



# **Annual Report and Financial Statements**

**31 March 2007**

Registered Charity No: 1070618  
Registered Company No: 3520281

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## Administrative Details

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**Name of Charity:** The Academy of Medical Sciences

**Registered Charity No:** 1070618

**Registered Company No:** 3520281

**Principal Address:  
(and Registered Office)** 10 Carlton House Terrace  
London  
SW1Y 5AH

**Principal Bankers:** Lloyds TSB Bank Plc  
39 Threadneedle Street  
London  
EC2R 8AU

**Auditors:** Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

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

**President: Professor Sir Keith Peters FRS PMedSci (Retired 16 November 2006)**  
Past President, Academy of Medical Sciences

**President: Professor John Bell PMedSci (Elected 16 November 2006)**  
Regius Professor of Medicine, University of Oxford

**Vice-President: Sir John Skehel FRS FMedSci**  
Former Director of the National Institute for Medical Research

**Vice-President: Professor Sir Michael Rutter CBE FRS FBA FMedSci**  
Professor of Developmental Psychopathology, King's College London

**Treasurer: Professor Ian Lauder FMedSci**  
Dean, Leicester Medical School

**Registrar: Professor Patrick Vallance FMedSci (Retired 16 November 2006)**  
Senior Vice President, Drug Discovery, GlaxoSmithKline Research and Development

**Registrar: Professor Patrick Maxwell FMedSci (Elected 16 November 2006)**  
Professor of Nephrology, Imperial College London

**Ordinary Members of Council:**

Professor Frances Balkwill FMedSci	appointed 16 November 2006
Professor Stephen Bloom FMedSci	
Professor Andrew Bradley FMedSci	resigned 16 November 2006
Professor Yvonne Carter OBE FMedSci	appointed 16 November 2006
Professor Sir Alan Craft FMedSci	
Professor George Griffin FMedSci	resigned 16 November 2006
Professor Christopher Haslett OBE FRSE FMedSci	
Professor Martin Humphries FMedSci	
Professor Susan Iversen CBE FMedSci	
Professor Eve Johnstone CBE FMedSci	resigned 16 November 2006
Professor Christopher Kennard FMedSci	
Professor Robert Lechler FMedSci	
Professor Peter McGuffin FMedSci	
Professor Paul Morgan FMedSci	
Professor David Neal FMedSci	appointed 16 November 2006
Professor Stephen O'Rahilly FRS FMedSci	
Professor Linda Partridge CBE FRS FRSE FMedSci	
Professor Mark Pepys FRS FMedSci	resigned 16 November 2006
Professor Stephen Smith FMedSci	
Professor John Tooke FMedSci	resigned 16 November 2006
Professor Veronica van Heyningen FRSE FMedSci	appointed 16 November 2006
Professor Herman Waldmann FRS FMedSci	
Professor Moira Whyte FMedSci	appointed 16 November 2006

**Co-opted members of Council:**

Professor John Aggleton FMedSci	appointed 16 November 2006
Professor David Delpy FRS FREng FMedSci	
Professor Barry Furr OBE FMedSci	
Professor Eric Thomas FMedSci	resigned 16 November 2006
Professor Graham Watt FMedSci	resigned 16 November 2006

The Honorary Officers and Members of Council are the trustees of the charity and the directors of the company.

The Executive Director during the period of audit was Mrs Mary Manning.

## Report of the Council for the year ending 31 March 2007

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### **Structure, governance and management**

The Academy of Medical Sciences is a registered charity and a 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.

The Academy promotes advances in medical science and campaigns to ensure these are converted into healthcare benefits for society. The current Fellowship of 890 leading medical scientists from hospitals, academia, industry and the public service make up an integrated, national resource, outside the framework of government, to advise on public policy issues in medical science and healthcare.

The Academy is run by a Council of 23 Fellows, elected from the body of the Fellowship. Council meets five times a year, in February, April, June, October and November. The five Honorary Officers (President, two Vice-Presidents, Treasurer and Registrar) are elected by Council from nominations received from the Fellowship. Council may, from time to time, co-opt additional Fellows to provide balance or expert advice. New Council members are provided with information relating to their responsibilities as trustees of the charity. Following a review of ways to enhance the introduction of new members to the Academy, the programme for the June 2006 Admission Day included an induction seminar for new Fellows and Council members. The feedback from participants was very positive and it is planned to include the seminar in future programmes.

Fellows elected to Council hold office for three years before retiring at the Annual General Meeting. The Honorary Officers retire by rotation, one of the five being required to retire each year. In July 2006 the Registrar, Professor Patrick Vallance FMedSci retired early due to work commitments and was succeeded by Professor Patrick Maxwell FMedSci. In November 2006 Sir Keith Peters FRS PMedSci, President, demitted office and was succeeded by Professor John Bell, PMedSci.

The Honorary Officers and the Council set the strategic direction of the organisation and oversee the work of the small secretariat based in London. Academy activities and studies are selected by Council for the contribution they make to national debate and policy-making and are informed by the independent opinion, experience and expertise of the Fellowship. The Finance Committee, chaired by the Treasurer, oversees the financial management of the Academy. It meets three times a year and reports regularly to Council. Its responsibilities include that of audit committee and general purposes.

### ***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.

### ***The Fellowship***

Candidates are elected to the Fellowship each year, primarily for their outstanding contribution to the advancement of medical science, for their innovative application of existing scientific knowledge, or for their conspicuous service to medical science and healthcare through their leadership or administrative prowess.

The annual election is overseen by the Registrar. The call for nominations is issued in July, with a deadline for nominations at the end of September. All candidates are assessed by one of seven sectional committees. Fellows with relevant experience are asked to provide referees' reports. The sectional committees make recommendations to Council in April and newly elected Fellows are admitted to the Academy in a ceremony in June. 40 new Fellows were elected in April 2006.

Fellows and external advisers serve the Academy, without compensation, in a range of activities: as members of working groups, as speakers and participants at symposia, and as providers of evidence for Academy projects and consultation responses.

Fellows act as Academy representatives on external bodies: for example, the Board of the UK Clinical Research Collaboration, and the Advisory Board to the Department of Health's National Institute for Health Research. The Academy's President currently serves as interim Chairman of the Office for Strategic Coordination of Health Research (OSCHR).

The President, Vice-President Clinical, Treasurer and Executive Director visited the Institute of Medicine and National Institutes of Health in Washington in October 2006. The visit was designed to promote the Academy and learn about similar organisations in the USA.

## **Objectives and activities**

The Academy of Medical Sciences seeks to play a pivotal role in determining the future of medical science in the UK and the benefits that society will enjoy in years to come. The overall aim of the Academy is to ensure that the UK retains its position as a world-class leader in biomedical research. At the heart of the strategic plan are five goals:

- To encourage internationally competitive medical science and the translation of that knowledge, and its associated technologies, from the laboratory bench to the delivery of healthcare.
- To influence the development and implementation of national policy in matters of medical science and healthcare.
- To engage with the public to build confidence and participation in the practice of medical research.
- To attract the brightest individuals to careers in biomedical science in academe and industry.
- To contribute to improvements in global health.

The Academy recognises that it cannot attempt to cover all the issues of the day but it can play a significant role as a catalyst, urging others to action, forming strategic partnerships and sharing expertise and experience where appropriate. Partners are drawn from higher education, learned societies, the research councils, medical research charities, industry, public bodies, legal profession, regulatory agencies, medical royal colleges and many others.

Five key programmes underpin the Academy's work:

- Policy advice
- Working with industry
- Building research capacity
- Public engagement
- Global health

These programmes take account of crosscutting issues, performance monitoring and evaluation of outcomes. In order to achieve a balanced assessment, results are monitored at organisational and individual level in four main areas: influencing key stakeholders, evidence of impact, timeliness and topicality, promoting awareness of the Academy, and added value.

## **Achievements for the year**

### ***The Strategic Plan***

Following consultation with Fellows, Council and other stakeholders during 2005 and early 2006, the Academy published a new five-year strategic plan in June 2006. Two new goals were identified: the potential for the Academy to contribute to the development of global health and the need to engage with the public to build confidence and participation in the practice of medical research. Progress during the year in these two new areas is discussed below.

The Plan also stressed the importance of engaging a wide range of Fellows more fully in the work of the Academy and the need to improve the visibility of the Academy at home and abroad. The appointment of a Communications Manager during the year has ensured that processes are in place to improve communication both internally and to external parties.

### ***Medical Science Policy***

The Academy provides policy advice through the publication of evidence-based reports with recommendations on specific topics or issues, produced by interdisciplinary expert groups. Reports are produced by the Academy alone or in partnership with other bodies. In the year under review the Academy published a series of joint studies: 'The use of non-human primates in research' with Sir David Weatherall FRS FMedSci; 'Systems Biology' with the Royal Academy of Engineering; and 'Pandemic Influenza: science to policy' with the Royal Society.

In the spring 2006 the Academy responded to the difficult circumstances of the TGN1412 clinical trial at Northwick Park in March with a paper on 'Monoclonal antibody therapies'.

Commissions from Government to provide authoritative advice to questions of national importance, particularly those that involve a cross-departmental approach, are always welcome and in 2006 the Academy embarked on a major investigation into 'Brain science, addiction and drugs'. A novel feature of this project, due to publish in December 2007, is the public consultation that will feed into the development of the report recommendations.

The Academy has a strategic interest in evaluation exemplified in the work of the Academy's UK Evaluation Forum, a body composed of representatives from UK funding organisations, including the public, charitable, academic and commercial sectors. The UK Evaluation Forum aims to explore how different organisations assess the outputs and outcomes of investments in research, how best practice can be shared and implemented, and how such activities can be co-ordinated in order to develop a nation-wide view in a global context. A review paper 'Medical Research, assessing the benefits to society' was published in June 2006 highlighting the need for better evidence.

Workshops and symposia provide an opportunity for public and private sector experts to discuss contentious issues in medical science and healthcare. In September, the Academy held a meeting on the 'Science of violence'. It provided a rare opportunity to bring together medical scientists, policy-makers,

lawyers, the media, the general public and law enforcers to discuss ways in which the epidemiological, medical and public health sciences could contribute to the evidence-base underpinning policy making about violence. As part of the follow up to the 2005 'Personal data for public good' report, a symposium on the use of health information in research was held in partnership with the University of Cambridge Law Faculty in June 2006.

The Academy responds to consultations from Government, Parliament and other organisations. In 2006/07 the Academy responded to Sir David Cooksey's Review of UK Health Research and to consultations on the operation of NHS Research Ethics Committees, Research Assessment Exercise 2008, the role and operation of NICE, the use of science in the Home Office, the efficiency and effectiveness of peer review, ethical issues in public health, the Electronic Patient Record, and microbiology and infectious disease research, amongst others.

### ***Working With Industry***

Established in 2003 as a mechanism for bringing together biomedical scientists from academe and industry, the industry Forum currently has over 25 active members, including representatives from the major pharmaceutical and biotech companies. Members contribute around £65,000 annually in membership fees towards running costs and the individual Forum programmes.

In the year under review, two symposia were held, the first on 'Experimental Medicine' in April, and the second on 'Drug Discovery' in December. Dame Nancy Rothwell, FRS FMedSci delivered the annual Forum lecture on 'The highs and lows of academic-industrial collaboration'. A working group was appointed to investigate career opportunities for biomedical scientists working in academe and industry. A report will be published in 2007.

### ***Education And Training: Building Research Capacity***

The Academy continues to play a central role in developing and supporting the UK's biomedical research workforce. The work is undertaken through the policy and outreach work of the Academy's Careers Committees, which include young scientists and representatives of partner organisations and industry.

The Academy manages 10 clinician scientist fellowships funded by The Health Foundation, and supports the Foundation with the development of new schemes and the implementation of peer review. It also manages two fellowships funded by the Allgemeines Treuunternehmen Foundation and the Primary Immunodeficiency Association. The Visiting Lecturer Programme was launched in February at the Peninsula Medical School in Devon and this will be extended to other regions of the UK.

The Academy's academic careers website was re-launched in March 2007; this is the first website in the UK dedicated to the provision of careers information and guidance for anyone contemplating a career in academic medicine, whether in the laboratory or clinic. In addition, the Academy's regular programme of Mentoring Workshops continued to support Fellows and trainees.

### ***Grant making policy***

The Academy's prestigious research and training fellowships are offered to clinical researchers of exceptional ability who have the potential to become leaders in their field. The fellowships are widely publicised and candidates are scrutinised by external referees. The final appointments are made by an expert panel of academic clinicians. All fellowships are portable. Grant holders are required to submit annual reports and these are sent out for review.



### **Public And Stakeholder Engagement**

The success of the research enterprise in the UK depends on the active participation of its citizens – in data collection, clinical trials, in public support. The Academy prioritised public engagement work as a major component of its 2006 Strategic Plan and with over 400 doctors, the 'front line' in healthcare, amongst its Fellowship, as well as distinguished journalists and writers, is well placed to tackle areas of public interest. The appointment of a Communications Manager in August 2006 opened the way to a more publicly 'engaged' organisation and a number of internal reforms were implemented to improve the Academy's outward looking stance.

The *Drugsfutures* public engagement programme illustrates the Academy's commitment to explore public opinion on complex and controversial issues relating to medical science and research. *Drugsfutures* was commissioned to provide the Academy's 'Brain science, addiction and drugs' working group with an insight into the views of a broad cross-section of the public on current and future drug use. Over three months, a total of 25 face-to face workshops were held in eight locations across the UK (Belfast, Birmingham, Exeter, Glasgow, Liverpool, London, Merthyr Tydfil and Norwich). Over 500 participants attended the workshops and an on-line consultation provided an additional opportunity for members of the public to express their views.

### **Global Health**

The inclusion of global health in the work of the Academy represented a significant re-focusing of Academy effort. There is much relevant expertise within the Academy Fellowship that could be mobilised: experts in tropical medicine and vaccines, health policy in the European Union, child health in developing countries, health systems research, the health needs and challenges of migrating populations. Academy President, Professor John Bell, hosted a roundtable meeting at the Academy in March, attended by Fellows working in the UK and overseas, to develop a work plan.

The Academy's network of international links includes the Institute of Medicine (IOM) in the USA, the Federation of European Academies of Medicine (FEAM), and the InterAcademy Medical Panel, and the Academy of Medical Sciences in China.

In October the Academy, jointly with GlaxoSmithKline, the Wellcome Trust and Medical Research Council hosted a meeting on 'Diseases of the developing world'. The annual Jean Shanks Lecture in November was delivered by Dr Tachi Yamada FMedSci, Director of Programmes for the Bill & Melinda Gates Foundation, on 'Challenges and opportunities in global health'.

### **Plans for the future**

Next year, 2008, is the 10th Anniversary of the Academy and it is hoped that the year will be marked by the expansion of the Academy's programmes in accordance with the Strategic Plan and the provision of an independent headquarters for the Fellows and staff.

The Strategic Plan envisages some expansion in the Academy's programme work in 2007/08, to include:

Policy work and careers in biomedical science – Policy reports will be published in Autumn/Winter 2007 following the conclusions of two major working groups on 'Correlational/Observational Methods' and 'Brain Science, Addiction and Drugs'. Reports on 'Careers in Industry' and 'MB/PhD programmes' will also be published. The Academy will continue to contribute to plans for a UK strategy for primate research, developed in response to the Academy's earlier report 'The use of non-human primates in research'.

The Academy also intends to expand the Mentoring Programme and employ a dedicated staff member once funding has been secured. It is also hoped that the successful partnership with The Health Foundation in managing the Clinician Scientist Fellows will be continued, with the appointment of a new round of Fellowships.

Global health – Following the roundtable meeting in March, a selection of issues will be taken forward via surveys, symposia and a dedicated working group.

Public engagement - The Academy aims to encourage public and stakeholder involvement in its future work in a number of ways including the appointment of a lay panel to discuss priority areas in biomedical science and healthcare and involving members of the public at various stages of the Academy's working groups' research. The Academy's report 'Inter-species embryos', to be published in summer 2007 will make a commitment to undertake a significant component of public engagement to help inform future debate in this area.

The Academy office is currently 14 strong and is steadily outgrowing the accommodation at 10 Carlton House Terrace. The Council has reviewed the Academy's needs for the longer term and recommended that the office should be relocated. Steps are now in hand to secure a more substantial headquarters. The prospect of a new Academy building opens up new possibilities. The building would become the UK headquarters of the Academy. It would be used for the promotion of scientific excellence, to provide a forum for scientific exchange and networking for scientists from across the world, a centre for lively interaction with press and media, and a welcoming space for members of the public. A sub-committee of Council has been appointed to take matters forward, chaired by the Academy Treasurer, Professor Ian Lauder, FMedSci.

The success of these plans depends on adequate funding and a new Fundraising Manager was appointed in April 2007 to develop a fundraising strategy to identify new sources of income and to support existing funders.

## **Financial review**

The year has seen much success with the continued development of existing activities and expansion into new areas, in line with the Strategic Plan.

Income, excluding funding for the Clinical Research Fellowships, increased by 21% from just over £1 million in the previous year to £1.23 million in 2006/07. Income received from the Department of Health and Office of Science and Innovation for the Brain Sciences project was mostly responsible for the increase, together with a rise in bank interest as deposits and interest rates increased over the year.

Total expenditure increased by 15% to £2.05 million, £960,000 of which related to the Training Fellowships. The cost to the Academy of other activities was £1.09 million compared with £690,000 in 2005/06, a rise of nearly 60%. This reflects an expansion of the Academy's activities as major programmes, such as the Brain Sciences project, came on line and new areas of activity, such as global health, were introduced. Staff costs increased by £100,000 as additional staff were appointed to ensure full support for the new activities.

Expenditure on education and training increased by £50,000 to £148,000 and reflected an increase in the staff complement and additional expenditure on the re-launching of the careers website. A new Communications Manager was appointed to take forward the proposals outlined in the Academy's Strategic Plan on the need to look at ways of engaging with the public over issues relating to medical science. £65,000 was spent developing activities in this area.

The surplus of £85,000 on unrestricted funds for the year was encouraging and the balance of £1.14 million on unrestricted funds at 31 March 2007 will ensure that the Academy is well placed to face future challenges and the increased costs arising from the relocation plans.

Restricted funds decreased by £190,000 as most of the Academy's restricted funding is received in advance and much of the current year's expenditure relates to funds received in the previous year. The balance of restricted funds at 31 March 2007 was £670,000.

At 31 March 2007 total reserves were £2.01 million; £1.14 million unrestricted reserves, £670,000 restricted funds and £200,000 endowed funds.

### ***Reserves Policy***

The Finance Committee regularly reviews the level of unrestricted reserves retained, with particular reference to 3-year income and expenditure forecasts, with the objective of safeguarding the Academy's activities against potential shortfalls in funding. The Finance Committee recommended in February 2007 that the policy be monitored particularly carefully given the uncertainty over core funding identified in the forecasts but confirmed that the policy be maintained so that a minimum of six months expenditure on core activities be retained as free reserves. Any excess above the target level could be transferred to the Designated Relocation Fund.

At 31 March 2007 the balance of unrestricted reserves was £1.14 million; £530,000 in the General Fund and £610,000 in the Designated Relocation Fund. The level of free reserves (General Fund less the net book value of fixed assets) was £513,000. This compared to a minimum level of some £430,000 based on budgeted expenditure for 2007/08 and the Committee was satisfied that the balance on the General Fund was appropriate for the requirements of the Academy. The Finance Committee will continue to monitor the policy to ensure that the target level of free reserves adequately safeguards the Academy against potential shortfalls in funding.

### ***Fundraising***

The Academy gratefully acknowledges the generosity of the many trusts, foundations and personal contributions it has received. The Academy is particularly indebted to the generous support from GlaxoSmithKline, the Welton Foundation, Cancer Research UK, the Foulkes Foundation, AstraZeneca, the Medical Research Society, Leeds Oral Surgery Trust, the National Police Improvement Agency and the University Hospitals Association.

We are most grateful for the continued support from government - The Department of Health, the Medical Research Council, the Biotechnology and Biological Sciences Research Council, and the Office of Science and Innovation at the Department of Trade and Industry.

## Statement of Council's Responsibilities

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Company law requires the Council, who are the trustees of the charity and directors of the company, to prepare accounts for each financial year that give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of the surplus or deficit of the charitable company for that period. In preparing those accounts, the Council are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are 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 Council are also responsible for ensuring that the Report of the Council and other information included in the annual report is prepared in accordance with Company law in the United Kingdom.

### **Audit Information**

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware.
- As the directors of the company we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are 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.

Approved by the Council on 4 October 2007 and signed on its behalf by:



Professor John Bell PMedSci  
President

## Independent Auditors' Report to the Members of the Academy of Medical Sciences

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We have audited the financial statements of The Academy of Medical Sciences for the year ended 31 March 2007, which comprise the Statement of Financial Activities (incorporating the Summary Income and Expenditure Account), the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditors' report addressed to them. 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 Auditors***

The responsibilities of the Council (who are also the directors of The Academy of Medical Sciences for the purposes of company law) for preparing the Council's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Council's Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council members' remuneration and other transactions is not disclosed.

We read the Council's Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

### ***Basis of Audit Opinion***

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- The financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including the income and expenditure of the charitable company for the year then ended.
- The financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information proved in the Council's Annual Report is consistent with the financial statements.

A handwritten signature in black ink that reads "Kingston Smith LLP". The signature is written in a cursive, flowing style.

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Kingston Smith LLP  
Chartered Accountants  
and Registered Auditors

Date: 9 October 2007

## Statement of Financial Activities (Incorporating the Summary Income and Expenditure Account) for the year ended 31 March 2007

	Note	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Fund £	Total 2007 £	Total 2006 £
<b>Incoming Resources</b>						
<b><i>Incoming resources from charitable activities</i></b>						
Fellows' subscriptions		159,905	-	-	<b>159,905</b>	154,665
Academy activities		4,820	-	-	<b>4,820</b>	4,805
Education and training		-	43,233	-	<b>43,233</b>	62,250
Clinical research training fellowships	4	-	717,839	-	<b>717,839</b>	1,301,036
Medical science policy		-	305,907	-	<b>305,907</b>	70,000
Medical science & industry (Forum)		68,075	7,775	-	<b>75,850</b>	66,075
<b><i>Incoming resources from generated funds</i></b>						
Donations		409,308	111,593	-	<b>520,901</b>	562,914
Bank interest		69,638	49,449	-	<b>119,087</b>	97,413
<b>Total Incoming Resources</b>		<b>711,746</b>	<b>1,235,796</b>	<b>-</b>	<b>1,947,542</b>	<b>2,319,158</b>
<b>Resources Expended</b>						
<b><i>Charitable activities</i></b>						
Academy activities		156,032	9,732	-	<b>165,764</b>	145,501
Education and training		90,085	57,499	-	<b>147,584</b>	97,113
Clinical research training fellowships	4	2,741	957,270	-	<b>960,011</b>	1,080,010
Medical science policy		161,378	391,456	-	<b>552,834</b>	262,584
Medical science & industry (Forum)		64,488	7,775	-	<b>72,263</b>	84,139
Public engagement		63,749	1,000	-	<b>64,749</b>	-
<b>Costs of generating funds</b>		<b>10,483</b>	<b>-</b>	<b>-</b>	<b>10,483</b>	10,393
<b>Governance costs</b>		<b>64,233</b>	<b>-</b>	<b>-</b>	<b>64,233</b>	93,497
<b>Other resources expended</b>		<b>14,235</b>	<b>-</b>	<b>-</b>	<b>14,235</b>	-
<b>Total Resources Expended</b>	2	<b>627,424</b>	<b>1,424,732</b>	<b>-</b>	<b>2,052,156</b>	<b>1,773,237</b>
<b>Net incoming/(outgoing) resources for the year</b>	5	<b>84,322</b>	<b>(188,936)</b>	<b>-</b>	<b>(104,614)</b>	<b>545,921</b>
Funds b/forward 1 April 2006		1,053,783	856,039	200,000	<b>2,109,822</b>	1,563,901
<b>Funds c/forward 31 March 2007</b>		<b>1,138,105</b>	<b>667,103</b>	<b>200,000</b>	<b>2,005,208</b>	<b>2,109,822</b>

All amounts relate to continuing operations.

The charitable company has no gains or losses other than the result for the year.

The notes on pages 16-24 form part of these financial statements.

## Balance Sheet as at 31 March 2007

	Note	2007 £	2006 £
<b>Tangible Fixed Assets</b>	6	<b>17,142</b>	17,370
<b>Current Assets</b>			
Debtors	7	<b>292,321</b>	128,148
Cash on deposit		<b>2,110,684</b>	2,485,918
Cash at bank and in hand		<b>68,249</b>	85,903
		<b>2,471,254</b>	2,699,969
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	8	<b>(483,188)</b>	(607,517)
<b>Net Current Assets</b>		<b>1,988,066</b>	2,092,452
<b>Net Assets</b>	10	<b>2,005,208</b>	2,109,822
<b>Represented by:</b>			
Permanent Endowment Fund		<b>200,000</b>	200,000
Restricted Funds		<b>667,103</b>	856,039
Unrestricted Funds:			
General Fund		<b>527,340</b>	428,783
Designated Fund		<b>610,765</b>	625,000
<b>Total Funds</b>	9	<b>2,005,208</b>	2,109,822

The accounts were approved by the Council on 4 October 2007 and signed on its behalf by:



\_\_\_\_\_  
President

**Professor John Bell PMedSci**



\_\_\_\_\_  
Treasurer

**Professor Ian Lauder FMedSci**

The notes on pages 16-24 form part of these financial statements.



## Notes to the Financial Statements for the year ending 31 March 2007

### 1 Accounting policies

The principal accounting policies applied in the preparation of the financial statements of the charitable company 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 1985. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities: Statement of recommended practice" published in March 2006, and applicable accounting standards. Where appropriate, comparative figures have been restated.

#### 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.

#### 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 they have been allocated to activities on a basis consistent with the use of the resources.

**Direct costs**, including directly attributable salaries, are allocated on an actual basis to the key areas of activity. Overheads and other salaries, described as **support costs**, are allocated between expense headings 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** are support costs expended in seeking new sources of funding for the Academy.

**Other resources expended** relate to surveyors' and other professional fees incurred in researching the options of relocating to 41 Portland Place, London.

**Clinical Research Training Fellowships** are charged in the year when the conditions for each award are fulfilled.

#### d) Tangible fixed assets

All capital expenditure greater than £500 is capitalised 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 and office equipment	10%
Computer equipment	25%

e) **Funds**

Unrestricted funds comprise a General Fund, held for the general objects of the Academy's work, and a Designated Fund that has been allocated by the Finance Committee to cover the costs of the eventual relocation from 10 Carlton House Terrace. Restricted income funds are funds used for specific purposes as laid down by the donor. Expenditure that meets these criteria is identified to the specific fund. Permanent endowment funds are restricted funds that the donor has stated are to be held as capital.

f) **Tax status**

The charitable company is a registered charity and is not subject to corporation tax on its current activities.

g) **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. The pension cost charge represents the amounts payable by the Academy amounting to £26,663 (2006: £19,284).

## 2 Resources expended

### a) Analysis of total resources expended

	Direct Costs £	Grant Funding £	Support Costs £	Total 2007 £	Total 2006 £
<b>Charitable activities</b>					
Academy activities	129,684	-	36,080	<b>165,764</b>	145,501
Education and training	111,142	-	36,442	<b>147,584</b>	97,113
Fellowships	5,889	918,255	35,867	<b>960,011</b>	1,080,010
Medical science policy	458,261	-	94,573	<b>552,834</b>	262,584
Medical science & industry	53,042	-	19,221	<b>72,263</b>	84,139
Public engagement	52,545	-	12,204	<b>64,749</b>	-
<b>Costs of generating funds</b>	8,652	-	1,831	<b>10,483</b>	10,393
<b>Governance costs</b>	55,156	-	9,077	<b>64,233</b>	93,497
<b>Other resources expended</b>	14,235	-	-	<b>14,235</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>	888,606	918,255	245,295	<b>2,052,156</b>	1,773,237
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### b) Analysis of support costs

	Cost of Premises £	Office & IT costs £	Staff & related costs £	Total 2007 £	Total 2006 £
Academy activities	12,348	9,802	13,930	<b>36,080</b>	38,681
Education and training	12,471	9,900	14,071	<b>36,442</b>	28,843
Fellowships	12,275	9,744	13,848	<b>35,867</b>	30,839
Public policy	32,366	25,692	36,515	<b>94,573</b>	65,009
Medical science & industry	6,578	5,222	7,421	<b>19,221</b>	21,867
Public engagement	4,177	3,315	4,712	<b>12,204</b>	-
Costs of generating funds	626	497	708	<b>1,831</b>	2,083
Governance costs	3,106	2,466	3,505	<b>9,077</b>	14,578
Other resources expended	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total support costs</b>	83,947	66,638	94,710	<b>245,295</b>	201,900
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

	2007 £	2006 £
Legal & professional fees	-	989
Audit fees	<b>5,985</b>	7,000
Audit fees – previous year	<b>35</b>	485
Other services from auditors	<b>752</b>	-
Costs of AGM & Council meetings	<b>11,127</b>	9,630
Staff costs	<b>37,257</b>	45,146
Strategy planning	-	15,669
Allocated support costs	<b>9,077</b>	14,578
	<hr/>	<hr/>
<b>Total governance costs</b>	<b>64,233</b>	93,497
	<hr/>	<hr/>

### 3 Trustee and employee information

#### a) Trustee information

None of the Council (trustees) received or waived emoluments in the current or preceding year. During the year 14 Council members (2006: 15) received reimbursed expenses of £9,699 (2006: £8,667).

#### b) Employee information

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Salaries	<b>357,230</b>	269,718
Employer's national insurance	<b>38,949</b>	28,739
Employer's pension contributions	<b>26,664</b>	19,284
	<hr/>	<hr/>
	<b>422,843</b>	317,741
	<hr/> <hr/>	<hr/> <hr/>

There were 12 employees at the end of the year, with an average full-time equivalent (FTE) of 10.6 during the year (2006: 11, FTE 8).

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

	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	<b>1</b>	<b>1</b>

Pension contributions paid by the Academy relating to higher paid employees as defined above amounted to £7,022 (2006: £6,804).

### 4 Clinical Research Training Fellowships

The Health Foundation (THF) has entered into agreements with the Academy of Medical Sciences to provide funding to support the award of 10 clinical academic fellowships in surgery, anaesthesia and radiology. THF will provide up to £4.4 million of funding, in annual instalments over 5 years, subject to the satisfactory progress of the projects and funding conditions that have to be met before the funds will be released to the Academy. The scheme will expire in 2007/08, with an extension of the Senior Surgical posts with additional funding until 2012.

During the year £644,912 was received from The Health Foundation. The Academy expended £804,255 on research salaries and expenses to participating institutions as shown below.

A Fellowship was agreed in 2004 with the Primary Immunodeficiency Association (PiA) to fund the research expenses and part of the salary of a Clinician Scientist Fellowship in clinical immunology. The total of the grant over 5 years is £307,008 to be paid in annual instalments subject to a formal review process. Expenditure of £53,003 was paid during the year and a contribution of £72,927 was received from PiA towards years 2 and 3 salary and expenses.

In 2003 a sum of £176,646 was received from a Swiss Charitable Foundation, Allgemeines Treuunternehmen, to be used for funding research in the field of healthy nutrition. In May 2004 the Academy entered into a grant agreement with the University of Cambridge to fund salary and research expenses totalling £165,666 over three years for a project entitled "European Prospective Investigation of Cancer". Expenditure of £60,997 was incurred during the year as shown below.

<b>Fellowship</b>	<b>Grants to Individuals £</b>	<b>Area of research</b>
The Health Foundation Fellowships	564,100	Surgery
	108,275	Anaesthesia
	131,880	Radiology
	<b>804,255</b>	
Primary Immunodeficiency Association Fellowship	53,003	Clinical Immunology
Other Fellowships	60,997	Nutrition
<b>Total Grant Funding of Fellowships</b>	<b>918,255</b>	

The income and expenditure received and paid under these Fellowships is shown as part of restricted income and expenditure and the balances retained appear in Note 9 to these financial statements.

	<b>£</b>
Grants outstanding 1 April 2006	195,952
Grants falling due in year	918,255
Grants paid in year	(909,166)
<b>Grants outstanding 31 March 2007</b>	<b>205,041</b>

Grants outstanding at 31 March 2007 are shown as a creditor in Note 8.

## 5 Net Incoming Resources

	<b>2007 £</b>	<b>2006 £</b>
<i>This is stated after charging:</i>		
Depreciation	<b>6,106</b>	10,565
Auditors' remuneration	<b>5,985</b>	7,000

Under the terms of the Wellcome Trust grant given to the British Academy in 1996, The Academy of Medical Sciences was provided with accommodation at 10 Carlton House Terrace on a rent free basis for an initial period of five years. Under the terms of a new agreement between The British Academy and The Academy of Medical Sciences, there is a further four-year transition period, with rental payments commencing from 1 January 2003, moving to full market rental from 1 January 2007. Rental payments of £38,968 were charged in the year.

**6 Tangible Fixed Assets**

	<b>Furniture &amp; Office Equipment £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2006	57,748	19,159	76,907
Additions	4,433	1,445	5,878
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2007	62,181	20,604	82,785
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2006	51,503	8,034	59,537
Charge for the year	1,279	4,827	6,106
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2007	52,782	12,861	65,643
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
At 31 March 2007	<b>9,399</b>	<b>7,743</b>	<b>17,142</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2006	6,245	11,125	17,370
	<hr/>	<hr/>	<hr/>

**7 Debtors**

	<b>2007 £</b>	<b>2006 £</b>
Trade debtors	<b>183,706</b>	87,500
Prepayments	<b>20,177</b>	32,214
Accrued income	<b>84,827</b>	7,529
VAT recoverable	<b>2,536</b>	-
Other debtors	<b>1,075</b>	905
	<hr/>	<hr/>
	<b>292,321</b>	128,148
	<hr/>	<hr/>

**8 Creditors**

	<b>2007 £</b>	<b>2006 £</b>
<b>Amounts falling due within one year:</b>		
Grants payable	<b>205,041</b>	195,952
Trade creditors	<b>223,911</b>	342,989
Accruals and deferred income	<b>42,792</b>	57,220
PAYE/NIC liability	<b>11,444</b>	-
VAT payable	-	11,356
	<hr/>	<hr/>
	<b>483,188</b>	607,517
	<hr/>	<hr/>

Grants payable are transferred to trade creditors once invoice claims from host institutions have been received. Trade creditors include £127,735 relating to four Fellowships.

**9 Movement on Funds**

	<b>Balance 1 April 2006 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Balance 31 March 2007 £</b>
<b>Permanent Endowment</b>					
Jean Shanks Memorial Fund	150,000	-	-	-	<b>150,000</b>
Sackler Fund	50,000	-	-	-	<b>50,000</b>
	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>
<b>Restricted Funds</b>					
The Health Foundation:					
Fellowships	609,782	671,187	(830,530)	-	<b>450,439</b>
Administration	63,438	3,280	(9,174)	-	<b>57,544</b>
Consultancy	-	20,122	(20,122)	-	<b>-</b>
UHA Fund	44,526	2,392	(1,451)	-	<b>45,467</b>
DOH Mentoring Scheme	15,666	15,915	(31,581)	-	<b>-</b>
OSI/DOH Project	35,974	308,850	(275,013)	-	<b>69,811</b>
Policy Studies	3,988	112,004	(115,992)	-	<b>-</b>
Meeting contributions	-	13,312	(13,312)	-	<b>-</b>
Jean Shanks Memorial Fund:					
Interest on endowment	2,855	7,299	(7,299)	-	<b>2,855</b>
Sackler Fund:					
Interest on endowment	-	2,433	(2,433)	-	<b>-</b>
Allgemeines Treuunternehmen	73,007	3,215	(64,212)	-	<b>12,010</b>
PiA Fellowship	2,463	73,277	(53,353)	-	<b>22,387</b>
Foulkes Foundation	4,340	2,510	(260)	-	<b>6,590</b>
	<b>856,039</b>	<b>1,235,796</b>	<b>(1,424,732)</b>	<b>-</b>	<b>667,103</b>
<b>Unrestricted Funds</b>					
General Fund	428,783	711,746	(613,189)	-	<b>527,340</b>
Designated Relocation Fund	625,000	-	(14,235)	-	<b>610,765</b>
	<b>1,053,783</b>	<b>711,746</b>	<b>(627,424)</b>	<b>-</b>	<b>1,138,105</b>
<b>Total Funds</b>	<b>2,109,822</b>	<b>1,947,542</b>	<b>(2,052,156)</b>	<b>-</b>	<b>2,005,208</b>

**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 Health Foundation (formerly The PPP Foundation)**

**Fellowships:** The Health Foundation (THF) provides funding to cover salaries and research expenses for 10 clinical academic fellowships. THF send funding for each year in advance and this is held by the Academy to pay grant claims from host institutions, received on a quarterly basis. The balance of this fund represents the amounts still to be claimed from the current year's funding.

**Administration:** At the outset of the Fellowship Scheme, The Health Foundation provided funding to cover the Academy's administrative costs in running the scheme for a period of 11 years. The balance at 31 March 2007 represents amounts held to cover administrative costs.

**Consultancy:** The Health Foundation commissioned the Academy to act as consultants for a new fellowship scheme to be set up in 2005. The fee was fully utilised during the year.

**The UHA Fund:** represents the funds of the University Hospitals Association (England and Wales) following its removal from the Central Register of Charities. The Fund is restricted to use on projects that advance education, study, research and communication in University Hospitals, Medical and Dental Schools and Faculties of Medicine and Dentistry in England and Wales.

**The DOH Mentoring Scheme:** this is the Department of Health funding for the design and implementation of a mentoring scheme to support researchers in receipt of Clinician Scientist Awards.

**OSI/DOH Project:** this represents funding received from the Department of Health and the Office of Science and Innovation (OSI), to be used for the Academy's work on a joint OSI/DOH project on Brain Science, Addiction & Drugs to be completed in 2007.

**The Policy Studies Fund:** this arises from specific funding received by the Academy from time to time to support policy studies and working groups.

**Meeting contributions:** specific donations to support meetings and other activities.

**Allgemeines Treuunternehmen:** this Swiss Charitable Foundation made a donation of CHF400,000 in 2003 to fund a project entitled "European Prospective Investigation of Cancer" that commenced in September 2004. The balance represents funding for the final year of the project together with a contribution towards administrative costs.

**PiA Fellowship:** this represents the balance remaining from the second and third year funding from the Primary Immunodeficiency Association (PiA) to support a Clinician Scientist Fellowship in clinical immunology over five years.

**Foulkes Foundation:** this represents unexpended amounts from an annual donation to be used for bursaries to young researchers. The annual donation is £2,500 including £250 for administration costs.

**Designated Fund:** the Finance Committee allocated a sum of £625,000 from the unrestricted reserves of the Academy to hold in readiness against costs relating to the eventual relocation of the Academy from 10 Carlton House Terrace. Professional costs associated with reviewing options for the Academy have been charged to this fund.



**10 Analysis of Net Assets**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Permanent Endowment Fund £</b>	<b>Total £</b>
Fixed assets	17,142	-	-	17,142
Cash on deposit, at bank and on hand	1,141,420	837,513	200,000	2,178,933
Other net current assets/(liabilities)	(20,457)	(170,410)	-	(190,867)
	<u>1,138,105</u>	<u>667,103</u>	<u>200,000</u>	<u>2,005,208</u>

**11 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 2007 there were 841 members.

**12 Related Party Transactions**

During the year a donation of £33,155 was received from Cancer Research UK, a charity for which one member of Council, Professor Barry Furr OBE FMedSci, acted as trustee.

Two members of Council, Professor Sir Keith Peters FRS FMedSci and Professor Yvonne Carter OBE FMedSci, are trustees of The Health Foundation and £644,912 was received as Fellowship grants from this organisation during the year. A further amount of £20,000 was received from The Health Foundation under a contract for services.