



Annual Report and Financial Statements 2011



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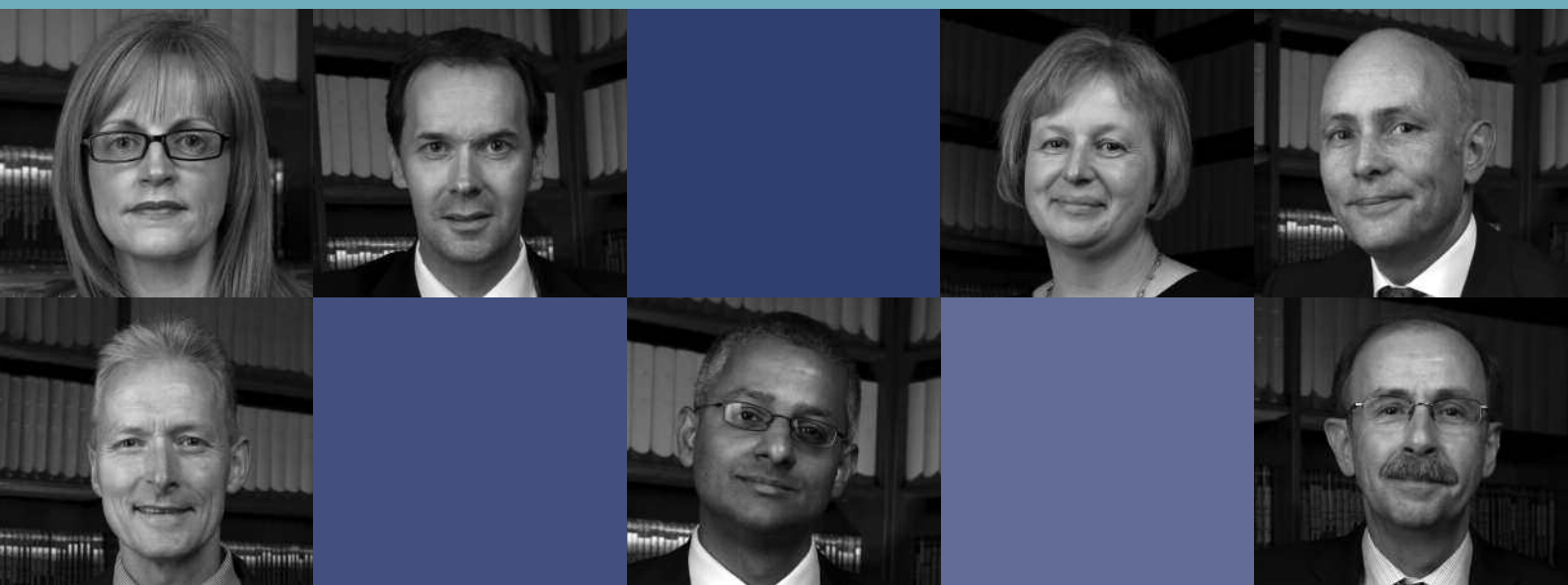


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Our elected Fellows are central to our success. It is their diversity of talent and collective experience that enables the Academy to address complex issues of science and healthcare with expertise and authority.

A selection of Fellows elected in 2011



Introduction

Mission

The Academy of Medical Sciences is an independent organisation that represents the spectrum of medical science – from basic research through clinical application to healthcare delivery. Our mission is to achieve better healthcare through the application of research to the practice of medicine.

We achieve this by:

- **Providing expert, evidence-based information and advice to policymakers**
- **Supporting the development of a first class medical science workforce**
- **Championing the UK's medical research strengths in academia, in the NHS and in the biotechnology and pharmaceutical industries.**

Our 1022 elected Fellows are central to our success. It is their diversity of talent, collective experience and professionalism that enables the Academy to address complex issues of science and healthcare with expertise and authority. In this way, the Fellowship is a national, public resource of independent and expert advice on medical science and healthcare.

The Academy elects Fellows on the basis of sustained and outstanding contributions to the breadth of medical research, including biomedical, clinical and population sciences, as well as veterinary medicine, dentistry, nursing, medical law, health economics and bioethics. Fellows of the Academy are elected for life and designate themselves with the suffix 'FMedSci'. Forty new Fellows are elected each year from a pool of over 350 candidates through a rigorous process of peer review, scrutiny from seven Sectional Committees and final election by Council.

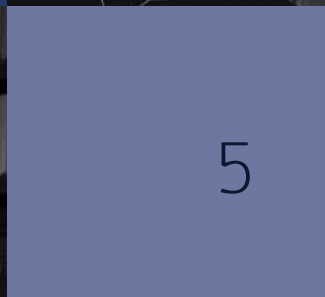
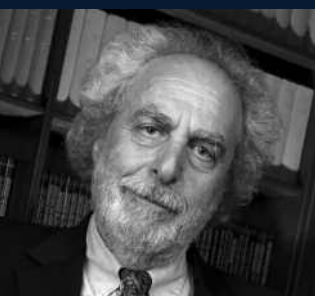
Aims and objectives

Our 1998 Memorandum and Articles of Association set out the Academy's four objects: to promote excellence in medical research and in the teaching of medical sciences; to promote the application of research to the practice of medicine and to the advancement of human health and welfare; to promote public understanding of the medical sciences and their impact on society; and to assess issues of medical science of concern to the public and to disseminate the results of such assessment.

The objects are delivered under the Academy's six priority programmes:

- **Recognising excellence**
- **Influencing medical science policy**
- **Linking academia and industry**
- **Developing the leaders of tomorrow**
- **Engaging the public**
- **Improving global health**

The programmes are discussed more fully on the following pages.



Recognising excellence

Strategic aims

Recognising and celebrating excellence in medical science is a core Academy function and we continue to champion new knowledge and its translation into benefits for patients and society. We aim to ensure that, through our prize lectures, awards and election of Fellows, we recognise the best talent in medical science. Our Fellows are central to all we do. The excellence of their science, their contribution to medicine and society and the range of their achievements are reflected throughout our work.

Significant activities

- **Recognising outstanding individuals.** Our annual election of Fellows continues to be the cornerstone of our work. Each year we elect 40 new Fellows, who represent the UK's leaders in medical research and healthcare. FMedSci is widely acknowledged as an important mark of esteem and achievement in medical science, and election to the Academy was marked by media coverage and recognition by Fellows' host institutions.
- **Celebrating contributions to medical science.** The Academy bestows Honorary Fellowships to individuals who have transformed the scientific and healthcare environment. In 2010 Dr Venki Ramakrishnan FRS FMedSci, Professor John Gurdon FRS FMedSci and Baroness Helena Kennedy FMedSci were elected as Honorary Fellows and were formally admitted in 2011.
- **Championing knowledge.** Our named lectures provide opportunities to celebrate outstanding achievements in medical science and to highlight major scientific breakthroughs. In 2010 the Jean Shanks Lecture was given by Professor Sir Alec Jeffreys FRS FMedSci on 'Genetic fingerprinting and beyond' and the Raymond and Beverly Sackler Lecture was given by Professor Sir David Baulcombe FRS FMedSci on 'RNA silencing: lessons from plants about control of disease in people'.
- **Rewarding talent.** The Academy's biennial Foulkes Foundation Medal recognises individuals for excellence in research in the biomedical sciences, and aims to inspire others to pursue a career in research. Nominations opened in early 2011.

Future plans

- Ensuring that the **annual election of new Fellows** identifies talent and achievement across the breadth of medical science and healthcare, and builds a Fellowship that is representative of the diversity of the UK's medical research strengths.
- **Electing Honorary Fellows** who will bring distinction and esteem to the Academy.
- **Facilitating scientific debate and discussion** through our programme of lectures, meetings and symposia.
- **Promoting collegiality** by identifying opportunities for our Fellows to come together to exchange ideas and share their knowledge.
- **Extending the reach of the Academy** through our programme of regional events and Visiting Lectures.



Dr Alex Shortt and Professor Michael Levin FMedSci, participants in the Academy's Mentoring Scheme



Influencing medical science policy

Strategic aims

The Academy's policy work addresses issues of medical science and healthcare in their wide scientific and societal context. We seek to provide expert advice to policymakers in Government and elsewhere on the implications of medical science developments, and to foster a thriving research environment that delivers benefits to society. We are a national resource of expertise and excellence in science and a trusted advisor. We are flexible in our approach; we both set the policy agenda and respond to it. In the last year, we have sought to address issues across the spectrum of medical science, healthcare and society, and to ensure that the outputs of our policy activities achieve maximum impact and influence.

Significant activities

- **Removing barriers to research.** The Academy's most significant and influential policy activity this year was the 'Review of the regulation and governance of UK health research', published in January 2011. This report was commissioned by Government after the Academy highlighted the ways in which the regulatory framework is stifling research. Informed by over 300 submissions of evidence, the report set out a new pathway for the regulation of health research that has drawn widespread support from researchers, funders and patients. Proposals to implement the Academy's recommendations - including the creation of a new Health Research Authority to streamline regulation - formed a central plank of the Government's Plan for Growth that was published alongside the 2011 Budget.
- **Securing sustainable funding for medical research.** Acting as a focal point for industry, academia and medical research charities, the Academy marshalled evidence of the health and wealth benefits derived from public investments in biomedical research, and contributed to securing a good settlement for medical science in the 2010 Government Comprehensive Spending Review (CSR). The Academy was one of only seven bodies formally consulted by the Department for Business, Innovation and Skills (BIS) about the CSR; our consultation responses and briefing documents supported private briefings and discussions with BIS, the Department of Health and HM Treasury.
- **Embedding research in reformed health services.** The Academy has been actively involved in debate around the proposed reorganisation of health and public health services. Through consultation responses and private meetings, and often in partnership with others, we have championed the importance of research within the health service, particularly in providing the evidence base needed to underpin successful reforms.
- **Addressing the diabetes-obesity epidemic.** Jointly with the Royal Society of Edinburgh, the Academy hosted a horizon-scanning symposium to examine this major international health problem. The report, 'Diabetes and obesity: getting to the heart of the matter', identified priorities for policymakers and researchers and has been widely disseminated in the UK and beyond.



- **Ensuring appropriate regulation of animals used in research.** Following work undertaken in 2007, the Academy identified the need to consider the future governance of animals containing human material (ACHM), and secured the support of medical science funders and Government departments to undertake this important study. The study's working group of Fellows and experts sought evidence from the scientific and medical community, and from the public via a major deliberative dialogue programme (see Engaging the public for further details).
- **Engaging Parliamentarians.** We have continued to engage with Parliamentarians as a member of the All Party Parliamentary Group on Medical Research. Its annual dinner in February 2011 focused on the recommendations of the regulation and governance review and informed subsequent Parliamentary debate. The Academy also briefed the new House of Commons Science and Technology Select Committee on priorities in medical science policy and provided oral and written evidence to its inquiry on peer review.

Future plans

- Following the publication of our study on the use of **Animals Containing Human Material**. We will focus on influencing the UK's implementation of the EU Directive on the protection of animals used for scientific purposes and encouraging the development of consistent international regulation and governance of these entities.
- Leading the secretariat for a symposium on **human enhancement in the workplace**. This policy project - initiated by the Academy - is the first to be undertaken by four of the UK's national academies in partnership.
- Continuing to influence proposals for changes in the **health and public health services** to ensure that new systems encourage research and innovation, and are underpinned and evaluated by a sound evidence base.
- Engaging with the implementation of the recommendations of our **review of regulation and governance of health research** to ensure streamlined and efficient systems, particularly within healthcare providers.
- Launching a **policy internship scheme** with the Medical Research Council that allows its PhD students to spend three months at the Academy gaining experience in medical science policy and communications. This will complement the successful scheme that we run for Wellcome Trust funded PhD students.



Linking academia and industry

Strategic aims

The Academy's work to promote partnerships between industry and academia plays a vital role in our objective to drive the translation of research into healthcare benefits. We seek to provide a neutral and independent platform for interactions across different sectors and to take forward national discussions on scientific opportunities, technology trends and associated strategic choices. Our networks with researchers in industry, academia and beyond help us to deliver objectives across all areas of the Academy's work. In 2010-11 we focused primarily on the regulation and governance of health research – an issue identified by researchers and patients as a significant barrier to innovation.

Significant activities

- **Improving research regulation and governance.** (See 'Impacting on medical science policy'). The Academy's review of the regulation and governance of health research tackled one of the major impediments for companies working to translate research in the UK. Responses from individual companies and a workshop held in partnership with the Association of the British Pharmaceutical Industry and BioIndustry Association formed an important part of the evidence base for this study. The Academy's recommendations were welcomed by organisations such as the CBI.
- **Promoting international links.** Following publication of the regulatory review, a joint session with the Institute of Medicine (IOM) in Washington allowed us to explore trans-Atlantic challenges in regulation. The Chair and Secretariat of the Academy's review met with the IOM's Drug's Forum, involving US leaders from private and public sponsors of research, federal regulators of research and the academic community. Similar regulatory challenges were identified and we will continue this valuable dialogue.
- **Providing a platform for discussion amongst industry and regulators.** The 2010 FORUM Annual Lecture 'The importance of regulatory science to the healthcare portfolio' was given by Dr Margaret Hamburg, Commissioner of the US Food and Drugs Administration (FDA). The event was preceded by a roundtable on 'Research and development of medical products: challenges and opportunities' at which Dr Hamburg and senior representatives from across the commercial and academic sectors explored issues including: the need for more adaptable drug approval processes; the desire to see greater regulatory transparency; the importance of global coordination; and the value of regulatory science.

- **Protecting the research funding ecosystem.** At the request of the Minister of State for Universities and Science, the Academy led a group of organisations representing academia, industry and medical research charities to examine the medical science and innovation 'ecosystem'. We were able to demonstrate that substantial reductions in government support for the science budget would have negative and unpredictable consequences for the private and charitable sectors. Our briefing document helped to convince HM Treasury to protect this area of research spending in the Comprehensive Spending Review.
- **Ensuring a sustainable medical science workforce.** Highly skilled individuals are UK medical science's most valuable resource. We have continued to stress the importance of facilitating mobility of medical researchers between sectors and ensuring that this is not hindered by policies such as the revalidation of clinicians or immigration reforms.

Future plans

- **Exploring the rise of medical science in China,** including through a seminar with Dr Jingwu Zang, Head of R&D at GlaxoSmithKline China.
- Providing input into debates on the **European Clinical Trials Directive** and the development of the **new Health Research Authority**, to take forward the recommendations of our review of the regulation and governance of health research.
- Following up previous activities on genomics with a symposium examining the regulatory and economic barriers to the development of **stratified medicines**.
- **Encouraging collaboration and mobility** of researchers between academia and industry, by drawing these groups together at various events, including regional events for aspiring clinical academics.
- **Facilitating input from industry contacts** into the development of new policy projects, such as our joint Academies symposium on human enhancement, and in disseminating our policy recommendations, such as those in our report on animals containing human material.



Developing the leaders of tomorrow

Strategic aims

The Academy aims to attract and develop the most promising individuals to careers in academic medicine and the biomedical sciences. We seek to be an authoritative voice on the development of sustainable training and career pathways, and a source of inspiration, information and personal support for young medical researchers. We also provide direct financial support to early career researchers through our niche funding schemes. Key to the success of all of these aims is the input and work of the Fellowship. Academy Fellows act as mentors, 'champions' and speakers at events, as well as serving as reviewers and panel members for our grants schemes. In the last year, we have sought to establish UK-wide programmes of mentoring support, and to consolidate our current grant schemes.

Significant activities

- **Enhancing our outreach activities.** Regional events in Bristol, Sheffield and London provided opportunities for clinical academic trainees to network with Fellows, research funders and senior colleagues, and to discuss issues around training, funding and professional development. Our Clinical Research Champions scheme - run in partnership with the Medical Research Society - continues to inspire medical students and Foundation Year doctors to undertake research. Eight 'Champions' undertake a range of regional activities, including social events to encourage networking, inspirational lectures and dissemination of informative publications. There are indications that the Champions scheme, together with other local efforts, is having a clear impact. For example, applications to Academic Foundation posts in one region have increased from 21 in 2007 to 160 in 2010.
- **Sharing best practice.** The Academy's reputation in mentoring and outreach activities is growing nationally and internationally. Academy Fellows and staff have been invited to speak at a number of external mentoring meetings, conferences and symposia, including: a Wellcome Trust workshop on 'How do we engage Medical Undergraduates in research?'; Arthritis Research UK's 'Research opportunities for clinicians' event; the British Heart Foundation's '2nd BHF Fellows day'; and NIHR's annual trainees meeting, leadership conference and experimental medicine summer school.
- **Funding advances in research.** Our niche funding schemes target shortages within key specialty areas and encourage international collaboration and career development for clinical academics. The Starter Grants for Clinical Lecturers scheme, run
- **Establishing a UK-wide mentoring scheme.** The Academy's mentoring scheme is widely recognised for the effective support it provides to early-career clinical academics. We have now secured the involvement of the devolved administrations in Scotland, Northern Ireland and Wales, who have joined the Department of Health for England and the National Institute for Health Research in financially underpinning the scheme.
- **Evaluating the benefits of mentoring.** An independent evaluation of the scheme showed that 82% of mentees who responded are satisfied with the scheme, and 60% felt it was already having a positive impact on their career progression.



in collaboration with the Wellcome Trust, is now well established. During the past year we funded 41 grants - totalling £1,169,216 - to support awardees to gather preliminary data to strengthen future applications for longer-term fellowships and funding. Early indications suggest the scheme is highly valued by awardees and the wider clinical academic community. To support aspiring clinical academics in developing an independent research career, we continue to fund individuals through our prestigious Clinician Scientist Fellowship scheme, run in partnership with The Health Foundation. The eleven fellows are progressing well and are encouraged to engage in the Academy's work. Internationally, our Daniel Turnberg UK/Middle East Travel Fellowship Scheme continues to flourish (see section 'Improving global health').

- **Impacting on careers policy.** We continue to be an authoritative voice on the development of academic training and careers, particularly in working with partners across the medical research sector to ensure that health service reforms take account of academic issues. We convened a high-level working group to respond to the Government's consultation on proposed changes to the education and training of the healthcare workforce, 'Liberating the NHS: Developing the healthcare workforce', and submitted a response to a consultation on the Clinical Excellence and Distinction Awards scheme for NHS consultants. We continued to monitor and influence the development of the revalidation reforms. We also held a high-level discussion dinner to follow-up our major report 'Redressing the balance: the status and valuation of teaching in academic careers'. Further engagement of

policymakers was achieved through our partnership with the All Party Parliamentary Group on Medical Research; in July 2010 we participated in a Parliamentary reception 'Showcasing UK medical research – working together for patients, society and the economy'. Dr Anna Gilmore, one of our funded Clinical Scientist Fellows was selected to present a poster to highlight her research achievements.

Future plans

- Ensuring the **long term sustainability** of our various schemes and activities and evaluating their impact to inform future development.
- Developing and **catalysing best practice in mentoring activities** by improving our scheme in light of recent evaluation findings, and publishing a mentoring booklet for national and international dissemination.
- **Monitoring issues on academic training and careers policy** and influencing decision-making as appropriate.
- Exploring how we can expand our activities to further **support medical students and Foundation Year doctors** interested in an academic career.
- Identifying **opportunities for PhD and post-doctoral clinical academics** to present and discuss their research in formal but supportive settings.
- **Drawing together early career researchers with senior clinical academics** in engaging and innovative ways, for example through small discussion dinners.

Engaging the public

Strategic aims

The Academy recognises that success in medical research requires the confidence of the general public in the aims and practices of science and scientists. Informed by the work of our Communications Group, we aim to ensure that our policy advice is shaped by public views, and that we provide public platforms for our Fellows to share their knowledge and expertise. The Academy is an increasingly valued source of comment on medical science in the media, and we continue to work to increase public accessibility to our outputs and reports. In 2010-11 we specifically aimed to increase the Academy's profile with publics, patients and policymakers through publications and media engagement.

Significant achievements

- **Raising our profile.** Through effective communication of our outputs in 2010-11, particularly reports published at the time of the General Election, we significantly raised our profile with the new Government, connecting with Ministers in the Department of Health, Department for Business, Innovation & Skills, and HM Treasury, as well as Number 10 and the Cabinet Office.
- **Incorporating patients' views.** As part of our review of the regulation and governance of health research we held a patient workshop in conjunction with the Association of Medical Research Charities and INVOLVE. Views were shared about the appropriate balance between regulation to promote patient safety and potentially stifling bureaucracy. The final Academy report was informed by the hopes and concerns of participants.
- **Promoting public dialogue.** As part of our study into animals containing human material, we commissioned 'Exploring the boundaries' – a public dialogue activity that included a series of deliberative workshops, focus groups and interviews, as well as a nationally representative public survey. An independent evaluation reflected on the success of the programme, in providing a route to elicit societal and ethical attitudes towards this challenging area of research.

- **Working with the media.** Print, broadcast and online media continued to play an important role in extending the Academy's communications in 2010-11. Highlights included: features on BBC Radio 4 Today, and Material World for our report on the regulation and governance of health research; coverage in The Daily Telegraph and Financial Times of our public dialogue programme; and international coverage of our statements on public spending on research, the health co-benefits of policies to tackle climate change and the health of women.
- **Connecting Fellows with public audiences.** As in previous years, Fellows have given talks at major science events and festivals, most notably a talk at the British Science Festival in September 2010: 'Beyond the yuck factor: just how 'human' should laboratory animals become?', which was given by Professor Martin Bobrow FRS FMedSci and Dr Robin Lovell-Badge FRS FMedSci as part of the animals containing human material study.
- **Improving accessibility.** The Academy's website, electronic newsletter, twitter feed and facebook pages continue to be important tools of communication. They also provide free and straightforward public access to our reports and statements.

Future plans

- **Comprehensively updating our website** to ensure optimum communication and information sharing with our various audiences, and an effective operational platform to support the Academy's corporate events and election processes.
- Developing accessible publications, specifically through preparation of a **non-specialist summary** of our report on animals containing human material.
- **Working proactively with journalists** and press officers to ensure that the Academy's voice is present in media debates; increasing our capacity for reactive media work through our policy and communication internship programme.
- Continuing to harness opportunities to facilitate **public and patient dialogue** around areas and themes in our work, and seeking to use our new premises as a hub for debate and discussion around medical science.





Improving global health

Strategic aims

The Academy aims to be an organisation with global reach, acting as a voice for UK medical science in the international arena and a platform for bringing expertise to bear on global health problems. In 2010-11 we sought to build on our objectives to promote the use of research in improving global health, to enhance international collaboration and capacity building, to strengthen partnerships, and to grow the Academy's global profile. Our goal was to secure outputs and impacts from our international programme, particularly through partnership activities.

Significant activities

- **Using health research to inform international policies.** During Autumn 2010 the Academy instigated work by the Inter-Academy Medical Panel (IAMP) - a global network of medical academies - on a statement on the health benefits of policies to tackle climate change. Forty-five of the world's academies signed up to the statement, including the USA and China, as well as the World Health Organization (WHO). The statement, promoted in an editorial in The Lancet, led to meetings with the Parliamentary Under-Secretary of State for International Development and the climate change sub-group of Chief Scientific Advisors to UK Government Departments.
- **Enhancing global capacity building.** The Academy held a successful conference 'Building institutions through equitable partnerships in global health' in collaboration with the Royal College of Physicians, the Wellcome Trust, Universities UK and the Bill and Melinda Gates Foundation. The conference brought together a diverse group of over 100 senior figures from 21 different countries, representing universities, research institutes, funders, professional societies, government, charities and industry.



- **Facilitating international exchanges.** The 'Daniel Turnberg UK/Middle East Travel Fellowship Scheme' provides opportunities for short-term exchange of medical researchers between institutions in the UK and the Middle East. The scheme awarded 21 fellowships in 2009-10 to individuals from Egypt, Israel, Jordan, the Palestinian Territories and the UK, allowing awardees to gain further research experience and learn new techniques, and establishing ongoing collaborations between home and host institutions.
- **Strengthening UK-overseas partnerships.** In February 2011 the Academy's Foreign Secretary led a delegation of senior UK scientists to Sao Paulo, Brazil to participate in a high-level workshop on tropical medicine and parasitology. The event was organised by a unique collaboration involving Brazilian research funders, the Brazil office of the UK Government's Science and Innovation Network, and the Academy of Medical Sciences. The Academy briefed the Government's Chief Scientific Advisor on the provisional findings of the workshop prior to his visit to Brazil.
- **Engaging with Europe.** Over the last year the Academy has worked closely with our sister academies in Europe through the Federation of European Academies of Medicine (FEAM) to tackle key pan-European issues, such as the Clinical Trials Directive and mental health. Where appropriate we have also engaged with the European Commission and Parliament, for example to address the new European Directive on animals in research and the European and Developing Country Clinical Trials Partnership.

Future plans

- **Publishing reports** of our meetings on building institutions through equitable global partnerships and the UK-Brazil workshop on tropical medicine and parasitology; ensuring international dissemination of all the Academy's outputs, particularly the report on animals containing human material and mentoring handbook.
- Responding to **European Commission consultations**, including the Green Paper on research and innovation, and the European Clinical Trials Directive.
- Delivering the Academy's prestigious annual **International Health Lecture**.
- **Identifying and exploring major policy issues** in global health; continuing to **consult widely** in the UK and beyond on international affairs.
- Increasing engagement with **multilateral organisations** such as the WHO, United Nations and European Commission on major international health and research issues, particularly non-communicable diseases, capacity building and the Millennium Development Goals.
- Continuing to work with **networks such as FEAM and IAMP** to extend the reach of the Academy's policy influence and impact in Europe and beyond.

Funding

Capital appeal and move to 41 Portland Place

2010-11 marked an astonishing year for fundraising at the Academy of Medical Sciences, principally due to the successful completion of our capital appeal to refurbish 41 Portland Place as our new headquarters.

The Academy acquired 41 Portland Place in August 2008 following a merger with the Novartis (formerly Ciba) Foundation. We launched an ambitious £5 million fundraising appeal in November 2008 to comprehensively refurbish the property, focused on reinstating its original Georgian grandeur whilst introducing modern services appropriate to the function of a 21st century scientific academy. The project was completed on time and on budget in August 2010. Our President was able to announce the successful completion of the capital appeal at our Annual Meeting in November 2010, when Fellows were able to see the refurbished building for the first time and to celebrate the move to our new home.

41 Portland Place now provides the venue for the majority of the Academy's activities, including governance, sectional committee and working group meetings, as well as press launches, lectures, seminars and workshops. Income generated through the conference business and office rental income at 41 Portland Place provide important revenues to support the work of the Academy.

On 31 March 2011, the Academy was delighted and honoured to welcome HRH The Princess Royal to officially open the building. The event was attended by over 200 Fellows, guests, supporters and donors to the appeal.

The Academy is hugely grateful to the **Wellcome Trust**, the principal funder to the capital appeal, and to all our major capital donors:

- **AstraZeneca**
- **GlaxoSmithKline**
- **Laurie Landeau**
- **Pfizer**
- **Sanofi Aventis**
- **Sanofi Pasteur**
- **The Dana Foundation**
- **The de Laszlo Foundation**
- **The Foundation for Liver Research**
- **The Jean Shanks Foundation**
- **The Kohn Foundation**
- **The Rayne Foundation**
- **The Sir Jules Thorn Charitable Trust**
- **The University Hospitals Association**
- **The Welton Foundation**
- **The Wolfson Foundation**

We are most grateful to our Fellowship, who generously contributed over £500,000 to the appeal.



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The Academy of Medical Sciences



Funding

Core, programme and project support

The Academy is grateful to the following organisations that provided core, programme and project support over the last year:

- **Association of British Pharmaceutical Industries**
- **Association of Medical Research Charities**
- **Astex Therapeutics**
- **AstraZeneca plc**
- **Biotechnology & Biological Sciences Research Council**
- **BUPA**
- **Cancer Research UK**
- **GlaxoSmithKline plc**
- **Merck Sharp and Dohme**
- **Pfizer Ltd**
- **Renovo Ltd**
- **National Institute for Health Research (NIHR)**
- **The Health Foundation**
- **Wellcome Trust**
- **Medical Research Society**
- **Foulkes Foundation**
- **British Heart Foundation**
- **Sciencewise-ERC**
- **Medical Research Council**
- **Department of Health for England**
- **The British Academy**

We thank the Wellcome Trust and Cancer Research UK for supporting the review of the regulation and governance of health research with staff secondments to the study.

We are grateful for the ongoing support of The Jean Shanks Foundation and The Raymond and Beverly Sackler Foundation, whose endowments underpin our annual lecture programme.

We also thank all the donors to the Daniel Turnberg Memorial Fund, which supports our scheme of UK-Middle East Exchanges.

We have been fortunate to receive funds from the Board for Academic Medicine (Scotland), NHS Education for Scotland, Queen's University Belfast, British Heart Foundation, National Institute for Social Care and Health Research (Wales), Scottish Funding Council, Kohn Foundation and Royal College of Physicians.

In 2011-12, we will seek to build on this fundraising income by expanding the number and breadth of organisations that support the Academy on an annual basis, and to secure pledges for legacies to the Academy through a specific appeal to our Fellows and contacts. We will also continue to seek support on a project and programmatic basis through partnership activities with relevant organisations as appropriate.

Administrative details

Name of Charity:

The Academy of Medical Sciences

Registered Charity no:

1070618

Registered Company no:

3520281

Principal Address:

(and Registered Office)
41 Portland Place
London
W1B 1QH

Principal Bankers:

Lloyds TSB Bank Plc
2nd Floor
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W1S 1FS

Auditors:

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Devonshire House
60 Goswell Road
London
EC1M 7AD

Investment Fund Manager:

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Honorary Officers of the Academy of Medical Sciences:**President:**

Professor Sir John Bell FRS HonFREng PMedSci
Regius Professor of Medicine, University of Oxford

Vice-President:

Professor Ronald Laskey CBE FRS FMedSci
Honorary Director MRC Cancer Cell Unit, University of Cambridge

Vice-President:

Professor Patrick Sissons FMedSci
Regius Professor of Physic, University of Cambridge

Treasurer:

Professor Ian Lauder FMedSci (retired Nov 2010)
Honorary Professor, Leicester Medical School

Professor Susan Iversen FMedSci (appointed Nov 2010)
Emeritus Professor of Psychology, University of Oxford

Registrar:

Professor Patrick Maxwell FMedSci
Head of Division of Medicine, University College London

Foreign Secretary:

Professor Robert Souhami CBE FMedSci
Emeritus Professor of Medicine, University College London

Ordinary Members of Council

Professor David Adams FMedSci	<i>appointed Nov 2010</i>
Professor Peter Barnes FMedSci	<i>retired Nov 2010</i>
Professor Alastair Buchan FMedSci	<i>appointed Nov 2010</i>
Professor John Connell FRSE FMedSci	<i>retired Nov 2010</i>
Professor Christopher Day FMedSci	
Professor Alan Fairlamb CBE FRSE FMedSci	<i>appointed Nov 2010</i>
Professor Sir Marc Feldmann FRS FMedSci	<i>retired Nov 2010</i>
Professor Stephen Holgate FMedSci	
Dr Richard Horton FMedSci	
Professor Kay-Tee Khaw CBE FMedSci	
Professor Robert Lechler FMedSci	<i>appointed Nov 2010</i>
Professor Irene Leigh OBE FMedSci	
Professor Nicholas Lemoine FMedSci	<i>retired Nov 2010</i>
Dr Robin Lovell-Badge FRS FMedSci	
Professor Ian McConnell FRSE FMedSci	
Professor Terence Rabbitts FRS FMedSci	
Professor Caroline Savage FMedSci	
Professor Jonathan Seckl FRSE FMedSci	
Professor Joanna Wardlaw FMedSci	<i>appointed Nov 2010</i>
Professor Jonathan Weber FMedSci	<i>appointed Nov 2010</i>
Professor Simon Wessely FMedSci	
Professor Susan Wray FMedSci	

Co-opted Members 2011

Professor Jeffrey Almond FMedSci	<i>retired Nov 2010</i>
Professor Raymond Hill FMedSci	<i>appointed Feb 2011</i>
Professor Roger Jones FMedSci	
Professor Rosalind Smyth FMedSci	

Principal Employed Officers

Executive Director	Dr Helen Munn
Director of Biomedical Grants & Careers Policy	Dr Suzanne Candy
Director of Medical Science Policy	Dr Rachel Quinn
Director of Finance & Administration	Mrs Chris Straw

Governance and management

The Academy of Medical Sciences is a registered charity and company limited by guarantee. The company was incorporated on 2 March 1998. The Academy is governed by its Memorandum and Articles of Association. The Council members, who are the Trustees of the Academy, are directors under company law.

Governance

The Academy is governed by a Council of 27 Fellows, who meet five times per year. Members of Council are elected from the Fellowship, with nominees confirmed by a ballot of the Fellowship. Council may, from time to time, co-opt additional Fellows to provide a balance of expertise. Fellows elected to Council are amongst the UK's leading medical scientists and hold senior positions in medical schools, universities, research institutes, industry and the civil service; they are well qualified to provide the Academy with the necessary guidance and leadership to achieve its objectives. New Council members are provided with information relating to their responsibilities as trustees of the charity and are invited to join newly elected Fellows at an Academy induction seminar, held during the annual Admission Ceremony in June. Fellows elected to Council hold office for three years before retiring at the Annual General Meeting in November/December. The Academy has purchased trustee indemnity insurance for all members of Council both current and retired.

The Council includes six Honorary Officers: President, Vice-President (Clinical), Vice-President (Non-clinical), Treasurer, Registrar and Foreign Secretary. The Honorary Officers are elected by Council from nominations received from the Fellowship; they hold office for five years, with one (or two) of the six retiring each year.

The Honorary Officers and Council set the strategic direction of the Academy and oversee the work of the secretariat. Academy activities are selected by Council for the contribution they make towards the Academy's strategic goals, and are informed by the independent opinion, experience and expertise of the Fellowship. Council is advised by several committees, including the group of Honorary Officers, who meet seven times per year. The Finance Committee meets three times a year and reports directly to Council; it reviews the audited financial statements and recommends their approval to Council, reviews the management of the Academy's assets, reviews reports from the external auditors and oversees the implementation of any recommendations thereafter. Other committees advise Council on: the election of new Fellows, clinical and non-clinical careers, fundraising, and international affairs.

Statement of Council's responsibilities

The trustees (Council), who are also directors of the Academy of Medical Sciences for the purposes of company law, are responsible for preparing the Trustee's (Council) Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council to prepare financial statements for each financial year which 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 Council is 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enables it to ensure that the financial statements comply with the Companies Act 2006. Council is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The charitable company provides trustee indemnity insurance for members of Council during their term of office.

In so far as the Council is aware:

- There is no relevant audit information of which the charitable company's auditors are unaware.
- The Council has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

Small company rules

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006, relating to small companies.

Approved by the Council on 13 October 2011 and signed on its behalf by:



Professor Sir John Bell FRS HonFREng PMedSci
President

Independent auditors' report

to the members of the Academy of Medical Sciences

We have audited the financial statements of the Academy of Medical Sciences for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities (the Consolidated Summary Income and Expenditure Account), the Consolidated and Charity Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 and trustees those matters which 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 any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practises Board's Ethical Standard for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures or trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Nicholas Brooks
Senior Statutory Auditor
for and on behalf of Kingston Smith LLP,
Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD
Date:

Financial review

The Consolidated Statement of Financial Activities (SOFA) and Balance Sheet, together with the Notes to the Accounts set out on pages 28-39, show the overall financial performance of the Academy and provide an analysis of the resources arising and used in the performance of the Academy's objectives.

Results for the year

2010 saw the successful completion of the refurbishment of 41 Portland Place with the construction element of the project being delivered on budget and on time at the end of August. This allowed the Academy to relocate to its new headquarters at the beginning of October 2010. The Academy's ownership of the building brings new responsibilities and commitments, but there are also opportunities for income generation from the surplus space in the building. A wholly owned trading subsidiary, Academy of Medical Sciences Trading Limited, was set up in February 2010 to manage the non-charitable business activities to be carried out once the building was occupied. The activities of the trading subsidiary include conference and catering services to customers hiring meeting rooms, and renting surplus office space in the building to tenants. The results of the trading company are shown at Note 2 in the Accounts.

The trading company will be an important new source of unrestricted income for the Academy – it contributed £32,000 in 2010/11 via direct payments of rent due under the head lease and loan interest and it is planned to provide £180,000 in 2011/12. Any profits generated in the future will be donated via gift aid to the Academy. Council agreed in February 2010, following a review of the business plans of the subsidiary, to provide a secured loan to the trading subsidiary of up to a maximum of £200,000 to be funded from the Designated Relocation Fund. At 31 March 2011 the amount drawn down on the loan was £100,000 and interest is charged at market rates. The performance of the trading subsidiary is reviewed by the Finance Committee to ensure that the investment continues to be in the best interests of the Academy.

The General Fund deficit for the year of £114,524 reflects the challenge of delivering an extensive range of activities against a background of continuing low bank interest rates that have adversely impacted on unrestricted income. This is a concern going forward into 2011/12 and three year forecasts have assisted in identifying the opportunities to increase the sources of unrestricted income and manage expenditure. It is anticipated that, as the conference business becomes established, the contribution from the trading subsidiary will include gift aided profits as well as rent and loan interest. There are also plans underway to widen the Academy's fundraising base by involving more stakeholders in supporting the Academy. The Finance Committee will continue to monitor progress at its regular meetings.

Investments

The nature of the Academy's programmes and grant funding activities requires that a significant amount of the Academy's reserves are held in cash. The Finance Committee reviews the cash management policy regularly and the majority of cash reserves are held in pooled cash deposit funds. However, because of the impact poor bank interest rates have had on the General Fund, a target for 2011/12 is to improve income from deposits without significantly increasing the risk to the Academy.

Since 2009 the Academy's three endowed funds have been invested in the Alpha Common Investment Fund for Endowments managed by Sarasin & Partners LLP. The objective is to safeguard their long term value whilst generating sufficient annual income to carry out the purposes of the funds. At 31 March 2011 the value of the funds held by Sarasin & Partners was £938,716. The performance of the funds is monitored against the objectives set by the Finance Committee via regular reporting from the investment managers.

Reserves

The Academy's reserves at 31 March 2011 were £8.76 million, an increase of £2.17 million from 31 March 2010. The reserves were made up as follows:

	£
Permanent Endowment	980,019
Restricted Funds	4,833,393
Unrestricted Funds – comprised of:	
Designated Funds	2,469,970
General Fund	476,089
Total Funds at 31 March 2011	8,759,471

The Finance Committee reviews the level of reserves regularly to ensure that they are appropriate for the purposes for which they are retained. The purposes of the permanent endowment and restricted funds are outlined in Note 12 to the Accounts. The new Restricted Asset Fund represents the amount of restricted donations from the Capital Appeal that was spent on the construction of the building and on new furniture, equipment and related items.

The General Fund is held to safeguard the Academy's core programmes against potential shortfalls in funding and to support strategic plans for the future. The Finance Committee recognised the risk to the General Fund of increased costs associated with securing a new headquarters for the Academy and set up several designated funds in order to safeguard the General Fund.

At 31 March 2011 a total of £2,469,970 was held in two designated funds. The first is an asset fund of £2.26 million made up of the leasehold property at 41 Portland Place/8 Weymouth Mews, valued in September 2008 by Knight Frank LLP at £2.3 million, less depreciation charged from October 2010, to write off the value over the life of the lease.

The remaining designated fund, the Relocation Fund, previously used to set up the capital project, was reimbursed during the year with £156,516 due to the success of the fundraising appeal and at 31 March 2011 a balance of £211,411 was held. Council have agreed that this fund should be held to support the trading subsidiary and it is sufficient to cover the maximum loan of £200,000 if necessary.

Reserves policy

The Finance Committee regularly reviews the level of reserves retained in the General Fund with particular reference to 3 year income and expenditure forecasts. At its meeting in February 2011 the Finance Committee started a comprehensive review of the policy, in light of the Academy's occupation of 41 Portland Place and the new activities being undertaken by the trading subsidiary. It was agreed at its meeting in July that, following a review of the income sources and assets of the Academy, together with the risks relating to them, the target level of free reserves could be reduced. It was agreed that funds in the range £225,000 to £250,000 would be sufficient.

The level of free reserves (General Fund less the net book value of fixed assets in that Fund) at 31 March 2011 was £472,980. This is above the range required, but the Finance Committee considers it appropriate given the deficit budgeted on the General Fund in 2011/12 and the need to provide some flexibility to allow time for the trading subsidiary to become established and for plans to extend our fundraising income to come to fruition.

Volunteers

The Academy is grateful for the valuable contribution to its work that is made voluntarily by both Fellows and non-Fellows. Fellows and external advisers serve the Academy without compensation in a range of activities: as Officers, Council members and committee members, as members of working groups, as speakers and participants in symposia, as providers of evidence for Academy studies, as peer reviewers for grant applications, as mentors to medical trainees, and in many more ways. Fellows also act as Academy representatives on many external bodies.

Risk assessment

The Finance Committee advises Council and the Honorary Officers on the risks to which the Academy is exposed. It does this by regularly reviewing all elements of Academy business to ensure that potential risks are identified and processes implemented to mitigate those risks.

Management and staffing

The Executive Director is responsible for the day-to-day management of the Academy and its activities, and is supported by a Senior Management Team of three Directors responsible for Finance, Grants and Careers, and Medical Science Policy. The Executive Director leads a permanent staff of 18.

Public benefit

Council has discussed the implications of the provisions of the Charities Act 2006, which states that all charities must demonstrate that they are established for public benefit and have had due regard to the public benefit guidance issued by the Charity Commission. Council is confident that activities planned under the six priority programmes fulfil the Academy's aims to ensure that advances in medical science are translated into healthcare benefits to the public.

Although membership of the Academy is necessarily restricted to those who have made outstanding contributions to the advancement of medical science, most of the Academy's outputs are freely accessible to the public. For example, the Academy's prize lectures are free to attend and open to members of the public. The policy reports produced by the Academy are open access and available without charge on the Academy's website. Members of the public have been consulted by Academy working groups to ensure public views are properly represented in policy reports as discussed under 'Engaging the public'. In addition, all of the Academy's major policy reports are now accompanied by a synopsis written specifically for audiences who do not have specialist medical or scientific knowledge.

Consolidated statement

of financial activities year ended 31 March 2011

Incorporating the summary income and expenditure account

	Note	General fund £	Other unrestricted funds £	Restricted funds £	Permanent endowment fund £	Total 2011 £	Total 2010 £
Incoming resources							
<i>Incoming resources from generated funds</i>							
Voluntary income		658,426	-	2,718,398	58,043	3,434,867	2,340,704
Activities for generating funds		153,582	-	-	-	153,582	-
Investment income		5,726	-	33,987	-	39,713	38,796
<i>Incoming resources from charitable activities</i>							
Grants and donations		54,075	-	2,474,107	-	2,528,182	2,676,649
Total incoming resources	3	871,809	-	5,226,492	58,043	6,156,344	5,056,149
Resources expended							
<i>Costs of generating funds</i>							
Fundraising costs		106,844	4,441	11,056	6,502	128,843	120,418
Conferencing and office rentals		201,514	-	-	-	201,514	-
<i>Charitable activities</i>							
Recognising excellence		89,325	2,912	17,030	-	109,267	116,337
Developing the leader of tomorrow		91,454	19,315	2,338,106	17,500	2,466,375	2,543,008
Influencing medical science policy		185,967	6,927	171,358	-	364,252	182,110
Improving global health		70,750	2,369	83,856	-	156,975	161,622
Linking academia and industry		69,874	2,369	5,896	-	78,139	75,747
Engaging the public		83,357	2,369	5,896	-	91,622	86,392
<i>Governance costs</i>		57,927	740	1,843	-	60,510	69,808
<i>Other resources expended</i>		34,971	54,108	294,145	-	383,224	329,622
Total resources expended	4	991,983	95,550	2,929,186	24,002	4,040,721	3,685,064
Net (outgoing)/incoming resources before transfers	12	(120,174)	(95,550)	2,297,306	34,041	2,115,623	1,371,085
Gross transfers between funds	13	5,650	156,516	(162,166)	-	-	-
Gains on investment assets	9	-	-	-	53,876	53,876	135,774
Net movement in funds		(114,524)	60,966	2,135,140	87,917	2,169,499	1,506,859
Funds 1 April 2010		590,613	2,409,004	2,698,253	892,102	6,589,972	5,083,113
Funds 31 March 2011	12	476,089	2,469,970	4,833,393	980,019	8,759,471	6,589,972

All amounts relate to continuing operations.

The net result of the charity for the year was a surplus of £2,206,959.

There are no recognised gains or losses other than those in the statement of financial activities.

The notes on pages 30-39 form part of these financial statements.

Balance sheets as at 31 March 2011

	Note	Group 2011 £	Charity 2011 £	Charity 2010 £
Tangible fixed assets	8	6,507,512	6,507,512	3,643,923
Investments	9	938,716	939,716	848,025
Current assets				
Debtors	10	265,505	285,876	280,350
Cash on deposit		2,091,083	2,091,083	3,058,277
Cash at bank and in hand		84,444	41,426	28,195
		2,441,032	2,418,385	3,366,822
Current liabilities				
Creditors: amounts falling due within one year	11	(1,127,789)	(1,072,682)	(1,268,798)
Net current assets		1,313,243	1,345,703	2,098,024
Net assets	14	8,759,471	8,792,931	6,589,972
Represented by:				
Permanent endowment fund		980,019	980,019	892,102
Restricted funds		4,833,393	4,833,393	2,698,253
Unrestricted funds:				
General fund		476,089	509,549	590,613
Designated fund		2,469,970	2,469,970	2,409,004
Total funds	12	8,759,471	8,792,931	6,589,972

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Council and authorised for issue on 13 October 2011, and signed on its behalf by:



President
Professor Sir John Bell FRS HonFREng PMedSci



Treasurer
Professor Susan Iversen CBE FMedSci

The notes on pages 30-39 form part of these financial statements.

Company Number 3520281

Notes to the financial statements

For the year ending 31 March 2011

1 Accounting policies

The principal accounting policies applied in the preparation of the financial statements are described below.

a. Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and comply with the Companies Act 2006. They have been prepared in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005).

The financial statements include transactions, assets and liabilities of Academy of Medical Sciences Trading Limited, a wholly owned subsidiary company of the Academy of Medical Sciences. The subsidiary's accounts are produced separately as required by the Companies Act 2006 and are summarised at Note 2. No separate Statement of Financial Activities has been presented for the charity alone, as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

b. Incoming resources

All income is accounted for as soon as the Academy has entitlement to the income and there is certainty of receipt and the amount is quantifiable. The proportion of any grant receivable that relates to periods beyond 31 March 2011 has been treated as deferred income and not included in incoming resources for the year.

c. Resources expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed (support costs) they have been allocated to activities on the basis of the average amount of staff time spent on each activity, except where the terms of restricted funding specifies a particular overhead recovery.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. The costs of Council meetings and the Annual General Meeting, together with related Fellows' travel costs, are included.

Costs of generating funds include fundraising costs expended in seeking new sources of funding for the Academy, along with the costs of conferencing and office rentals in the trading company.

Other resources expended relate to costs incurred as part of the 41 Portland Place project that are not directly attributable to the construction of the building. These are the costs of the Academy's own staff and facilities management consultants who supported the Academy in the relocation, together with project costs that were not capitalised.

Grants payable - Clinical Research Training Fellowships and Starter Grants for Clinical Lecturers are charged in the year when the conditions for each award are fulfilled. Grants awarded under the Daniel Turnberg Memorial Fund are treated as payable only when funding is in place.

d. Tangible fixed assets

All tangible fixed assets are included at cost except for the leasehold premises that is shown at its estimated market value at July 2008 when it was donated by the Novartis Foundation on merger. Fixed assets costing more than £500 are capitalised and included on the balance sheet. Depreciation is provided on a straight-line basis on all tangible fixed assets so as to write them off over their anticipated useful economic lives at the following annual rates:

Furniture, fixtures and office equipment	10%
Computer and audio visual equipment	25%
Leasehold premises and refurbishment	in equal instalments over the remaining term of the lease

The Academy also holds some selected antiques and paintings that form the Academy's artefacts at 41 Portland Place and are therefore held for the long term. The value of these items has not been included in the accounts in accordance with FRS 15.

e. Operating leases

The charity classifies the lease of photocopying equipment as an operating lease. Rental charges are charged on a straight line basis over the term of the lease.

f. Investments

Investments are included at market value at year end. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

g. Funds

Unrestricted funds comprise a General Fund, held for the general objects of the Academy's work, and Designated Funds connected with 41 Portland Place. Restricted funds are funds used for specific purposes as required by the donor. Permanent endowment funds are restricted funds that the donor has stated are to be held as capital.

h. Pension policy

The Academy operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Academy in an independently administered scheme.

i. VAT

The Academy is registered for VAT and, as a result of a significant part of its activities being exempt or outside the scope of VAT, is not able to recover all the purchase VAT relating to those activities. An amount of irrecoverable VAT of £81,013 (2010: £37,127) has been included in resources expended and allocated to the relevant cost headings on the basis described at (c) above.

2 Results of the subsidiary company

The Charity has one wholly owned subsidiary company, Academy of Medical Sciences Trading Limited, which was incorporated in England and Wales on 25 February 2010 with registered number 07170258. The Academy invested £1,000 in the £1 ordinary shares of the company on 1 April 2010 and made an initial loan of £100,000 secured under a debenture so that the company could cover the set up costs of the new conferencing business at 41 Portland Place. Conferencing and office rental activities commenced in early October 2010 and a summary of the results for the period and the balance sheet at 31 March 2011 are shown below. The company will donate any taxable profit to the Academy under Gift Aid, subject to its working capital requirements being maintained.

	2011 £
Profit & loss account	
Turnover	203,734
Costs of sales	(152,073)
Gross profit	51,661
Administrative expenses	(82,496)
Operating loss	(30,835)
Interest payable	(2,625)
Loss for the year	(33,460)

	2011 £
Balance sheet	
Current assets	137,064
Current liabilities	(69,524)
Net current assets	67,540
Loan from the charity	(100,000)
Net liabilities	(32,460)
Share capital	1,000
Profit & loss account	(33,460)
Shareholders' funds	(32,460)

On consolidation these results have been adjusted to eliminate income from meeting room hire to the Academy and rent payable to the Academy under a head lease. The balance is included in the SOFA at page 28 as income £153,582 and expenditure £201,514.

3 Incoming resources

a. Incoming resources from generated funds

	2011 £	2010 £
Voluntary income		
Fellows' subscriptions and contributions	204,180	207,436
Donations – capital appeal	2,718,399	1,586,274
Donations – core funds	454,245	427,710
Donations – Daniel Turnberg Memorial Fund	58,043	119,284
	3,434,867	2,340,704
Activities for generating funds		
Conferencing and office rentals	153,582	-
Investment income		
Income on investments	29,857	18,549
Short term deposit interest	8,862	19,779
Bank deposit interest	994	468
	39,713	38,796
Total incoming resources from generated funds	3,628,162	2,379,500

b. Incoming resources from charitable activities

	2011 £	2010 £
Grants and donations for specific purposes		
Leaders of tomorrow - careers	341,400	305,548
Leaders of tomorrow - fellowships	1,996,082	2,137,676
Medical science policy	136,625	180,678
Academia and industry	54,075	52,747
Total incoming resources from charitable activities	2,528,182	2,676,649
Total incoming resources	6,156,344	5,056,149

4 Resources expended

a. Analysis of total resources expended

	Direct costs £	Grant funding £	Support costs £	Total 2011 £	Total 2010 £
Costs of generating funds					
Fundraising costs	76,307	-	52,536	128,843	120,418
Conferencing and office rentals	201,514	-	-	201,514	-
Charitable activities					
Recognising excellence	74,826	-	34,441	109,267	116,337
Developing the leaders of tomorrow	300,638	1,937,259	228,479	2,466,375	2,543,008
Influencing medical science policy	282,314	-	81,938	364,252	182,110
Improving global health	50,995	77,960	28,020	156,975	161,622
Linking academia and industry	50,119	-	28,020	78,139	75,747
Engaging the public	63,603	-	28,019	91,622	86,392
Governance	51,754	-	8,756	60,510	69,808
Other resources expended	344,932	-	38,292	383,224	329,622
Total resources expended	1,497,002	2,015,219	528,501	4,040,721	3,685,064

b. Analysis of support costs

	Cost of premises £	Office & IT costs £	Staff & related costs £	Total 2011 £	Total 2010 £
Costs of generating funds	26,236	9,456	16,844	52,536	24,542
Charitable activities					
Recognising excellence	17,199	6,199	11,043	34,441	22,712
Developing the leaders of tomorrow	114,101	41,124	73,254	228,479	151,284
Influencing medical science policy	40,920	14,748	26,270	81,938	67,995
Improving global health	13,993	5,043	8,984	28,020	14,654
Linking academia and industry	13,993	5,043	8,984	28,020	16,885
Engaging the public	13,993	5,043	8,983	28,019	14,653
Governance	4,373	1,576	2,807	8,756	8,792
Other resources expended	19,122	6,892	12,278	38,292	14,454
Total support costs	263,930	95,124	169,447	528,501	335,971

Support costs are allocated on the basis of average staff time except where the terms of restricted funding specify a particular overhead recovery.

c. Analysis of governance costs

	2011 £	2010 £
Audit fees - charity	11,530	9,975
Audit fees – previous year	1,515	-
Audit fees - AMSTL	3,600	-
Costs of AGM and Council meetings	10,871	12,642
Staff and related costs	24,238	29,170
Strategy planning days	-	9,229
Allocated support costs	8,756	8,792
Total governance costs	60,510	69,808

The auditors also provided VAT advice relating to the refurbishment project at 41 Portland Place. The amount of £2,682 (2010 £4,313) is included as part of Other Resources Expended.

5 Trustee and employee information

a. Trustee information

None of the Council (trustees) received or waived emoluments in the current or preceeding year.

During the year 15 Council members (2010: 18) received reimbursed travel expenses of £6,050 (2010: £10,863).

b. Employee information

	2011 £	2010 £
Salaries	682,089	616,027
Employer's national insurance	72,553	64,671
Employer's pension contributions	45,829	33,565
	800,471	714,263

b. Employee information (continued)

The full-time average equivalent for staff during the year was 18.2 (2010: 17.6).

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2011	2010
£60,001 - £70,000	1	nil

Pension contributions paid by the Academy relating to higher paid employees as defined above amounted to £4,739 (2010: £nil)

6 Net incoming resources after charging:

	2011 £	2010 £
Audit fees - charity	11,530	9,975
Audit fees - previous year	1,515	-
Audit fees - AMSTL	3,600	-
Investment management fees	6,502	4,508
Loss (gain) on disposal of tangible fixed assets	(28)	73,384

7 Grants payable

The Academy administers three grant schemes: the Clinician Scientist Fellowship Scheme (CSFS) funded by the Health Foundation; the Starter Grants for Clinical Lecturer Scheme (CLS) funded by the Wellcome Trust and the Daniel Turnberg UK/Middle East Travel Fellowship Scheme (DTMF). Details of the Schemes are as follows:

	CSFS £	CLS £	DTMF £	Total 2011 £
Grants outstanding 1 April	183,596	-	20,585	204,181
Grants falling due in the year	768,043	1,169,216	77,960	2,015,219
Grants paid in the year	(859,777)	(1,169,216)	(71,240)	(2,100,233)
Grants outstanding 31 March	91,862	-	27,305	119,167
Grants to institutions <i>to develop the Leaders of tomorrow</i>	768,043	1,169,216	-	1,937,259
Grants to individuals <i>to improve global health</i>	-	-	77,960	77,960
Grants awarded in the year	768,043	1,169,216	77,960	2,015,219

Grants to 19 institutions were made in the year to a total value of £1,937,259. The following institutions received grants amounting to 10% or more of the total:

	£
University of Edinburgh	367,686
University of Cambridge	298,862
University College London	270,084
Imperial College London	198,574

8 Tangible fixed assets – Group and Charity

	Leasehold premises £	Refurbished property £	Furniture, fixtures & equipment £	Computer equipment £	Total £
Cost					
At 1 April	2,300,000	1,333,066	90,745	48,078	3,771,889
Additions	-	2,641,530	203,415	170,992	3,015,937
Disposals	-	-	(90,745)	(21,200)	(111,945)
At 31 March	2,300,000	3,974,596	203,415	197,870	6,675,881
Depreciation					
At 1 April	-	-	85,160	42,806	127,966
Charge for the year	41,441	71,614	10,783	23,537	147,375
Disposals	-	-	(85,772)	(21,200)	(106,972)
At 31 March	41,441	71,614	10,171	45,143	168,369
Net book value					
31 March 2011	2,258,559	3,902,982	193,244	152,727	6,507,512
31 March 2010	2,300,000	1,333,066	5,585	5,272	3,643,923

Leasehold premises represents the value of the leasehold property at 41 Portland Place/8 Weymouth Mews as transferred to the Academy from the Novartis Foundation on 31 July 2008. Following completion of the refurbishment of the property and occupation by the Academy in October 2010, the costs of construction and associated professional fees incurred to 31 March 2011 were transferred from *assets under construction* to a new restricted class of asset, *refurbished property*. Depreciation has been charged on leasehold premises and refurbished property from October 2010 so as to write off the value over the remaining term of the lease, expiring in July 2038.

9 Investments – Group

	2011 £	2010 £
At 1 April	848,025	-
Additions	33,149	710,000
Management fees	(6,502)	(4,508)
Net gain in market value	53,876	135,774
	928,548	841,266
Cash held for investment	10,168	6,759
Market Value at 31 March	938,716	848,025
Cost at 31 March	753,072	710,362

All investments are held in the Sarasin & Partners LLP Alpha Common Investment Fund for Endowments.

Investments of £939,716 as shown in the Charity only balance sheet include an investment in the Academy of Medical Sciences Trading Limited share capital of £1,000.

10 Debtors

	Group 2011 £	Charity 2011 £	Charity 2010 £
Amounts falling due within one year:			
Trade debtors	85,272	45,719	100,986
Prepayments	44,980	44,980	31,435
Accrued income	64,828	64,828	42,079
VAT recoverable	-	-	86,736
Other debtors	70,425	30,349	19,114
Amount falling due after more than one year:			
Loan to subsidiary	-	100,000	-
	265,505	285,876	280,350

11 Creditors

	Group 2011 £	Charity 2011 £	Charity 2010 £
Amounts falling due within one year:			
Grants payable	119,167	119,167	204,181
Trade creditors	504,461	477,549	763,027
Accruals	107,834	102,735	37,189
Deferred income	371,788	349,117	245,061
PAYE/NIC Liability	19,543	19,543	19,340
VAT payable	4,996	2,617	-
Amount owed to subsidiary	-	1,954	-
	1,127,789	1,072,682	1,268,798

11b Deferred Income

	Group 2011 £	Charity 2011 £	Charity 2010 £
Deferred income brought forward	245,061	245,061	388,417
Less: Amount used in the year	(245,061)	(245,061)	(388,417)
Income accrued within the year:			
Grants from institutions	349,117	349,117	245,061
Conferencing deposits	22,671	-	-
Deferred income carried forward	371,788	349,117	245,061

12 Movement on group funds

	Balance 1 Apr 2010 £	Income £	Expenditure £	Transfers £	Revaluation £	Balance 31 Mar 2011 £
Permanent endowment						
Jean Shanks Memorial Fund	182,583	-	(1,389)	-	11,552	192,746
Sackler Fund	60,861	-	(463)	-	3,852	64,250
Daniel Turnberg Memorial Fund	648,658	58,043	(22,150)	-	38,472	723,023
Total permanent endowment	892,102	58,043	(24,002)	-	53,876	980,019
Restricted funds						
The Health Foundation:						
Fellowships	221,987	776,623	(768,455)	-	-	230,155
Administration	41,391	78,084	(92,995)	(40)	-	26,440
The Wellcome Trust:						
Starter Grants	-	1,169,216	(1,169,216)	-	-	-
Administration	1,545	88,498	(88,091)	(572)	-	1,380
British Heart Foundation	-	10,000	(972)	-	-	9,028
DOH Mentoring Scheme	43,781	118,453	(142,820)	(4,505)	-	14,909
Other Mentoring Schemes	8,187	24,012	(3,667)	-	-	28,532
Scottish Peer Review	-	11,001	(5,143)	-	-	5,858
Project/meeting contributions	119,822	136,839	(154,115)	(259)	-	102,287
Jean Shanks Memorial Fund	-	6,441	(6,441)	-	-	-
Sackler Fund	1,194	2,147	(3,341)	-	-	-
Daniel Turnberg Memorial Fund	683	81,924	(81,703)	(230)	-	674
Foulkes Foundation	1,010	1,502	(145)	-	-	2,367
Medical Research Society	25,641	34	(14,779)	-	-	10,896
Capital Appeal	2,233,012	2,721,718	(294,144)	(4,505,563)	-	155,023
Restricted Asset Fund	-	-	(103,159)	4,349,003	-	4,245,844
Total restricted funds	2,698,253	5,226,492	(2,929,186)	(162,166)	-	4,833,393
Unrestricted funds						
General Fund	590,613	871,809	(991,983)	5,650	-	476,089
Designated funds						
Designated Relocation Fund	75,786	-	(20,891)	156,516	-	211,411
Designated 41 Portland Place Fund	33,218	-	(33,218)	-	-	-
Designated Asset Fund	2,300,000	-	(41,441)	-	-	2,258,559
Total designated funds	2,409,004	-	(95,550)	156,516	-	2,469,970
Total unrestricted funds	2,999,617	871,809	(1,087,533)	162,166	-	2,946,059
Total funds	6,589,972	6,156,344	(4,040,721)	-	53,876	8,759,471

The Jean Shanks Memorial Fund: the sum of £150,000 is to be held in perpetuity to fund an annual Jean Shanks Memorial Lecture. Income arising from the investment of the donation is treated as a restricted fund.

The Sackler Fund the sum of £50,000 was donated by The Raymond and Beverly Sackler Foundation to be held in perpetuity to fund an annual lecture. Income arising from the investment of the donation is treated as a restricted fund.

The Daniel Turnberg Memorial Fund: the Academy holds funds as sole trustee of the Daniel Turnberg Memorial Fund set up to foster academic interchange between medical and bioscience researchers in and between the UK and countries in the Middle East by award of travel grants. The balance of £723,023 represents the capital of the fund at 31 March 2011. Income arising on the fund is treated as restricted income from which annual grants will be paid in the future.

The Health Foundation

Fellowships: The Health Foundation (THF) provides funding to cover salaries and research expenses for the Clinician Scientist Fellowship Scheme. The balance on this fund represents the amounts still to be claimed from previous rounds and current year's funding.

Administration: In 2007 THF agreed to support the Academy with £500,000 over six years to cover the costs of a Grants Officer and administration costs for the CSF Scheme.

The Wellcome Trust Clinical Lecturer Scheme: the Wellcome Trust is providing £450,000 over five years in annual instalments for the Academy to set up and administer a £5 million Starter Grant scheme to clinical lecturers to help in the early stages of their research careers.

The DOH Mentoring Scheme: Department of Health funding for the design and implementation of a mentoring scheme to support researchers in receipt of Clinician Scientist Awards and other young researchers who are developing a career in academic medicine.

Other Mentoring Schemes: NHS Education for Scotland contributed £10,000 to assist with expanding the Academy's mentoring and outreach scheme to activities in Scotland and funding of £8,000 was also obtained for Northern Ireland and £6,000 for Wales.

Scottish SCF Scheme Peer Review: £11,000 was provided by the Scottish Funding Council to cover the costs of the Academy's co-ordination of the peer review of applications to the Scottish Senior Clinical Fellowship scheme during 2011.

Project/meeting contributions: specific donations to support meetings and other activities.

Foulkes Foundation: this represents unexpended amounts from an annual donation to be used for bursaries to young researchers.

Medical Research Society: this fund supports the Clinical Research Champions Scheme set up to enable young doctors to network with senior clinical academics to promote academic medicine as a career pathway.

Capital appeal: donations received in response to the Academy's fundraising appeal to support the refurbishment of 41 Portland Place to establish it as the Academy's new headquarters. Transfers out of this fund during the year of £4,505,563 include £156,516 repayment of designated relocation funds and £4,349,003 capitalisation of completed project costs.

Restricted Asset Fund: this fund represents the capital project costs, comprising construction costs and professional fees of £3,974,596; fixtures and fittings of £203,415 and computer equipment of £170,992 that have been funded by restricted donations under the Capital Appeal, together with associated depreciation.

Designated Relocation Fund: this fund was set up by the Finance Committee to support the establishment of a new headquarters for the Academy. It was replenished during 2010 with £156,516 from fundraising under the Capital Appeal and will be used to support the trading subsidiary during the first years of its operation.

Designated 41 Portland Place Fund: this fund was used to cover the running costs of 41 Portland Place and 8 Weymouth Mews during the refurbishment and has been fully expended.

Designated Asset Fund: comprises the value of the leasehold premises at 41 Portland Place and 8 Weymouth Mews in July 2008 on merger with the Novartis Foundation. Depreciation has been charged from occupation of the building in October 2010.

13 Transfer between funds

	General Fund £	Restricted Funds £	Relocation Funds £	Total £
Designated funds refunded by fundraising from Capital Appeal	-	(156,516)	156,516	-
Elimination of inter-company room hire	5,650	(5,650)	-	-
	5,650	(162,166)	156,516	-

14 Analysis of group net assets

	General fund £	Designated funds £	Restricted funds £	Permanent endowment fund £	Total £
Fixed assets	3,109	2,258,559	4,245,844	-	6,507,512
Investments	-	-	-	938,716	938,716
Cash on deposit and at bank	568,525	211,411	1,359,230	36,361	2,175,527
Other net current (liabilities)/assets	(95,545)	-	(771,681)	4,942	(862,284)
	476,089	2,469,970	4,833,393	980,019	8,759,471

15 Company status and membership

The company is a company limited by guarantee and does not have a share capital. In the event of the company being wound up, the liability of each member is limited to £10. At 31 March 2011 there were 983 members.

16 Related party transactions

During the year a donation of £500 for Forum membership and a contribution of £10,000 to the Starter Grants initiative were received from the British Heart Foundation, a charity for which three members of Council, Professor Patrick Sissons Professor Kay-Tee Khaw and Professor Robert Lechler acted as trustees. The trading subsidiary received income for rent, service charges and room hire of £63,818 from Arthritis Research UK, a charity for which Professor Patrick Sissons acted as a trustee. A donation to the Capital Appeal of £20,000 was received from Sanofi Aventis, a company in which Professor Jeffrey Almond holds stock and share options. The charity has provided a loan facility to the Academy of Medical Sciences Trading Limited of £200,000 in an agreement of 1 April 2010 secured by way of a debenture of the same date. Interest on the loan is payable at a margin above LIBOR and there are flexible terms for repayment of the borrowing. At the balance sheet date £100,000 had been drawn down under the facility and the charity does not intend to recall the loan before 31 July 2012.

17 Subsidiary charity

The Academy is the sole trustee of the Daniel Turnberg Memorial Fund, a separate charity but treated as part of the Academy for the purposes of registration and accounting under Parts II and VI of the Charities Act 1993. The Daniel Turnberg Memorial Fund is shown as a separate endowed fund of the Academy at Note 12 and income arising from the investment of the fund is shown as restricted income in that note.

18 Capital commitments

There were no capital commitments at 31 March 2011. An amount of £86,232 retained under the refurbishment project and representing 2.5% of the construction contract and associated professional fees will be paid in August 2011 on completion of the defects period. The amount has been accrued for in these accounts and appears in creditors at Note 11.

19 Post balance sheet event

The Academy and the Medical Research Society have been in discussions over opportunities for merger since 2007. The trustees of both charities formally approved a merger at meetings in October 2011. The assets of the Medical Research Society will be transferred to the Academy on 31 October 2011.



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