



Medical Research Scotland

67th Annual Report and Financial  
Statements

2020-21

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

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## Medical Research Scotland

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

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

### PATRON

HRH The Princess Royal

### MEMBERS

The following served as Members during the year:

Professor Philip Winn, BA PhD FRSA FRSA FAPS

\*Professor John R Brown, CBE, BSc, PhD, MBA, Dr HC, FRSE

Professor Bernard A Conway, BSc, PhD

Professor Jennifer M Woof BSc, PhD, FHEA, FRSB

Professor Andrea Nolan OBE, FRSE, MRCVS

\*Barry Rose, BSc

\*Alasdair G K Gill BEng, FIA

Professor Heather M Wallace BSc, PhD, FRCPath, FBTS, FRSC, FRSB, FBPhS, ERT

Dr Michael L Roberts, BSc (Hons), PhD

\*Linda M Duncan, BA, FCPFA (appointed 25th October 2019)

\*Fiona Gillespie (appointed 26th February 2021)

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

### PRINCIPAL ADDRESS

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

### SECRETARIES

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

### SCIENTIFIC ADVISER

Dr Alex M Graham, PhD

### AUDITOR

Azets Audit Services, Exchange Place 3, Semple Street, Edinburgh EH3 8BL

### INVESTMENT MANAGER

Martin Currie Investment Management Ltd, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES (until 18<sup>th</sup> May 2020)

Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN (from 18<sup>th</sup> May 2020)

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## BUCKINGHAM PALACE

This annual report shows how the depth and breadth of the work done to support and encourage medical research and education in Scotland has been maintained and even developed in these most difficult times.

The strategy of Medical Research Scotland is to support people starting their careers in scientific research. Its support for doctoral students has been maintained, and extra support has been provided for those whose studies have been most badly affected by the pandemic. Medical Research Scotland demonstrated their flexibility by transferring resources from programmes which could not be used in the current situation, into a targeted programme of research on COVID-19. Likewise, the development of the Medical Research Scotland Academy and programme of webinars for schools was a successful mitigation to the curtailment of the "Meet the Researcher" showcase events. The Trustees have shown commendable agility and determination in their response to the difficulties caused by the pandemic.

The past year has been a great challenge to us all. The thoughtful and prompt way in which the charity responded gives me confidence that Medical Research Scotland will continue to offer excellent support to developing scientists in the United Kingdom and will encourage and create research that will have a global benefit.

A handwritten signature in dark ink, appearing to read "Anne", with a long, sweeping underline.

HRH The Princess Royal

## Chair's Report

Last year ended in exceptional and unprecedented fashion because of the SARS-COV-2 virus. As we are all well aware, normal life was on hold for much of 2020-21. School and University teaching moved online and research activity, other than that directly related to the pandemic, shut down. How did Medical Research Scotland deal with this?

Our doctoral students had their work interrupted and, regrettably, the 2020 Researcher Development Event was cancelled. Most of our students were unable to use their labs, though they could continue writing and using online library resources, so time was not wholly wasted. However, completing research programmes was problematic. The Trustees very quickly decided to fund extensions to stipends for students whose work would be most interrupted – those nearest to completion and graduation.

While the pandemic has been a challenge to the continuity of students' work, we did keep the pipeline of awards open. The recruitment of new PhD students went ahead as normal in the autumn. We made offers to 19 excellent projects supported by a range of different external partner organizations. The online application process again worked well.

Undergraduate Vacation Scholarships were not awarded this year. Because the lockdown affected access to most labs, the decision was taken not to advertise the scheme and to cancel it for 2020. However, we diverted resources that would have been used for this into a one-off programme of grants for research into any aspect of the COVID-19 pandemic.

We were aware of continuing research activity directly related to the pandemic, laboratory studies of the virus and its actions as well as patient-focused clinical research. However, labs and clinical research often lacked targeted funding for this. The Trustees decided to make up to 20 awards at a maximum of £20K each explicitly for COVID-19 related research. Working quickly, application forms, guidance notes, terms & conditions and a refereeing process were created, largely thanks to the work of the Trust's Scientific Adviser. The programme attracted a significant number of applications and 20 awards were made, at a cost of around £350K. Being able to react to a medical emergency in such an agile manner is something of which Medical Research Scotland can be very proud.

Inevitably, our annual Meet the Researcher Showcase events had to be cancelled. However, working closely with Stripe Communications we developed the Medical Research Scotland Academy, a series of four online webinars for schools. In each



there was a presentation by either our students, academics or external partners who were able to describe their work and careers to schools. Each presentation was followed by a Q&A session. Students asked questions in writing they were put to the presenters. Immediate feedback was very positive and more detailed analytics are being reviewed now.

We will be able to build on all of this. Using the online MRS Academy alongside the face-to-face Meet the Researcher Showcase events will be a way to maintain personal contacts but develop a level of reach across Scotland that the live events cannot manage.

Our ability to act nimbly and a strong financial base based on an endowment enabled us to adapt our work through the pandemic. We have made opportunity out of crisis. The MRS Academy was a success, as was the COVID-19 research grant scheme. Indeed, the success of that encouraged us to develop a new grant programme for the coming year. This is for early career independent researchers who are establishing their own labs. These first steps are critical moments in a career and small grants of up to £20K will be invaluable. We are trialling the programme and hopefully will be able to make a positive report on it next year. It should give us a funding base that extends from school, through undergraduate and postgraduate programmes, to support for those just establishing their own independent labs - outstanding scaffolding for developing careers.

To conclude I will repeat what I have said before. *We are confident in our mission, confident in our ability to do ever better, confident in the scientists we fund and ourselves – confident, but we always strive to do ever better.* I believe that this year we met that challenge to do ever better.

**Professor Philip Winn**

**Chair**

**4 November 2021**

## Trustees' Report

The Trustees present their report along with the Financial Statements of the Trust for the year ended 31st March 2021. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 2 to the Financial Statements and comply with the Trust's constitutive legislation the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102).

The global Covid-19 pandemic had an impact on the Trust as it did on everything in the year to 31<sup>st</sup> March 2021. Virus control measures had an impact on the ability of the Trust's award recipients to carry out the research funded by the Trust and also delayed the completion of projects. The Trust supported individuals in this by granting extensions as required. Due to the virus control measures, the Trustees took the decision not to award Undergraduate Vacation Scholarships for the year to 31st March 2021 and redirected the financial resources to funding Covid-19 Research Grant Awards.

The financial impact of the pandemic will be seen for years to come but the Trust has no immediate concerns in relation to financial sustainability and the Audit & Investment Committee of the Trust continues to analyse the financial projections on a regular basis in consideration of the Trust as a going concern.

### Objectives and Activities

The objectives of the Trust are to:

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

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

The Trust fulfils its objectives by providing a range of opportunities to support and encourage research-minded individuals to pursue high-calibre research in medicine, independently or in collaboration with colleagues in their own or other universities, major hospitals and research units in Scotland, or with external organisations operating in healthcare-related fields. Through its short Undergraduate Vacation Scholarships, PhD Studentships and its support of part-time Daphne Jackson Trust Fellowships, the Trust offers provision for medical researchers. In addition, in the year to 31<sup>st</sup> March 2021, the Trust also funded 20 awards dedicated to research into Covid-19. All of the award streams help to prepare the recipient researchers for a career, or return to a career, in academia or the health-related commercial sector.

### Grant-making Policy

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

Funding decisions for the PhD Studentship awards are taken in a two-stage process. Applications, detailing a defined research project, are subject to expert peer review by members of the specially-appointed PhD Studentship Panel (on which selected Trustees sit alongside expert external reviewers), who are first provided (by the Scientific Adviser) with sufficient information about each to enable them to declare any possible

## Trustees' Report (continued)

conflict of interest in any application. The Panel members then review the applications independently and subsequently the applications are considered by all the non-conflicted Panel members meeting in committee. Recommendations for funding are then made to the Trustees, who take the final decisions. Those accepting the offer of funding then select appropriately highly-motivated and qualified students following advertisement and interview by a group comprising the academic institution and representatives from the external organisation and also the Trust, if appropriate. Following appointment of suitable students, recipients of PhD awards must submit annual reports providing information about progress on both the academic and external organisation aspects of the award. These are scored by the scientific Trustees to ensure that the work is progressing satisfactorily before payment of subsequent years' fees is made.

Vacation Scholarship applications are reviewed separately and independently by the scientific and medical Trustees, who make recommendations to the Trustees. The final funding decisions are taken by all the Trustees in light of those recommendations and available funds. After completion of the Vacation Scholarship, a short report is required from the award holder and the student. These reports are reviewed by all the Trustees.

Covid 19 Research Grant applications were internally assessed for eligibility prior to external peer review by at least one external expert reviewer whose recommendations were used to allocate awards. A report of the projects was required at the end of the funding period, which were reviewed by the Scientific Adviser and all the Trustees.

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

### **Funding Awarded**

During the 2020-21 Financial Year the Trustees awarded a total of 19 PhD Studentships (16 in 2019-20) and 21 Covid-19 Research Grant Awards. The topics of the PhD Studentships cover a wide range including Parkinson's disease, cardiovascular conditions, respiratory disease, Coeliac disease, cancer, antibiotic resistance, antiviral therapeutics, parasitic disease and mental health disorders. Further information about all the awards formally accepted can be found on the Trust's website: [www.medicalresearchscotland.org.uk](http://www.medicalresearchscotland.org.uk). The total value of the funding awarded amounted to £2,287,861.



## Trustees' Report (continued)

### Achievements and Performance

The Trust's **Annual Plan** for 2020-2021 and performance against it are summarised as follows:

1. To make at least 18 PhD Studentship Awards for innovative projects submitted by universities working in collaboration with external organizations, delivering outstanding student experience; to make funds available for research related to the Covid-19 pandemic through the short-life Covid-19 Research Grant programme; and to seek to appoint up to three Daphne Jackson Fellowships for those returning to biomedical research following a career break.

*19 PhD Studentships and 21 Covid-19 Research Grants were awarded. The Trustees agreed to support three Daphne Jackson Trust Fellowship awards. The Trustees took the decision not to award Undergraduate Vacation Research Scholarships this year due to the Covid-19 restrictions.*

2. To continue to raise awareness of the Trust within the Scottish academic and global business communities, seeking to ensure appropriately high-quality applications and, with that in mind, to improve quality and breadth of marketing materials.

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

*The Trustees continued their engagement with a public relations and marketing agency in order to develop marketing materials and develop the Trust's strategy further, in particular in connection with raising awareness with a view to increasing legacies and donations.*

3. To monitor the practical and academic impact of the short-life Covid-19 Research Grant programme.

*Covid-19 Research Grant Reports are reviewed on receipt and awardees are required to notify MRS of publications and presentations arising from the MRS-funded research. Publications are noted on the MRS website. It is noteworthy that the reports indicated some awardees have been able to obtain further funding to develop their research on the basis of the results of the Covid-19 Research Grants and the findings of a project examining how health messages are communicated has developed guidance on how to better connect with vulnerable groups and led to the design of more effective communication systems.*

4. To develop and build on Meet the Researcher Showcase events, creating new ways of working with a wider secondary education audience.

*Due to the Covid-19 restrictions, the usual in-person Meet the Researcher Showcase was not possible. The Trustees worked with Stripe Communications to put together a digital event in order to continue engagement with a secondary education audience. The MRS Academy took place during March 2021 with over 300 teachers and students from 27 schools across Scotland participating and a total of 481 hours of live and on-demand learning streamed across the webinar sessions.*

5. To monitor the impact of changing from only company partnerships for PhD Studentship Awards to both commercial and non-commercial organizations.

*The awards made this year included both commercial and non-commercial external partners. Broadening the range of partnerships continues to be effective, encouraging applications that otherwise would not have been possible. It will take time to determine whether or not there are specific impacts arising from this diversity and monitoring will continue.*

6. To improve monitoring of Awards and outcomes in order to understand their impact and inform strategic decision making

*This remains an aim of the Trustees. The continued delays in delivering full functionality of the online application management system (AMS) have slowed this. The AMS has allowed applicants to submit applications online but the full back office information processing has not yet been completed. Once the AMS is fully functional, better analytics should be available.*

7. To keep under close review the Trust's investment portfolio and its income; to review the strategy and management of the Trust's investment portfolio; to implement the transfer of the Trust's investments to a new investment manager; and to keep under close review any constraints on investment choice the Trustees agree

*Baillie Gifford were appointed as the Trust's new investment manager and took control of the portfolio on 13<sup>th</sup> May 2020. The Audit & Investment Committee continues to review the Trust's Investment Policy Statement to include strategy and restrictions.*

8. To have the Trust's Annual Report & Financial Statements available through its website during 2020.

*The Annual Report & Financial Statements was printed and signed on 30th October 2020 and is available on the Trust's website.*

9. To actively seek legacy receipts.

*Working with Stripe Communications and the Trust Secretaries, the Trustees have been engaged in a project to produce marketing materials in order to increase awareness of the Trust and seek legacy receipts and donations. The materials will be launched during the 2021/2022 year.*

10. To continue implementation of the online application systems for all Awards.

*The Trustees continued to work with the online application system developer in connection with all award applications.*

11. To keep under review all Award processes and criteria.

*A review of the award process for the PhD Studentship awards was completed prior to the launch of the online application management system for those awards. Further analysis of the management of awards once made has been conducted. The hope is that the relationships between University finance offices, studentship holders and the Trust will be clearer, avoiding inadvertent problems with studentship management.*



12. To keep under review the membership of the Trust to ensure appropriate breadth of expertise and continued good governance of the Trust.

*During the period, two Trustees retired and one new Trustee was appointed. The Trustees regular consider upcoming retirement of Trustees in order to plan ahead for that.*

13. To review the quality and effectiveness of the services provided to the Trust in line with the agreed timetable.

*The Trustees undertook to review the timetable of services and appointment dates for all the Trust services.*

14. To work with Stripe Communications to drive applications, increase awareness of the Trust and improve marketing materials.

*The relationship with Stripe Communications continues to be very effective. The management of the new MRS Academy online event was excellent and the feedback received has been very positive. Communications about the PhD Studentship competition was excellent, with very favourable feedback from Universities about the proactive approach taken to informing interested parties about the scheme.*

15. To be compliant with GDPR and all relevant laws and regulations.

*In accordance with applicable data protection laws, the Trustees and Trust Secretaries carried out the annual review of their data protection policy to ensure compliance with GDPR.*

## **Financial Review**

The Trust can only spend income and it is therefore reliant on the income from its investments, and also on legacies, donations and royalties. The annual investment income is supplemented by an Income Investment Fund which was created at a time when there was a surplus of income. Income generated on the investment portfolio and related cash deposits was £1,020,550 during the year, compared with £1,403,038 in 2019-2020 and royalties were £271,307 compared with £181,982. The Trust is grateful for legacy and donation awards during the year of £259,024 (2020: £114,067).

## **Investment Policy and Performance**

Following an investment review, the Trust has chosen to invest in two Baillie Gifford funds in order to meet its overall investment objective of achieving long term returns which exceed inflation by 4% per annum. The two funds are the Baillie Gifford Responsible Global Equity Income Fund and the Baillie Gifford Multi Asset Income Fund. The Trust's investments with Martin Currie were realised and the proceeds invested with Baillie Gifford in May 2020.

The Baillie Gifford Responsible Global Equity Income Fund's objective is to achieve growth in both income and capital over rolling five-year periods, whilst delivering a yield higher than that of the global equity markets. The fund seeks to invest responsibly in companies which can deliver both a dependable income stream and real growth in income and capital. Baillie Gifford invests globally, and focusses on long-term growth and income, rather than short-term yield, in order to deliver better outcomes over time. Baillie Gifford invests responsibly by emphasising sustainability, by excluding stocks operating in certain industries and by investing only in companies which meet the principles embodied in the United Nations Global Compact. The industries which are excluded include, *inter alia*, Alcohol, Tobacco, and Fossil Fuel extraction.

## Trustees' Report (continued)

The MAI fund's objective is to produce monthly income, whilst seeking to maintain the value of that income and of capital in line with inflation (UK CPI) over five-year periods. Bespoke portfolios in each asset class are constructed specifically to meet the objectives of Multi Asset Income. The fund is broadly diversified across asset classes and investing in it diversifies the Trust's sources of income as well as raising the overall yield of the Trust's investments.

The year under review comprises a short period prior to the appointment of Baillie Gifford, and a longer period thereafter. Over the latter period the Trust's combined investments returned 24.5% as markets enjoyed a strong rebound from the pandemic related lows of the Spring. This compares favourably with the Trust's long-term objective of inflation plus 4%, which equated to 4.7% over that period. Baillie Gifford's global approach and emphasis on dependability has helped the Trust's income remain resilient. Despite very significant falls in income from Global and UK equities for example, the income distributed by the Responsible Global Equity Income Funds was virtually unchanged in the year to March 2021.

### **Environmental, Social and Corporate Governance**

Environmental, Social and Corporate Governance (ESG) refer to the three central factors in measuring the sustainability and ethical impact of an investment in a company or business. The Trustees have given consideration to ESG, in particular during the review of their investment managers that took place during the year and the Trust's investment manager is actively engaged in all three areas.

### **Reserves Policy**

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

The Trust's expenditure on Charitable activities has remained at broadly the same level for this year. The continued and increasing support by the Trust of PhD Scholarship Awards, Vacation Scholarship Awards and Daphne Jackson Trust Fellowships and the development of these funding streams and other, new funding streams such as the Covid-19 related awards will increase expenditure year on year and reduce the income surplus.

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

At the end of the reporting period, the total funds held by the charity amounted to £43,463,727 (2020: £35,604,549) with £11,318,460 (2020: £10,247,498) of that amount representing Restricted Funds and so unavailable for general purposes.



## Trustees' Report (continued)

### **Risk Management**

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

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

### **Plans for the Future**

The Trustees continue to carry out a comprehensive strategic review of the Trust's activities in light of the current and likely future direction of the medical research and health care environments in Scotland.

## Trustees' Report (continued)

The Trust's **Annual Plan 2021/2022** is as follows:

### Mission

- To be a nimble and innovative funder of medical research in Scotland with a primary focus on early career development.
- To make up to 25 UK fee fully funded PhD Studentship Awards, subject to available income, for innovative projects submitted by universities working in collaboration with external organizations, delivering outstanding student experience.
- To make funds available for up to 100 Undergraduate Vacation Research Scholarships. Awards could not be made in 2020 due to Covid-19 restrictions but these are still a core part of the Trust's funding stream.
- To appoint up to three Daphne Jackson Fellowships for those returning to biomedical research after a career break.
- To make funds available for Early Career Researcher Grants for newly-established researchers to assist them in developing their own independent programme of research.

### Financial

- To keep under close review the Trust's investment portfolio and its income requirements.
- To review the strategy and management of the Trust's investment portfolio.
- To have the Trust's Annual Report & Financial Statements available through its website during 2021.
- To keep under close review any constraints on investment choice the Trustees agree.
- To actively seek legacy receipts through a dedicated project.

### Presence

- To monitor the practical and academic impact of the short-life Covid-19 Research Grant programme.
- To raise significantly awareness of the Trust in the Scottish academic and global business communities, seeking to ensure appropriately high-quality applications.
- To improve quality and breadth of marketing materials.
- To develop and build on Meet the Researcher Showcase and MRS Academy events, creating new ways of working with a wider secondary education audience.
- To monitor the impact of changing from only company partnerships for PhD Studentship Awards to both commercial and non-commercial organizations.
- To improve awards and outcomes monitoring in order to show their impact and inform strategic decision making.

### Delivery

- To work with Stripe Communications to drive applications, increase awareness of the Trust, improve marketing materials and consider further online formats.
- To work with Stripe Communications to encourage an increase in legacies to the Trust through a dedicated legacies project.
- To continue implementation of the online application systems for all Awards.
- To keep under review all Award processes and criteria.
- To keep under review membership of the Trust to ensure appropriate breadth of expertise and continued good governance.
- To appoint a new Chair of the Board of Trustees in advance of the retirement of the current Chair.
- To review the quality and effectiveness of the services provided to the Trust in line with the agreed timetable.
- To be compliant with GDPR and all relevant laws and regulations.



## Trustees' Report (continued)

### Structure, Governance and Management

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

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

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

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

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

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

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

### Financial Statements

The financial statements for the year to 31st March 2021 form part of this Report and are presented on pages 19-37.

### Auditor

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment at the Annual General Meeting.

## Trustees' Report (continued)

### Statement of disclosure of information to auditor

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

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

### Statement of Members' responsibilities

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

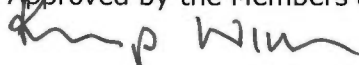
The law applicable to charities in Scotland requires the Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing these financial statements, the Members are required to:

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

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the National Health Service (Scotland) Act 1978. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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



Professor Philip Winn (Chair)

**Date: 4 November 2021**



**Independent Auditor's Report to the Members of Medical Research Scotland  
For the year ended 31 March 2021**

**Opinion**

We have audited the financial statements of Medical Research Scotland for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 charity's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and the provisions applicable for small entities, in the circumstances set out in note 20 to the financial statements, and we have fulfilled our 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 audit opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Independent Auditor's Report to the Members of Medical Research Scotland  
For the year ended 31 March 2021 (continued)**

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves 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.

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

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the members**

As explained more fully in the members' responsibilities statement set out on page 14 the members 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 members 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 members are responsible for assessing the charity'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 members either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of Medical Research Scotland  
For the year ended 31 March 2021 (continued)**

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;



**Independent Auditor's Report to the Members of Medical Research Scotland  
For the year ended 31 March 2021 (continued)**

**Extent to which the audit was considered capable of detecting irregularities,  
including fraud (continued)**

- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

This report is made solely to the charity's members, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charity's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Azets Audit Services, Statutory Auditor**

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

Date: 4 November 2021



**Medical Research Scotland**  
**Statement of Financial Activities**  
**For the year ended 31 March 2021**

	Notes	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2021 £	Total 2020 £
<b>Income and endowments from:</b>							
Donations and legacies	8	44,437	-	214,587	-	259,024	114,067
Charitable activities – royalty income		271,307	-	-	-	271,307	181,982
Investments		750,242	-	270,308	-	1,020,550	1,403,038
Other		80,932	-	35,253	-	116,185	81,949
Total income		<u>1,146,918</u>	<u>-</u>	<u>520,148</u>	<u>-</u>	<u>1,667,066</u>	<u>1,781,036</u>
<b>Expenditure on:</b>							
Raising funds – investment management		2,761	5,128	920	1,709	10,518	94,941
Charitable activities	9	821,335	-	1,852,117	-	2,673,452	2,239,849
Total expenditure		<u>824,096</u>	<u>5,128</u>	<u>1,853,037</u>	<u>1,709</u>	<u>2,683,970</u>	<u>2,334,790</u>
Net gains/(losses) on investments		-	6,470,522	-	2,405,560	8,876,082	(6,574,850)
Net income/(expenditure) and <b>Net movement in funds</b>		322,822	6,465,394	(1,332,889)	2,403,851	7,859,178	(7,128,604)
Total funds brought forward		<u>2,971,344</u>	<u>22,385,707</u>	<u>1,971,165</u>	<u>8,276,333</u>	<u>35,604,549</u>	<u>42,733,153</u>
Total funds carried forward	17	<u>3,294,166</u>	<u>28,851,101</u>	<u>638,276</u>	<u>10,680,184</u>	<u>43,463,727</u>	<u>35,604,549</u>

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

The Notes on pages 22-37 form part of these Financial Statements.

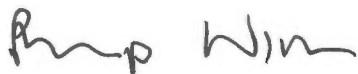
# Medical Research Scotland

## Balance Sheet

As at 31 March 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Investments at fair value	12		43,557,214		33,300,669
Cash at Investment Manager	14		2,692,436		2,239,090
			<u>46,249,650</u>		<u>35,539,759</u>
<b>Current assets</b>					
Debtors	13	55,067		95,800	
Cash at bank – at Secretaries	14	472,925		2,525,672	
		<u>527,992</u>		<u>2,621,472</u>	
<b>Creditors: Amounts falling due within one year</b>					
Creditors	15	19,814		35,508	
Grants payable	16	3,294,101		2,521,174	
		<u>3,313,915</u>		<u>2,556,682</u>	
<b>Net current (liabilities)/assets</b>			<u>(2,785,923)</u>		<u>64,790</u>
<b>Total assets less current liabilities</b>			<u>43,463,727</u>		<u>35,604,549</u>
<b>Net assets</b>	17		<u>43,463,727</u>		<u>35,604,549</u>
<b>Funds</b>	17				
<b>Unrestricted</b>					
Unrestricted Capital Fund	5		28,851,101		22,385,707
Unrestricted Income Fund			3,294,166		2,971,344
			<u>32,145,267</u>		<u>25,357,051</u>
<b>Restricted funds</b>					
Restricted Capital Fund	7	10,680,184		8,276,333	
Restricted Income Fund	6	638,276		1,971,165	
			<u>11,318,460</u>		<u>10,247,498</u>
			<u>43,463,727</u>		<u>35,604,549</u>

Approved and authorised for issue by the Members and signed on their behalf by:



Professor Philip Winn (Chairman)

Date: 4 November 2021

The Notes on pages 22-37 form part of these Financial Statements.

**Medical Research Scotland**  
**Statement of Cash Flows**  
**for the year ended 31 March 2021**

	Notes	2021 Total funds £	2020 Total funds £
<b>Cash flows from operating activities:</b>			
<i>Net cash used in operating activities</i>	19	(1,239,488)	(67,614)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,020,550	1,403,038
Proceeds from sale of investments		35,012,497	1,195,302
Purchase of investments		(36,392,960)	(1,291,445)
<i>Net cash provided by investing activities</i>		(359,913)	1,306,895
<i>Change in cash and cash equivalents in the reporting period</i>		(1,599,401)	1,239,281
<i>Cash and cash equivalents at the beginning of the reporting period</i>		4,764,762	3,525,481
<i>Cash and cash equivalents at the end of the reporting period</i>	14	3,165,361	4,764,762

The Notes on pages 22-37 form part of these Financial Statements.

## **Notes to the Financial Statements**

**For the year ended 31 March 2021**

### **1. General information**

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the Charity's transactions are denominated. They comprise the financial statements of Medical Research Scotland.

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

Medical Research Scotland is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC014959. Details of the principal address can be found on page 1 of these financial statements.

### **2. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Medical Research Scotland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.



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

**For the year ended 31 March 2021**

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

#### **Going concern**

Due to the strong balance sheet and cash position, the Members are of the opinion that the Charity can continue to meet its objectives as they fall due for the foreseeable future. In making this assessment, the Members have taken into account all available information about the future for at least 12 months from the date of the approval of these accounts, including the expected impact of the Covid-19 pandemic. As a consequence, the Members have prepared the financial statements under the going concern basis.

#### **Income recognition**

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

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

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

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

Where the Charity has elected to take accumulation units or shares instead of cash dividends, the cash equivalent is included as income.

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

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

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

**For the year ended 31 March 2021**

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

Royalties are receivable from the commercial exploitation of the intellectual property resulting from research funded (in whole or in part) by the Charity. Royalty receipts are credited to revenue in the period receivable, once the receipt is probable and the amount can be measured reliably.

#### **Recognition and allocation of expenditure**

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

Expenditure is shown inclusive of any irrecoverable VAT.

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income and fundraising costs for raising donations and legacy income. Charitable activities comprise grants payable and support costs for processing grants and applications. Governance costs relate to costs incurred in respect of strategic or constitutional matters and also compliance with statutory reporting requirements. Where the Secretaries' fees cannot be directly attributed to these categories, they are estimated 35% (2020: 35%) to Governance activities, and 65% (2020: 65%) to Grant-making activities.

#### **Investment management fees**

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

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

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

#### **Grants**

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

#### **Fund accounting**

The nature and purpose of each fund are explained in Notes 5, 6, and 7.

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

**For the year ended 31 March 2021**

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

#### **Investments**

Listed investments are included in the financial statements at fair value at the reporting date, the unrealised gain or loss on revaluation being applied to Unrestricted or Restricted Capital Funds in the period in which they arise as appropriate. Fair value is based on quoted market prices in an active market.

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

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

#### **Debtors**

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

#### **Creditors**

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

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

Cash and cash equivalents consist of cash on hand and balances with banks.

#### **Provisions**

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

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



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

**For the year ended 31 March 2021**

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

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

Financial instruments are recognised in the statement of financial activities when the Charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price and subsequently accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as basic in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method, other than listed investments which are recognised initially at cost and subsequently at fair value, which is normally mid-market value. Where the fair value cannot be reliably measured, they are recognised at cost less impairment. Gains and losses on listed investments are recorded through net income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

### **3. Critical Judgements and estimates**

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

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

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

Grants payable are recognised as a liability based on the judgement that a valid expectation has been created with the recipient that the grant will be paid. Estimation may be required where there is uncertainty as to the amount that will be claimed by the recipient.

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

For the year ended 31 March 2021

### 4. Comparative Statement of Financial Activities

2020

	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2020 £
<b>Income and endowments from:</b>					
Donations and legacies	133,858	-	(19,791)	-	114,067
Charitable activities	181,982	-	-	-	191,982
Investments	1,030,033	-	373,005	-	1,403,038
Other	81,949	-	-	-	81,949
<b>Total income</b>	<b>1,472,822</b>	<b>-</b>	<b>353,214</b>	<b>-</b>	<b>1,781,036</b>
<b>Expenditure on:</b>					
Raising funds	24,922	46,284	8,307	15,428	94,941
Charitable activities	1,122,524	-	1,117,325	-	2,239,849
	1,147,446	46,284	1,125,632	15,428	2,334,790
<b>Total expenditure</b>	<b>24,922</b>	<b>46,284</b>	<b>8,307</b>	<b>15,428</b>	<b>94,941</b>
Net gains/(losses) on investments	-	(4,797,869)	-	(1,776,981)	(6,574,850)
Net income/(expenditure)	280,376	(4,844,153)	(772,418)	(1,792,409)	(7,128,604)
Transfers between funds	(691,794)	-	691,794	-	-
<b>Net movement in funds</b>	<b>(411,418)</b>	<b>(4,844,153)</b>	<b>(80,624)</b>	<b>(1,792,409)</b>	<b>(7,128,604)</b>

### 5. Unrestricted Designated Capital Fund

	2021 £	2020 £
Balance at 1 April	22,385,707	27,229,860
Cost of raising funds	(5,128)	(46,284)
Net realised gains on sale of investments	1,101,007	29,876
Unrealised gains/(losses) on investments	5,369,515	(4,827,745)
<b>Balance at 31 March</b>	<b>28,851,101</b>	<b>22,385,707</b>

The Unrestricted Designated Capital Fund is derived from legacies, bequests and donations which were allocated by the Members as capital funds invested to generate income, for the purposes of general medical research.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 6. Restricted Income Funds

Movement during the year was as follows:

#### 2021

	As at 1 April 2020 £	Investment & other income £	Legacies & Donations £	Grants £	Cost of raising funds, support & admin costs £	Transfers £	As at 31 March 2021 £
Neurological diseases	-	12,683	214,281	(223,727)	(3,237)	-	-
Cancer	-	128,354	300	(95,896)	(32,758)	-	-
Arthritis	70,853	60,467	-	(86,909)	(15,432)	-	28,979
Diabetes	-	5,940	-	(4,424)	(1,516)	-	-
Kidney	68,680	11,851	-	-	(3,025)	-	77,506
Cardiac & vascular diseases	-	76,774	-	(57,180)	(19,594)	-	-
Miscellaneous conditions	323,247	9,492	-	-	(2,423)	-	330,316
Multiple Sclerosis	58,147	-	-	(37,001)	-	-	21,146
ME	70,645	-	-	-	-	-	70,645
Respiratory diseases in children	54,760	-	-	-	-	-	54,760
Deafness	27,462	-	-	-	-	-	27,462
Blindness	27,462	-	-	-	-	-	27,462
MacDougall	1,269,909	-	6	(1,269,915)	-	-	-
	<u>1,971,165</u>	<u>305,561</u>	<u>214,587</u>	<u>(1,775,052)</u>	<u>(77,985)</u>	<u>-</u>	<u>638,276</u>

#### 2020

	As at 1 April 2019 £	Investment & other income £	Legacies & Donations £	Grants £	Cost of raising funds, support & admin costs £	Transfers £	As at 31 March 2020 £
Neurological diseases	-	15,481	-	(333,484)	(4,076)	322,079	-
Cancer	-	156,684	300	(386,432)	(41,264)	270,712	-
Arthritis	144,579	73,814	-	(128,101)	(19,439)	-	70,853
Diabetes	-	7,251	-	(19,320)	(1,910)	13,979	-
Kidney	58,023	14,467	-	-	(3,810)	-	68,680
Cardiac & vascular diseases	-	93,720	-	(154,062)	(24,682)	85,024	-
Miscellaneous conditions	314,711	11,588	-	-	(3,052)	-	323,247
Multiple Sclerosis	64,147	-	-	(6,000)	-	-	58,147
ME	70,645	-	-	-	-	-	70,645
Respiratory diseases in children	54,760	-	-	-	-	-	54,760
Deafness	27,462	-	-	-	-	-	27,462
Blindness	27,462	-	-	-	-	-	27,462
MacDougall	1,290,000	-	(20,091)	-	-	-	1,269,909
	<u>2,051,789</u>	<u>373,005</u>	<u>(19,791)</u>	<u>(1,027,399)</u>	<u>(98,233)</u>	<u>691,794</u>	<u>1,971,165</u>

The MacDougall fund refers to a legacy award which may be used for the general purposes of the Trust but should not be used for research into or in connection with AIDS. This fund has been fully utilised in 2020/21 in support of grant awards. The other Restricted Income Funds are derived from the Restricted Capital Funds of the Charity.



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

For the year ended 31 March 2021

### 7. Restricted Capital Funds

Movement during the year was as follows:

#### 2021

	As at 1 April 2020 £	Cost of raising funds £	Realised gain on investments £	Unrealised gain on investments £	As at 31 March 2021 £
Neurological diseases	343,507	(70)	17,098	82,744	443,279
Cancer	3,476,555	(717)	173,045	837,434	4,486,317
Arthritis	1,637,803	(339)	81,522	394,515	2,113,501
Diabetes	160,882	(33)	8,008	38,753	207,610
Kidney	320,990	(67)	15,977	77,320	414,220
Cardiac & vascular diseases	2,079,490	(429)	103,506	500,908	2,683,475
Miscellaneous conditions	257,106	(54)	12,798	61,932	331,782
	<u>8,276,333</u>	<u>(1,709)</u>	<u>411,954</u>	<u>1,993,606</u>	<u>10,680,184</u>

#### 2020

	As at 1 April 2019 £	Cost of raising funds £	Realised gain on investments £	Unrealised loss on investments £	As at 31 March 2020 £
Neurological diseases	417,901	(641)	461	(74,214)	343,507
Cancer	4,229,475	(6,481)	4,666	(751,105)	3,476,555
Arthritis	1,992,503	(3,053)	2,198	(353,845)	1,637,803
Diabetes	195,724	(300)	216	(34,758)	160,882
Kidney	390,506	(598)	431	(69,349)	320,990
Cardiac & vascular diseases	2,529,846	(3,876)	2,791	(449,271)	2,079,490
Miscellaneous conditions	312,787	(479)	345	(55,547)	257,106
	<u>10,068,742</u>	<u>(15,428)</u>	<u>11,108</u>	<u>(1,788,089)</u>	<u>8,276,333</u>

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

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

For the year ended 31 March 2021

### 8. Donations and Legacies

**2021**

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2021 £
Legacies	43,842	214,587	258,429
Donations	595	-	595
	<u>44,437</u>	<u>214,587</u>	<u>259,024</u>

**2020**

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2020 £
Legacies	133,813	(19,791)	114,022
Donations	45	-	45
	<u>133,858</u>	<u>(19,791)</u>	<u>114,067</u>

### 9. Analysis of charitable activities

**2021**

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2021 £
<b>Grant making activity:</b>			
Grants payable (note 16)	590,140	1,775,052	2,365,192
Support costs (note 10)	179,593	59,864	239,457
Governance costs (note 10)	51,602	17,201	68,803
	<u>821,335</u>	<u>1,852,117</u>	<u>2,673,452</u>

**2020**

	Unrestricted Income Fund £	Restricted Income Funds £	Total 2020 £
<b>Grant making activity:</b>			
Grants payable (note 16)	852,746	1,027,399	1,880,145
Support costs (note 10)	217,264	72,422	289,686
Governance costs (note 10)	52,514	17,504	70,018
	<u>1,122,524</u>	<u>1,117,325</u>	<u>2,239,849</u>

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

For the year ended 31 March 2021

### 10. Analysis of support and governance costs

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

#### 2021

	Charitable activities £	Governance costs £	Total 2021 £
Secretaries' fee	101,812	54,823	156,635
Miscellaneous	94,158	-	94,158
Salary costs	42,580	-	42,580
Commercial training	12	-	12
Showcase	895	-	895
Auditor's remuneration – audit	-	9,087	9,087
Auditor's remuneration – non-audit services	-	4,893	4,893
Other	-	-	-
	<u>239,457</u>	<u>68,803</u>	<u>308,260</u>

#### 2020

	Charitable activities £	Governance costs £	Total 2020 £
Secretaries' fee	105,575	56,848	162,423
Miscellaneous	111,518	-	111,518
Salary costs	42,727	-	42,727
Commercial training	12,369	-	12,369
Showcase	14,611	-	14,611
Auditor's remuneration – audit	-	8,560	8,560
Auditor's remuneration – non-audit services	-	4,610	4,610
Other	2,886	-	2,886
	<u>289,686</u>	<u>70,018</u>	<u>359,704</u>

#### Bases of allocation

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



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

For the year ended 31 March 2021

### 11. Staff costs

	2021 £	2020 £
Gross wages	40,496	39,780
Employer's National Insurance	376	1,299
Employer's Pension Contribution	1,713	1,682
	<u>42,585</u>	<u>42,761</u>

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

	No	No
Scientific Adviser	1	1

No employees received emoluments above £60,000

The Members did not receive any direct remuneration for their services during the year (2020: £nil).

Meeting expenses amounting to £nil (2020: £1,285) were reimbursed to none (2020: 4) of the Members.

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

### 12. Investments

	Investment property £	UK Stock Exchange listed £	Total £
Market value at 1 April 2020	27,500	33,273,169	33,300,669
Additions	-	36,392,960	36,392,960
Disposals	-	(33,499,536)	(33,499,536)
Net unrealised investment losses in the year	-	7,363,121	7,363,121
Market value at 31 March 2021	<u>27,500</u>	<u>43,529,714</u>	<u>43,557,214</u>
Historical cost	<u>27,500</u>	<u>36,166,480</u>	<u>36,193,980</u>

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

### 13. Debtors

	2021 £	2020 £
Accrued income	<u>55,067</u>	<u>95,800</u>

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

For the year ended 31 March 2021

### 14. Cash at bank

	2020 £	Cash flows £	2021 £
<b>Cash at bank at:</b>			
Secretaries	2,525,672	(2,052,747)	472,925
Investment manager	2,239,090	453,346	2,692,436
	<u>4,764,762</u>	<u>(1,599,401)</u>	<u>3,165,361</u>

The Trust has no debt financing.

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

	2021 £	2020 £
Accrued fees	18,662	34,370
Tax and social security payments	1,152	1,138
	<u>19,814</u>	<u>35,508</u>

### 16. Grants

	2021 £	2020 £
<b>(a) Reconciliation of grants payable</b>		
At 1 April	2,521,174	1,966,051
Grants awarded and authorised in the year	2,287,861	1,940,600
Provision balance adjustment	152,957	-
Grant awards cancelled and recovered	<u>(75,626)</u>	<u>(60,455)</u>
Grants payable for the year	2,365,192	1,880,145
Grants paid during the year	<u>(1,592,265)</u>	<u>(1,325,022)</u>
At 31 March	<u>3,294,101</u>	<u>2,521,174</u>

#### (b) Grants falling due within one year:

	2021 £	2020 £
Unrestricted income fund	1,960,360	954,395
Restricted income fund	1,333,741	1,566,779
Total grants payable	<u>3,294,101</u>	<u>2,521,174</u>

**Notes to the Financial Statements (*continued*)**  
**For the year ended 31 March 2021**

**16. Grants (Continued)**

**(c) Grants awarded**

Grants awarded and authorised during the year were as follows:

**Phd Studentship awarded 2021**

<i><b>Institution</b></i>	<i><b>Number of awards</b></i>	<i><b>£</b></i>	<i><b>£</b></i>
University of Aberdeen	2	62,754	
University of Edinburgh	6	186,830	
University of Glasgow	4	124,944	
University of St Andrews	1	31,341	
University of Strathclyde	3	93,005	
University of Dundee	2	62,560	
University of Stirling	1	30,707	
			592,141

**Daphne Jackson Memorial Fellowship awarded 2021**

<i><b>Institution</b></i>	<i><b>Number of awards</b></i>	<i><b>£</b></i>	<i><b>£</b></i>
University of Napier	1	35,325	
University of Edinburgh	1	36,850	
University of St Andrews	1	37,461	
University of Strathclyde	1	38,662	
University of Glasgow	3	110,510	
			258,808

**COVID Grants awarded 2021**

<i><b>Institution</b></i>	<i><b>Number of awards</b></i>	<i><b>£</b></i>	<i><b>£</b></i>
Scottish National Blood Transfusion Service	1	19,840	
Glasgow Royal Infirmary	1	19,829	
University of Aberdeen	4	62,305	
University of St Andrews	3	59,475	
University of Edinburgh	9	139,356	
University of Glasgow	2	38,200	
University of Strathclyde	1	18,700	
			357,705



**Notes to the Financial Statements (*continued*)**  
**For the year ended 31 March 2021**

**16. Grants (Continued)**

Conditional grants awarded in previous years, now unconditional and authorised

**PhD Studentship**

<i><b>Institution</b></i>	<i><b>Number of awards</b></i>	<i><b>£</b></i>	<i><b>£</b></i>
Heriot-Watt University	3	93,773	
University of Aberdeen	4	117,665	
University of Dundee	3	87,873	
University of Edinburgh	8	219,624	
University of Glasgow	6	174,376	
University of St Andrews	2	63,314	
University of Strathclyde	7	200,219	
Edinburgh Napier University	2	59,862	
Glasgow Caledonian University	1	31,250	
University of Stirling	1	31,251	
			1,079,207
			2,287,861

**(d) Commitments**

In addition to the amounts committed and accrued noted above, the Members have also authorised certain grants which are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 31 March 2021 was £2,875,282 (2020: £2,219,522) of which £1,352,690 is expected to be payable within one year if certain conditions are satisfied (2020: £1,072,713).

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

For the year ended 31 March 2021

### 17. Analysis of net assets between funds

#### 2021

	Investments £	Cash at investment manager £	Net Current (liabilities) £	Total £
<b>Unrestricted Funds</b>				
Unrestricted Capital Fund	28,851,101	-	-	28,851,101
Unrestricted Income Fund	2,892,765	1,268,625	(867,224)	3,294,166
	<u>31,743,866</u>	<u>1,268,625</u>	<u>(867,224)</u>	<u>32,145,267</u>
<b>Restricted Funds</b>				
Restricted Capital Fund	10,680,184	-	-	10,680,184
Restricted Income Fund	1,133,164	1,423,811	(1,918,699)	638,276
	<u>11,813,348</u>	<u>1,423,811</u>	<u>(1,918,699)</u>	<u>11,318,460</u>
<b>Total Funds</b>	<u>43,557,214</u>	<u>2,692,436</u>	<u>(2,785,923)</u>	<u>43,463,727</u>

#### 2020

	Investments £	Cash at investment manager £	Net Current Assets/ (Liabilities) £	Total £
<b>Unrestricted Funds</b>				
Unrestricted Capital Fund	22,385,707	-	-	22,385,707
Unrestricted Income Fund	2,130,699	1,637,138	(796,493)	2,971,344
	<u>24,516,406</u>	<u>1,637,138</u>	<u>(796,493)</u>	<u>25,357,051</u>
<b>Restricted Funds</b>				
Restricted Capital Fund	8,276,333	-	-	8,276,333
Restricted Income Fund	507,930	601,952	861,283	1,971,165
	<u>8,784,263</u>	<u>601,952</u>	<u>861,283</u>	<u>10,247,498</u>
<b>Total Funds</b>	<u>33,300,669</u>	<u>2,239,090</u>	<u>64,790</u>	<u>35,604,549</u>

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

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

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

For the year ended 31 March 2021

### 18. Reconciliation of net income/(expenditure) to net cash outflow from operating activities

	2021	2020
	£	£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	7,859,178	(7,128,604)
<b>Adjustments for:</b>		
(Gains)/Losses on investments	(8,876,082)	6,574,850
Dividends, interest and rents from investments	(1,020,550)	(1,403,038)
Decrease in debtors	40,733	1,336,890
Increase in creditors	757,233	552,288
	<hr/>	<hr/>
<b><i>Net cash used in operating activities</i></b>	<b>(1,239,488)</b>	<b>(67,614)</b>
	<hr/>	<hr/>

### 19. Non audit services

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

### 20. Financial assets measured at fair value through income and expenditure

Financial assets measured at fair value through income and expenditure comprises:

	2021	2020
	£	£
Listed investments (note 12)	43,529,714	33,273,169
	<hr/>	<hr/>

There were no financial liabilities measured at fair value through income and expenditure.