tropical Medicine Research Fund	3,189	—	—	—	411	3,600
Total Permanent endowments Funds	4,912	—	—	—	633	5,545
Total funds	50,834	4,482	(5,543)	—	7,627	57,400

Notes to the Financial Statements

Year Ended 31 March 2018

FUND DESCRIPTIONS

a) Permanent endowment funds

These permanent endowment capital funds are invested and the investment gains/(losses) on the capital element are reported in this note. The income generated by the investment of these permanent endowment capital funds is held in a restricted fund. The income is used to support research in line with the wishes of the donor. Income from the: Alice Cory Bequest Fund and Dorothy Temple Cross Fellowship Fund is available to support research fellowships; Williams Barker Bequest Fund is available to support cancer research in a Yorkshire university; Sir Leonard Rogers Tropical Medicine Research Fund is available to support research on tropical diseases and medicine; Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for Asthma research is available to support research on asthma; and Gertrude Nicholl Bequest Fund and Susan Catherine, Cecily May and Dr Thomas Beardwood Gornall Fund for Medical Research is available to support general research purposes.

All of the permanent endowment funds are held in charities linked to the Medical Research Foundation by the Charity Commission. None of these linked charities are incorporated companies. See note 29 for more information.

b) Restricted funds

Restricted funds relate to the funds of charities linked to the Medical Research Foundation by the Charity Commission. None of these linked charities are incorporated companies. See note 29 for more information.

c) Unrestricted funds

Unrestricted funds with a fund value of less than £50,000, at either the start or the end of the year, have been grouped under the 'Other Research Funds' category for the purposes of this note. In practice, all funds are managed separately. Designated funds have been assigned by the trustees to reflect donors' wishes where the legacy was not formally restricted by the donor but the donor expressed a wish about how the funds would be used or to set aside funds for agreed future research priorities.

TRANSFERS

During the year transfers were made between the unrestricted funds and the Africa Research Excellence Fund (AREF). These relate to grants paid to AREF by the Medical Research Foundation.

Notes to the Financial Statements

Year Ended 31 March 2018

23 Africa Research Excellence Fund Charity Statement of Financial Activities

	Note	Unrestricted funds £000	Restricted funds £000	2018 Total £000	2017 Total £000
Income and endowments from:					
Donations and legacies		16	–	16	36
Grant Income	2	608	597	1,205	123
Gifts in Kind Income	2	254	–	254	323
Total income and endowments		878	597	1,475	482
Expenditure on:					
Raising funds	5	–	–	–	–
Charitable activities		(763)	–	(763)	(576)
Total expenditure		(763)	–	(763)	(576)
Net income/(expenditure)		115	597	712	(94)
Net movement in funds	22	115	597	712	(94)
Reconciliation of funds:					
Total funds brought forward	22	585	–	585	679
Total funds carried forward	22	700	597	1,297	585

Activities of the Africa Research Excellence Fund are considered to be restricted for the purposes of Medical Research Foundation's accounts and financial reporting, however some activities are unrestricted for the purposes of the AREF itself as shown above.

Notes to the Financial Statements

Year Ended 31 March 2018

24 Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Expendable Endowment funds £000	2017 Total £000
Fixed assets	26,834	27,569	5,586	59,989
Cash and current investments	7,774	997	19	8,790
Other current liabilities	(1,085)	(2,173)	—	(3,258)
Creditors more than one year	(5,219)	(3,002)	—	(8,221)
Total 2017/18	28,304	23,391	5,605	57,300

	Unrestricted funds £000	Restricted funds £000	Expendable Endowment funds £000	2017 Total £000
Fixed assets	35,175	18,750	5,526	59,451
Cash and current investments	3,541	6,059	19	9,619
Other current liabilities	(811)	(2,471)	—	(3,282)
Creditors more than one year	(7,939)	(858)	—	(8,797)
Total 2016/17	29,966	21,480	5,545	56,991

25 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £000	2017 £000
Net income/(expenditure) for the year	(100)	6,566
Dividends, interest and rents from investments	(1,396)	(1,413)
Depreciation and impairment of tangible fixed assets	235	236
(Gains)/Losses on investments	(769)	(7,627)
(Increase) in debtors	(509)	(197)
(Decrease)/Increase in creditors	(1,018)	1,714
Net cash flow from operating activities	(3,557)	(721)

Notes to the Financial Statements

Year Ended 31 March 2018

26 Financial commitments

Contractual commitments for the refurbishment of Perrin Lodge amounted to £126,000 (2017 restated: £116,000).

27 Related party transactions and ex gratia payments

There were no related party transactions during the year (2017: none).

Charity Commission approval was given to make a discretionary payment of £10,000 in recognition of a member of staff's untimely death whilst working with the Medical Research Foundation on a temporary contract.

28 Financial instruments

The charity holds a number of financial assets (for example investments, debtors and cash) and financial liabilities (for example creditors and provisions for grants payable) which meet the definition of basic financial instruments under the FRS 102 SORP. Details of the measurement bases, accounting policies and carrying values for these financial assets and liabilities are disclosed in notes 15 to 21 above.

29 Connected Charities

The following charities are linked by the Charity Commission to the Medical Research Foundation. None are incorporated in their own rights. All are held as either restricted or permanent endowment funds within the Medical Research Foundation. The balances and movements in each of the funds are included in note 22.

RESTRICTED FUNDS

The Liver Diseases in Scotland Research Munro Fund

Registration number: 1138223-4

Governing document: Will proved on 14 February 1983 as amended by a scheme dated 31 March 2011

Charitable object:

- a) The promotion of research in Glasgow into diseases and illnesses affecting the liver and the publication of the useful results of such research.
- b) If and in so far as the income and expendable endowment of the charity cannot be applied towards the object specified in sub-clause a) above, the trustees may apply it for the promotion of research elsewhere in Scotland into diseases and illnesses affecting the liver and the publication of the useful results of such research.
- c) The promotion of research in a) or b) above may take place in collaboration with organisations elsewhere in the United Kingdom.

The Hepatitis Research Tarttelin Fund

Registration number: 1138223-5

Governing document: Will proved on 4 July 1991 as amended by a scheme dated 31 March 2011

Charitable object:

- a) The promotion of research into hepatitis at such institutions as the trustees shall think fit and the publication of the useful results of such research.
- b) If and in so far as the income and expendable endowment of the charity cannot be applied towards the object specified in sub-clause a) above, the trustees may apply it for the promotion of research into cancer and the publication of the useful results of such research.

Notes to the Financial Statements

Year Ended 31 March 2018

Cancer Research Fund in Connection with the Medical Research Council

Registration number: 1138223-6

Governing document: Individual small bequests and donations 1989

Charitable object: For cancer research.

Mental Health Research Fund

Registration number: 1138223-7

Governing document: Bequests and donations of unknown date

Charitable object: For mental health research.

MRC Laboratory of Molecular Biology Celltech Research Fellowships Fund

Registration number: 1138223-9

Governing document: Deed of covenant of 13 October 1989 and related terms of reference

Charitable object: To fund the Celltech fellowship working in the Protein and Nucleic Acid Chemistry Division of the MRC Laboratory of Molecular Biology, most preferably in the field of molecular immunobiology.

MRC Laboratory of Molecular Biology Merck Visiting Research Fellowships Fund

Registration number: 1138223-10

Governing document: Letter dated 29 September 1989

Charitable object: To fund a visiting fellowship at the MRC Laboratory for Molecular Biology.

MRC Laboratory of Molecular Biology Strauss Fund

Registration number: 1138223-11

Governing document: Correspondence with Samuel Strauss

Charitable object: To provide bursaries to graduate students.

Pain Research Fund

Registration number: 1138223-12

Governing document: Small donations and bequests between 1998 and 2004

Charitable object: Research into pain.

Poliomyelitis Research Fund

Registration number: 1138223-13

Governing document: Unknown

Charitable object: Research into Poliomyelitis.

Rheumatic Diseases Research Fund

Registration number: 1138223-14

Governing document: Bequests and donations

Charitable object: Research into rheumatic diseases.

Notes to the Financial Statements

Year Ended 31 March 2018

Sir Cursow Wadia Research Fund

Registration number: 1138223-15

Governing document: Will proved on 15 April 1957

Charitable object: Benefit of medical research or scientific research at the University of Cambridge.

The Fleming Memorial Fund for Medical Research (The Fleming Memorial Fund)

Registration number: 1138223-18

Governing document: Trust deed dated 22 September 1959 as amended by a scheme dated 24 September 1969 as amended by a scheme dated 31 March 2011

Charitable object: The provision of assistance for medical research anywhere in the world.

Professor Sir Hugh Pelman Jeantet Prize Fund

Registration number: 1138223-20

Governing document: User Trusts

Charitable object: To support the work of Professor Sir Hugh Pelman for the public benefit.

Africa Research Excellence Fund (AREF)

Registration number: 1138223-21

Governing Document: Trust deed dated 3 March 2015

Charitable object: The Trustees shall hold the capital and income of the fund upon trust to apply the income, and all or such part or parts of the capital as such time or times and in such manner as it may determine, to promote medical research in Sub-Saharan Africa for the public benefit, in particular by:

- a) Providing education and training opportunities for individuals who: 1) are citizens of a country in Sub-Saharan Africa; 2) are aspiring to or have already embarked upon a career in medical research in Sub-Saharan Africa; and 3) meet any eligibility criteria the Trustees may agree from time to time;
- b) Promoting excellence in medical research training in Sub-Saharan Africa; and
- c) Promoting the use of high quality medical research evidence in the development of public health policies and practices in Sub-Saharan Africa.

For the purposes of this, Sub-Saharan Africa shall not include South Africa but shall include Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Brazzaville), Congo (Democratic Republic), Cote D'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Republic of South Sudan, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Uganda, Western Sahara, Zambia and Zimbabwe.

This fund became a separately registered connected charity during the year ended 31 March 2016. Prior to this, it operated under the registration of the Foundation.

Notes to the Financial Statements

Year Ended 31 March 2018

PERMANENT ENDOWMENT FUNDS

Cory Fellowship Fund

Registration number: 1138223-1

Governing document: Will proved on 24 July 1956 amended by scheme dated 31 March 2011

Charitable object: The establishment of fellowships for the furtherance of research work in medical science.

Sir Leonard Rogers Tropical Medicine Research Fund

Registration number: 1138223-12

Governing document: Scheme dated 19 July 1976

Charitable object: The promotion or support of charitable research work in tropical medicine being carried out on in former British territories and Commonwealth countries in the tropics by persons approved by the Medical Research Council.

The Susan Catherine, Cicely May and Doctor Thomas Beardwood Gornall Fund

Registration number: 1138223-3

Governing document: Will proved on 24 October 1943 as amended by scheme dated 31 March 2011

Charitable object: The trustee shall pay one-quarter of the annual income to each of the following: 1) Asthma Research Council for the purposes of research, 2) The British Red Cross Society for the general purposes of the Society, 3) British Heart Foundation for the purposes of research, 4) by the Medical Research Council for such medical research work.

Williams Barker Bequest Research Fund

Registration number: 1138223-8

Governing document: Will proved on 7 September 1987

Charitable object: To fund research cancer research at the discretion of Medical Research Council preferably at 1) Leeds University, 2) Sheffield University or 3) a University in Yorkshire.

The Dorothy Temple Cross Research Fellowship Fund

Registration number: 1138223-16

Governing document: Trust Deed dated 23 August 1929 as amended by scheme dated 16 January 1953 as amended by deed dated 16 August 1965 as amended by scheme dated 31 March 2011

Charitable object: To fund Dorothy Temple Cross Travelling Fellowship for research of curative or preventive treatment of tuberculosis in all of its many forms.

Who we are

BOARD OF TRUSTEES

Professor Nicholas Lemoine

Nick is Director of the Barts Cancer Institute at Queen Mary University of London. His main research interests are in molecular genetics and immunotherapies for the treatment and prevention of cancer. He is also Director of Research & Development for Cancer at Barts Health NHS Trust and the Medical Director of the National Institute for Health Research Clinical Research Network for England. He is a member of the NIHR Strategy Board and chairs the NIHR Invention for Innovation Challenge Panel. He is currently a Non-Executive Director of the Royal Surrey County Hospital NHS Foundation Trust and is a Visiting Professor at the Academy of Medical Sciences of Zhengzhou University in China.

He has served as Chair of the Clinical Training and Career Development Panel at the Medical Research Council, and as Vice-Chair of the MRC Stratified Medicine Expert Panel. He has previously served as Chair of the MRC Stem Cell Strategic Grant and Fellowship Panels, and has been a member of the MRC's Molecular & Cellular Medicine Board. He chairs scientific advisory and grant award committees for a number of medical charities, including Diabetes UK, Prostate Cancer UK, Pancreatic Cancer Research Fund and Pancreatic Cancer UK.

He was elected as a Fellow of the Academy of Medical Sciences in 2006, and as a Foreign Academician of the Chinese Academy of Engineers in 2017.

Professor Daniel Altmann

Danny Altmann is an active research scientist. He has run a lab at the Hammersmith Hospital Campus of Imperial College since moving to the site for the opening of the Medical Research Council's Clinical Sciences Centre in 1994.

His main research interests are the study of adaptive immunity in human disease including severe bacterial infection and autoimmune disease, such as multiple sclerosis. Danny took two and a half years out of bench research from 2011 to work with the Wellcome Trust on strategy for biomedical research funding initiatives in infection, immunity and population health. He is Editor-in-Chief of 'Immunology' and Associate Editor of 'Vaccine' journals."

Professor Cyrus Cooper OBE (10 July 2017 – 21 January 2018)

Cyrus Cooper is Professor of Rheumatology and Director of the MRC Lifecourse Epidemiology Unit; Vice-Dean of Medicine at the University of Southampton; and Professor of Epidemiology at the Nuffield Department of Orthopaedics, Rheumatology and Musculoskeletal Sciences, University of Oxford.

Professor Cooper is Chairman of the Committee of Scientific Advisors, International Osteoporosis Foundation; Chair of the Arthritis Research UK Clinical Studies Initiative; Chair of the BHF Project Grants Committee; Vice-Dean at the Faculty of Medicine at the University of Southampton Medical School; an NIHR Senior Investigator; and Associate Editor of Osteoporosis International. He has previously served as Chairman of the MRC Population Health Sciences Research Network; Chairman of the National Osteoporosis Society of Great Britain; past-President of the Bone Research Society of Great Britain; and has worked on numerous Department of Health, European Community and World Health Organisation committees and working groups. In 2015, he was awarded an OBE for services to medical research.

Due to work commitments, Professor Cooper stood down from the Board in January 2018.



Russell Delew

Russell Delew is the interim Director of Fundraising at the British Asian Trust, one of The Prince of Wales charities. He has more than 20 years' experience in leadership roles within the not-for-profit sector and has delivered transformational growth in some of the UK's best loved organisations including Cancer Research UK, Great Ormond Street Hospital, the NSPCC and Barnardo's. At CR-UK, Russell was Director of Major Giving & Appeals where he was responsible for delivering over £140 million in philanthropic support including £100m towards the construction of the Francis Crick Institute at St Pancras. He is the former Chief Executive of The London Community Foundation.

Professor Calliope (Bobbie) Farsides

Bobbie Farsides is Professor of Clinical and Biomedical Ethics at Brighton and Sussex Medical School. She has been researching and teaching in the field of bioethics for over twenty years, and her research focuses on the experience of health care professionals and scientists operating in ethically contested fields of biomedicine. Her work is currently supported by The Wellcome Trust and the European Commission.

Bobbie also has a strong commitment to public policy work and has twice served as a Specialist Adviser to the House of Lords. She has served as an ethics expert on a number of national committees, including at NICE, the BMA and Genomics England and is currently a board member of the Human Fertilisation and Embryology Authority. Research ethics has been a constant interest throughout her career including work focused on the developing world context. She chaired the Nuffield Council on Bioethics working party on Children's Participation in research.

Stephen Visscher CBE (until 31 March 2018)

Steve is Deputy Chief Executive (International) for the Biotechnology and Biological Sciences Research Council (BBSRC). He joined BBSRC on its formation in 1994 from the Agricultural and Food Research Council initially serving as Director of Finance. He has extensive experience of UK research funding and is actively involved in Food Security research coordination and strategy, including developing international partnerships, multi-national research initiatives and closer collaboration between funding bodies and research agencies. He is Trustee of LifeArc, chairs the G20 Wheat Initiative Institutions' Committee, a Director of the Global Institute for Food Security based in Saskatoon Canada and a Director of Norwich Research Park LLP for the development of a Research and Innovation Campus.

Nominated as trustee by MRC, Steve's second term came to an end on 31 March 2018.

Susan Wilkinson

Sue was a member of the National Trust's executive board and her portfolio of responsibilities included membership, fundraising, volunteering and participation until she retired at the end of 2016. She is a Board Director of the Association of Leading Visitor Attractions and a Trustee of the Greenwich Foundation, the Churches Conservation Trust and the Canal & River Trust. Sue has previously served on the Visit England Board and as a Trustee of the Institute of Fundraising.

David Zahn

David Zahn is Head of European Fixed Income and a Senior Vice President at Franklin Templeton Investments. He leads the management of European fixed income strategies and is a member of the Fixed Income Policy Committee. David is also a portfolio manager for a number of Global Aggregate and Global Government fixed income portfolios. Prior to joining Franklin Templeton in 2006, he was a senior portfolio manager at Citigroup Asset Management. He has more than 20 years of experience in the investment profession, and is a Chartered Financial Analyst (CFA) Charterholder, Chartered Alternative Investment Analyst (CAIA) Charterholder and a Financial Risk Manager (FRM).

David holds a MBA from the University of Connecticut and a MA in War in the Modern World from King's College, London. He is a non-executive director of the CFA Society of the UK; Governor, Chair of the Investment Committee and member of the Remuneration Committee of The Health Foundation and Non-Executive Director and Chair of the Remuneration Committee of the Health Data Research UK.

Who we are

OUR SUPPORTERS

Acknowledgements and thanks

Thank you to all of our supporters. Without you, we would not be able to change medicine today to change people's lives tomorrow. Your support is incredibly important and each gift ensures more ground-breaking science aimed at improving human health can take place.

We are committed to ensuring your donations are directly invested in cutting-edge medical research – not on campaigning, advocacy, or support services. Our longstanding connection with the MRC means that we have access to some of the best medical knowledge in the world. That, along with our careful governance, ensures we make the greatest impact where it is most needed and that we use your donations responsibly.

Supporters

During the year, we received legacy gifts from the late Anne Millar, Kathleen Goff, John Cardew, Annie Hiddleston, Eveline Annie Hughes, Henry James McKenna, Johanne Menage, Elizabeth Valentine Robinson, Robert Henry Williams, Raymond Christenson, Brenda Mildred Johns and Alan Mervyn Oxberry. A significant portion of our voluntary income comes from the generosity of those who leave us gifts in their Wills.

We are incredibly grateful to all of our generous donors, including the following: Paul Farrow, Phillip Leszczynski, Cathy Horlock, Samuel Rowe, Simon Birtwistle and other anonymous donors. Your support is continuing to help us fund even more vital research across the UK.

We would also to say a special thank you to Tatyana Shelkovnikova and Marianne Pettifer who took on personal challenges to raise funds for medical research. Tatyana ran her first 10km run and Marianne attacked the English Channel with five hardy friends in a relay swim from England to France for research on eating disorders and self-harm. We are indebted to your stamina and bravery.

And finally, special thanks to the friends and family of the late Diana Retsas, Chris Furs, Stephanie Carter, Gwendoline Wagnor, Constance Huggett and Ian Hampton. Your gifts in memory of your loved ones is a tribute that will change people's lives.

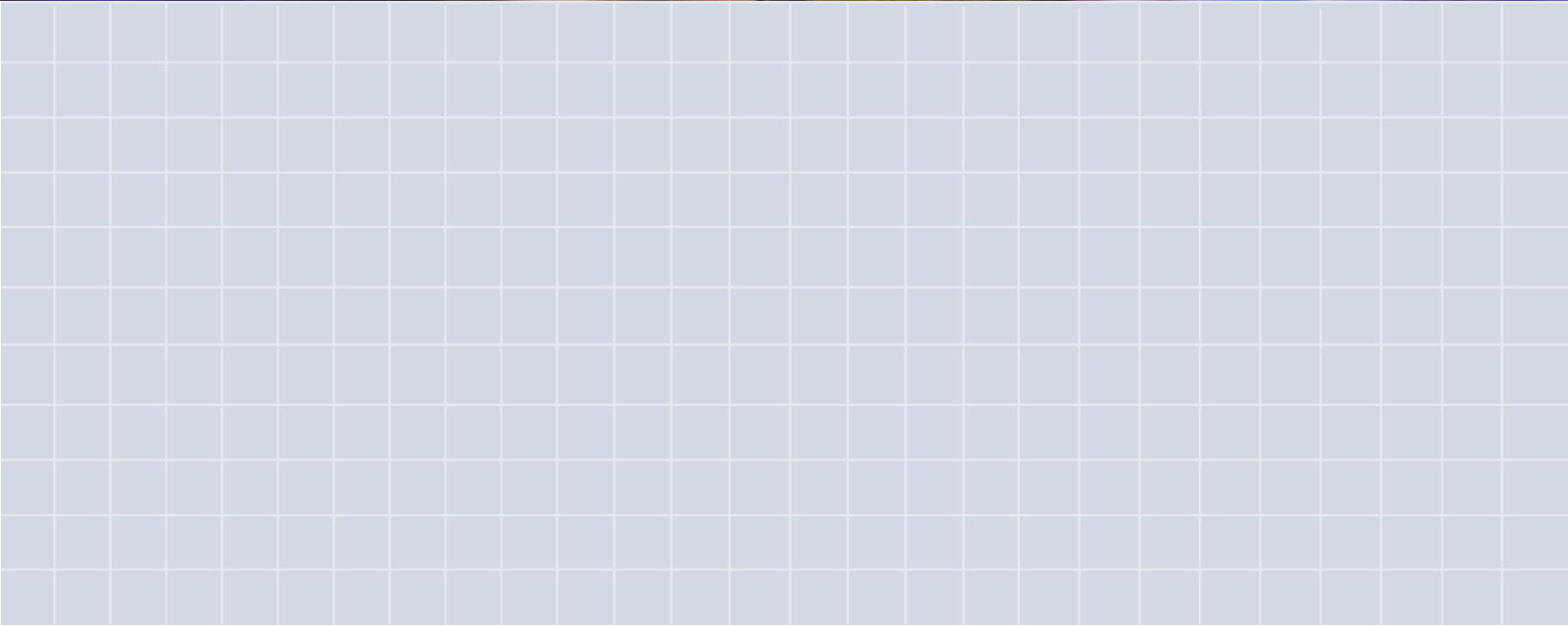
During the year, the Africa Research Excellence Fund charity received support from Dr Debasish Saha, Mr Donald Brydon CBE, Dr Augustine Ebonyi, Dr Delanyo Devlo, Dr Ralf Clemens, Dr Angela Hind, Dr Peter Dukes, Dr Edward Chikeke Nwangebo, Ms Janet Thomas, Farrar Foundation, Medical Research Foundation, Medical Research Council, Robert Bosch Stiftung, Vitol Foundation, West African Health Organisation, and Wellcome Trust. We also acknowledge and are very grateful for the *pro bono* support and advice AREF has received over the last year.

The MRC made a significant contribution to the Medical Research Foundation by providing £165,000 in free services and accommodation to the Medical Research Foundation along with expert scientific advice on emerging health needs, research priorities and peer review services. The MRC also supported the Africa Research Excellence Fund by meeting the cost of the salaries of £167,000. The MRC's full support to AREF amounted to £200,000. We are indebted to the MRC for its continued support.

Staff

The Medical Research Foundation is supported by a small but dedicated executive and operational team and the trustees would like to thank them all for their continued efforts.





Medical Research Foundation
c/o Medical Research Council
One Kemble Street
London WC2B 4AN



**Medical
Research**
Foundation