



Annual Report and Financial Statements

31 March 2008

Registered Charity No: 1070618
Registered Company No: 3520281

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Administrative Details

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 John Bell FRS PMedSci

Regius Professor of Medicine, University of Oxford

Vice-President: Sir John Skehel FRS FMedSci (Retired 22 November 2007)

Formerly Director of MRC National Institute for Medical Research

Vice-President: Professor Sir Michael Rutter CBE FRS FBA FMedSci

Professor of Developmental Psychopathology, King's College London

Vice-President: Professor Ronald Laskey FRS FMedSci (Elected 22 November 2007)

Honorary Director MRC Cancer Cell Unit, University of Cambridge

Treasurer: Professor Ian Lauder FMedSci

Dean, Leicester Medical School

Registrar: Professor Patrick Maxwell FMedSci

Head of Division of Medicine, University College London

Ordinary Members of Council:

Professor Frances Balkwill FMedSci	
Professor Peter Barnes FRS FMedSci	appointed 22 November 2007
Professor Stephen Bloom FMedSci	resigned 22 November 2007
Professor Yvonne Carter OBE FMedSci	
Professor John Connell FMedSci	appointed 22 November 2007
Professor Sir Alan Craft FMedSci	resigned 22 November 2007
Professor Marc Feldmann FRS FMedSci	appointed 22 November 2007
Professor Christopher Haslett OBE FRSE FMedSci	resigned 22 November 2007
Professor Martin Humphries FMedSci	
Professor Susan Iversen CBE FMedSci	resigned 22 November 2007
Professor Christopher Kennard FMedSci	resigned 22 November 2007
Professor Robert Lechler FMedSci	
Dr Robin Lovell-Badge FRS FMedSci	appointed 22 November 2007
Professor Peter McGuffin FMedSci	
Professor Paul Morgan FMedSci	
Professor David Neal FMedSci	
Professor Stephen O'Rahilly FRS FMedSci	resigned 22 November 2007
Professor Linda Partridge CBE FRS FRSE FMedSci	
Professor Patrick Sissons FMedSci	appointed 22 November 2007
Professor Stephen Smith FMedSci	
Professor Veronica van Heyningen FRS FRSE FMedSci	
Professor Herman Waldmann FRS FMedSci	resigned 22 November 2007
Professor Moira Whyte FMedSci	

Co-opted members of Council:

Professor John Aggleton FMedSci	
Professor Jeffrey Almond FMedSci	appointed 7 February 2008
Professor David Delpy FRS FREng FMedSci	resigned 31 August 2007
Professor Barry Furr OBE FMedSci	resigned 22 November 2007

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 2008

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's objects are to promote advances in medical science and to campaign to ensure these are converted into healthcare benefits for society. The Academy is the UK body representing the spectrum of academic medicine from the basic science of discovery to the applied science of implementation. The current Fellowship of 912 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's key attributes are excellence, independence, leadership and diversity.

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, Vice-Presidents Clinical and Non-Clinical, 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 and are invited to join newly elected Fellows at the induction seminar held in each year in June prior to the annual Admission Ceremony.

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 November 2007 the Vice-President for non-clinical affairs, Sir John Skehel, FRS FMedSci, completed his term of office and was succeeded by Professor Ronald Laskey, FRS FMedSci.

At the Council meeting on 22 November 2007, Council recommended that the number of Honorary Officers of the Academy of Medical Sciences be increased from five to six, with the appointment of a Foreign Secretary. Previously international affairs had been dealt with on an ad hoc basis, with much of the responsibility falling on the shoulders of past Officers and Council concluded that it was now time to put this on a more formal footing. At the Annual General Meeting in November 2007, the Fellowship gave its indicative support to this proposal and the Articles of Association were amended by the EGM on 24 June 2008. The appointment of the Foreign Secretary will provide welcome leadership to this key area of work, identified in 2007 as a strategic priority for the Academy.

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. An off-site strategy meeting for the Council, staff and invited guests was held at Warren House from 4-5 October. 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. It is the unique diversity of talent amongst the Fellowship, their collective experience and professionalism that enables the Academy to address complex issues in medical science and healthcare with authority.

Fellows and external advisers serve the Academy voluntarily, 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 also 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 Chairman of the Office for Strategic Coordination of Health Research (OSCHR).

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 2007.

Celebrating scientific achievement

In 2007, the Raymond and Beverly Sackler Distinguished Lecture in the Medical Sciences was delivered by Professor Ronald Evans from the Salk Institute for Biological Studies on the topic 'Nuclear Receptors: Metabolic Engineering and the Dawn of Synthetic Physiology'. The Jean Shanks Lecture, delivered within the Academy's annual meeting on 22 November, was given by Professor Tony Pawson FRS, from the Samuel Lunenfeld Research Institute, Mt. Sinai Hospital, Toronto. Professor Pawson described *The dynamic organization of cells in normal and disease states*. The first Foulkes Foundation Medal was awarded to Professor Robin Ali, FMedSci, in recognition of his work on retinal degeneration. Professor Thomas Waldmann, National Institutes of Health, USA, accepted Honorary Fellowship of the Academy and was admitted at the Annual meeting.

Objectives and activities

With health research a priority for national policy-making, the Academy is ideally placed to play a leading role as national adviser on matters of medical science and healthcare research. Building on our successful record we identify and prioritise policy issues for expert analysis and advice, share expertise and experience, form strategic partnerships to achieve specific goals, and urge key stakeholders to action.

A major objective of the Academy is to promote the rapid application of research to the practice of medicine and to the advancement of health and welfare. We pursue an interdisciplinary approach to the development of policy advice, bringing together the sciences, biological, physical, technological, and the social sciences to address key problems.

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:

- Medical science policy
- Working with industry
- Education and training: building research capacity
- Public and stakeholder 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

In line with the objectives set in 2007, Academy activities throughout the year have carried the 10th Anniversary logo as a reminder to Fellows and colleagues of the youth and effectiveness of this new Academy. Preparations for the Anniversary celebrations in November 2008 have provided an opportunity to revisit and consolidate previous projects and renew interest in key policy issues.

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. In the year under review two major reports were published: on 'Interspecies embryos', June 2007, and 'Identifying the environmental causes of disease', November 2007. The study on 'Brain science, addiction and drugs', commissioned by the Department of Health for England in 2006, continued apace with further working group meetings, briefings for senior civil servants in Whitehall, and detailed analysis of the research material. The final report was published in May 2008.

Responses to consultations from Government, Parliament and other organisations form a significant component of our work and we also provide MPs and Peers with briefings on specific pieces of legislation or as part of more general Parliamentary debates. Papers were submitted to: the Ministry of Justice for the 'Data Sharing Review'; the House of Lords Ad Hoc Committee on Intergovernmental Organisations inquiry into 'Acting through Intergovernmental Organisations to Control the Spread of Communicable Disease'; the House of Commons Innovation, Universities and Skills Committee inquiry into 'Biosecurity in UK research laboratories'; the Medicines and Healthcare Regulatory Authority consultation on the challenges it faces over the next five years; and the Transplantation Research Integration in Europe consultation on cross-European research priorities. A major theme of work has focused on the Human Fertilisation and Embryology Bill, including extensive evidence and briefings to Select Committees, Scrutiny Committees, Ministers, officials and Parliamentarians. Public interest in this topic provided the Academy with a major challenge in producing briefing material that would be comprehensible to a lay audience and these briefings met one of the key aspirations of the year, namely to ensure Academy advice is widely accessible to all.

To maximise the impact of its work the Academy makes efforts to follow up its previous projects and seeks to build strategic networks with the wider medical science policy community. In the period covered by this review the Academy contributed to the running of the UK Clinical Research Collaboration and conducted meetings with key stakeholders to promote the recommendations in the 'Use of non-human primates in research', 'Pandemic influenza', 'Research Evaluation' and the 'Use of patient data in research' reports. To ensure a continuous pipeline of activity the Academy undertook preliminary research into topics for future investigation, such as ageing, complementary and alternative medicines, and diagnostics in developing countries.

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. Professor Barry Furr retired as Chairman of the Forum Advisory Board and was succeeded by Professor Sir John Bell, FRS PMedSci in December 2007. A new high-level steering committee has been appointed to lead this activity.

The annual Forum lecture was delivered by Dame Nancy Rothwell, FRS FMedSci on the topic 'The highs and lows of industrial-academic collaborations'. A symposium was held on 'Drug discovery' in London and repeated in Manchester. In July, Forum members were invited to a workshop to consider 'The Office of Strategic Coordination of Health Research (OSCHR), Academia and Industry.' The major event of the year was a residential meeting from 14-16 September 2007 on the subject of 'Stratified Medicines' with participants from around the world representing industry, academe and regulatory authorities. A summary report of the meeting was published. At the start of 2008, the FORUM helped organise two awareness-raising events in advance of the first round of the Innovative Medicines Initiative (IMI), a European initiative to build cooperation between the research sectors and across Europe.

Education And Training: Building Research Capacity

As indicated in the 2007 report, this continues to be an area of significant growth within the Academy. The Academy plays a central role in building capacity to underpin academic medical sciences, at a national and local level through the policy and outreach work of the Academy's Careers Committees, clinical and non-clinical.

The Academy has identified the following tasks:

- To recruit the most able young people to careers in biomedical science and academic medicine;
- To ensure that the UK's biomedical training programmes and career structures have the capability to deliver skilled researchers across the spectrum, including industry;
- To establish dedicated programmes to promote leadership in the biomedical and clinical sciences;
- To build research capacity to meet new research priorities;
- To fund small volume, multidisciplinary fellowships.

Fellowships

Building on previous successful partnership arrangements, the Academy and The Health Foundation launched a new fellowship scheme in autumn 2007. The Health Foundation committed £3.8m to the scheme and the awards will be made in 2008. A new Grants Officer post was created in September 2007 to administer the project.

Mentoring and Outreach Programmes

The Academy's national mentoring and outreach scheme has recently expanded to offer support and guidance to medical trainees throughout the UK as they embark on the academic pathway and progress to become established clinical academics. In addition to one-to-one mentoring and peer mentoring schemes, the Academy provides regional workshops and events. The regional activities link to local mentoring schemes, provide opportunities for trainees to network with senior colleagues and peers whilst also providing a forum for knowledge transfer and debate on issues around training, funding and professional development. The programme is actively supported by the Academy's Fellowship, who are able to inspire and guide those embarking on an academic career.

The Academy has significantly extended its regional links with events in Newcastle, Coventry, Taunton, London and York. As forecast in the 2007 review, a new Mentoring and Outreach Officer post was created in July 2007 to take forward this work.

Clinical Research Champions

The Academy has joined forces with the Medical Research Society to launch a new Clinical Research Champions scheme. The aim of the scheme is to expose young doctors to inspiring senior clinical academics, to promote the academic medicine pathway as an attractive career route. Champions are selected from the Academy's Fellowship of leading medical scientists; their role is to host regional meetings and social events, where trainees and clinical academics will discuss pertinent issues and developments. In the year under review 10 such events were held, attracting a total of c860 participants, including 4th and 5th year Medical Students, together with Foundation and Junior Doctors.

Formulating policy in career management

The Academy continues to play a major role in advising policy makers on issues relating to clinical training and careers. The Academy responded to the Modernising Medical Careers Inquiry, developed a guidance document for the monitoring of academic training and progress, published a position paper on MB PhD programmes, and brought a group together to look at careers for biomedical scientists and clinicians in industry. A document was published offering suggestions for the promotion of greater mobility.

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 Academy has long recognised that 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 2006-2010 strategic plan and, with support from the newly appointed Communications Advisory Group, has started to implement a more outward facing strategy. In 2007 the Academy agreed that lay summaries should form an integral component of all major publications. A lay summary was therefore commissioned to support the Academy report on 'Identifying the environmental causes of disease' and this model is now being followed with other documents. A survey was conducted of the Academy's Fellowship to explore their experience and willingness to engage in activities with the public. The outcome was published.

Global Health

Following preliminary work in 2007, research into global health issues continued with a view to identifying timely projects to launch the Academy programme. Staff visits to Senegal and to South Africa contributed to the fact-finding activities of the Academy office to identify new projects and strengthened our involvement with international initiatives such as the African Science Academies Development Initiative. One direct outcome, a symposium on 'Mental health in developing countries', will be held towards the end of 2008. The Federation of European Academies of Medicine met twice, in Lisbon and Brussels, with a view to establishing a new project on European vaccine policy. Sir Richard Peto, FRS FMedSci, delivered the Academy's International Health Lecture, 'Halving premature death', in October 2007.

A new headquarters for the Academy

In the year under review, the Academy office has expanded with the addition of two posts and is currently 16 strong. As foreseen in the 2007 review, the Academy is steadily outgrowing the accommodation at 10 Carlton House Terrace. Council reviewed the Academy's needs for the longer term and recommended that the office should be relocated. In April 2007 the Academy accepted the invitation from the Novartis Foundation to merge with it and take over its assets. Once the merger has taken place the Novartis Foundation will dissolve. The prime assets are the leasehold properties at 41 Portland Place and 8 Weymouth Mews. The synergy between the charitable objectives of the two charities makes a compelling case for merger and a Relocation Project Group, reporting to a sub-committee of Council (chaired by the Academy Treasurer, Professor Ian Lauder FMedSci) was formed in the autumn 2007 to undertake due diligence and lead the negotiations. The process will be completed in the summer of 2008.

The relocation project, fortuitously timed to combine with the celebrations to mark the 10th Anniversary of the Academy, has opened up new possibilities. The building will become the UK headquarters of the Academy. It will 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. The Academy appointed a firm of architects to carry out a feasibility study for 41 Portland Place and the mews houses that was delivered to the sub-committee in January 2008. The purpose of the study was to assess the building's suitability to meet the

Academy's own space requirements and future growth and to suggest ways that any surplus space could be utilised to generate income. Initial estimates from quantity surveyors suggest that the refurbishment might have a total cost in the region of £5 million.

The success of these plans depends on adequate funding and the newly appointed Fundraising Manager has developed a fundraising strategy around the capital project that will be launched in the summer of 2008 and will involve applications to multiple funders.

Future plans

The refurbishment of 41 Portland Place and 8 Weymouth Mews will be a major undertaking in 2009 but much preparatory work has been set in place and the Academy office will continue its fundraising efforts. Throughout the first quarter of 2008, negotiations for new projects (prizes, research award programmes, expansion of the Academy's outreach programme, new policy initiatives) have been pursued with considerable success and these will form key elements of the Academy's work in the year ahead. Fundraising for core operational needs will form an important adjunct to these activities. The Academy will continue to operate from 10 Carlton House Terrace for the next 18 months.

The Officers and staff will be working to secure further development in the following key areas:

- The Academy's FORUM with industry
- New policy commissions from government or research agencies
- Steady growth in the mentoring and outreach programmes to ensure UK-wide coverage
- The identification of new activities in support of global health
- New approaches to public engagement

Financial review

The year was another successful one for the Academy with activities under the General Fund generating a surplus of £49,807 before transfers from restricted funds. This surplus arose as a result of an increase in core funding and bank interest together with some close monitoring of operational expenditure. The General Fund balance at 31 March 2008 was £589,157, just under eight months of the Academy's budgeted expenditure on core activities for next year and in line with the minimum six month target set out in the Reserves Policy.

The financial statements show Other Resources Expended of £158,550 under the Designated Fund. These relate to costs incurred by the Academy as a result of the proposed merger with The Novartis Foundation and the Academy's future relocation to 41 Portland Place. The value of the net assets that will be transferred to the Academy under the merger are likely to be in the region of £4.75 million.

The costs of £158,550 include architect's fees in the preparation of a feasibility study for the refurbishment of 41 Portland Place and other associated professional fees. The balance on the Designated Fund was £452,215 at 31 March 2008 and in April 2008 the Finance Committee agreed that this sum could be used to progress the refurbishment project through the pre-construction stages in 2008/09. The total cost of the refurbishment project is likely to reach £5 million and the Finance Committee will monitor the project closely, assessing the financial risk regularly to ensure that the Academy's core activities are not jeopardised by the refurbishment project.

During the year, the Academy has acted as a custodian of funds received on behalf of the Daniel Turnberg Memorial Trust Fund of £383,883 that will be transferred to the Trust Fund as soon as it is legally constituted and registered with the Charity Commission.

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 April 2008 that the policy be maintained so that a minimum of six months expenditure on core activities be retained as free reserves with any excess above the target level being transferred to the Designated Relocation Fund. However, the level of reserves would be closely monitored against the background of the merger with the Novartis Foundation and the refurbishment project and the Committee anticipated reviewing the policy at its July and November meetings in 2008.

At 31 March 2008 total funds were £1,986,328 made up of £200,000 permanent endowment, £744,956 restricted funds and £1,041,372 unrestricted funds. Of these, £589,157 were held in the General Fund for the operational needs of the Academy, and £452,215 was held in the Designated Relocation Fund to be used on the next stages of the refurbishment of 41 Portland Place. The level of free reserves (General Fund less the net book value of fixed assets) was £572,000. This compared to a minimum level of some £450,000 based on budgeted operational expenditure for 2008/09 and the Committee was satisfied that the balance on the General Fund was appropriate for the requirements of the Academy.

Fundraising

The Academy gratefully acknowledges the generosity of the many trusts, corporate and personal contributions it has received. The Academy is particularly indebted to the generous support from the Foulkes Foundation, The Health Foundation, the Lister Institute of Preventive Medicine, the Medical Research Society, the Primary Immunodeficiency Association, the University Hospitals Association, the Wellcome Trust, GE Healthcare and Roche.

We are most grateful for the continued support from government - the Department of Health for England, the Department of Innovation Universities and Skills, the Medical Research Council, the National Institute for Health Research and Sciencewise-ERC.

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.

Statement of Directors' Responsibilities

The Council are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that period. In preparing these financial statements, the Council are required to:

- Select suitable accounting policies and then apply them consistently.
- 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 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2 October 2008 and signed on its behalf by:



Professor Sir John Bell FRS 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 2008, 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 2008 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.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 3/10/08



Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Statement of Financial Activities (Incorporating the Summary Income and Expenditure Account) for the year ended 31 March 2008

	Note	Unrestricted Funds General Fund £	Designated Fund £	Restricted Funds £	Permanent Endowment Fund £	Total 2008 £	Total 2007
Incoming Resources							
Incoming resources from charitable activities							
Fellows' subscriptions		168,815	-	-	-	168,815	159,905
Academy activities		5,670	-	-	-	5,670	4,820
Education and training		-	-	116,781	-	116,781	43,233
Clinical research training fellowships	4	-	-	1,007,197	-	1,007,197	717,839
Medical science policy		-	-	108,426	-	108,426	305,907
Medical science & industry (Forum)		65,575	-	85,440	-	151,015	75,850
Incoming resources from generated funds							
Donations		453,151	-	-	-	453,151	520,901
Bank interest		80,860	-	48,700	-	129,560	119,087
Total Incoming Resources		774,071	-	1,366,544	-	2,140,615	1,947,542
Resources Expended							
Charitable activities							
Academy activities		115,095	-	15,314	-	130,409	165,764
Education and training		68,965	-	89,290	-	158,255	147,584
Clinical research training fellowships	4	7,128	-	906,777	-	913,905	960,011
Medical science policy		249,904	-	179,655	-	429,559	552,834
Medical science & industry (Forum)		31,919	-	85,645	-	117,564	72,263
Public engagement		70,902	-	-	-	70,902	64,749
Costs of generating funds		85,913	-	-	-	85,913	10,483
Governance costs		94,438	-	-	-	94,438	64,233
Other resources expended		-	158,550	-	-	158,550	14,235
Total Resources Expended	2	724,264	158,550	1,276,681	-	2,159,495	2,052,156
Net incoming/(outgoing) resources before transfers	5	49,807	(158,550)	89,863	-	(18,880)	(104,614)
Gross transfers between funds	9	12,010	-	(12,010)	-	-	-
Net movement in funds	9	61,817	(158,550)	77,853	-	(18,880)	(104,614)
Funds b/f 1 April 2007		527,340	610,765	667,103	200,000	2,005,208	2,109,822
Funds c/f 31 March 2008		589,157	452,215	744,956	200,000	1,986,328	2,005,208

All amounts relate to continuing operations.

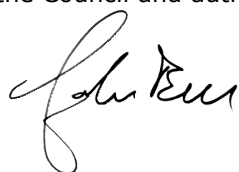
The charitable company has no gains or losses other than the result for the year.

The notes on pages 17-25 form part of these financial statements.

Balance Sheet as at 31 March 2008


	Note	2008 £	2007 £
Tangible Fixed Assets	6	16,587	17,142
Current Assets			
Debtors	7	67,146	292,321
Cash on deposit		2,140,096	2,110,684
Cash at bank and in hand		71,678	68,249
		2,278,920	2,471,254
Current Liabilities			
Creditors: amounts falling due within one year	8	(309,179)	(483,188)
Net Current Assets		1,969,741	1,988,066
Net Assets	10	1,986,328	2,005,208
Represented by:			
Permanent Endowment Fund		200,000	200,000
Restricted Funds		744,956	667,103
Unrestricted Funds:			
General Fund		589,157	527,340
Designated Fund		452,215	610,765
Total Funds	9	1,986,328	2,005,208

Approved by the Council and authorised for issue on 2 October 2008, and signed on its behalf by:



President

Professor Sir John Bell FRS PMedSci



Treasurer

Professor Ian Lauder FMedSci

The notes on pages 17-25 form part of these financial statements.

Notes to the Financial Statements for the year ending 31 March 2008

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.

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 £29,868 (2007: £26,664).

h) **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 £58,940 has been included in support costs and allocated to the relevant cost headings on the basis described at (c) above.

2 Resources expended

a) Analysis of total resources expended

	Direct Costs £	Grant Funding £	Support Costs £	Total 2008 £	Total 2007 £
Charitable activities					
Academy activities	102,204	-	28,205	130,409	165,764
Education and training	125,428	-	32,827	158,255	147,584
Fellowships	45,558	817,146	51,201	913,905	960,011
Medical science policy	355,619	-	73,940	429,559	552,834
Medical science & industry	89,567	-	27,997	117,564	72,263
Public engagement	57,415	-	13,487	70,902	64,749
Costs of generating funds	69,729	-	16,184	85,913	10,483
Governance costs	85,671	-	8,767	94,438	64,233
Other resources expended	158,550	-	-	158,550	14,235
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	1,089,741	817,146	252,608	2,159,495	2,052,156
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

b) Analysis of support costs

	Cost of Premises £	Office & IT costs £	Staff & related costs £	Total 2008 £	Total 2007 £
Academy activities	9,652	9,520	9,033	28,205	36,080
Education and training	11,234	11,080	10,513	32,827	36,442
Fellowships	17,522	17,282	16,397	51,201	35,867
Medical science policy	25,304	24,957	23,679	73,940	94,573
Medical science & industry	9,581	9,450	8,966	27,997	19,221
Public engagement	4,616	4,552	4,319	13,487	12,204
Costs of generating funds	5,538	5,463	5,183	16,184	1,831
Governance costs	3,001	2,959	2,807	8,767	9,077
Other resources expended	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total support costs	86,448	85,263	80,897	252,608	245,295
	<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

	2008 £	2007 £
Legal & professional fees	-	-
Audit fees	6,000	5,985
Audit fees – previous year	(35)	35
Other services from auditors	235	752
Costs of AGM & Council meetings	13,088	10,582
Staff costs	41,758	37,257
Strategy planning days	24,625	-
Allocated support costs	8,767	9,073
	<hr/>	<hr/>
Total governance costs	94,438	63,684
	<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 15 Council members (2007: 14) received reimbursed expenses of £4,081 (2007: £9,699).

b) Employee information

	2008	2007
	£	£
Salaries	446,217	357,230
Employer's national insurance	47,938	38,949
Employer's pension contributions	29,868	26,664
	<hr/>	<hr/>
	524,023	422,843
	<hr/> <hr/>	<hr/> <hr/>

There were 15 employees at the end of the year, with an average full-time equivalent (FTE) of 12.7 during the year (2007: 12, FTE 10.6).

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

	2008	2007
	Number	Number
£70,001 - £80,000	1	1

Pension contributions paid by the Academy relating to higher paid employees as defined above amounted to £7,500 (2007: £7,022).

4 Clinical Research Training Fellowships

The Health Foundation (THF) has provided funding for the award of 10 clinical academic fellowships in surgery, anaesthesia and radiology since 2002. THF agreed to grant £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 2008. One Senior Surgical Fellowship has received additional funding of £1.25 million for a renewal period of 5 years from 1 January 2008.

During the year £851,443 was received from The Health Foundation. The Academy expended £761,014 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 £56,132 was paid during the year and a contribution of £47,754 was received from PiA towards year 4 salary and expenses.

Fellowship	Grants to Individuals £	Area of research
The Health Foundation Fellowships	485,842 107,140 168,032	Surgery Anaesthesia Radiology
	<hr/>	
	761,014	
Primary Immunodeficiency Association Fellowship	56,132	Clinical Immunology
	<hr/>	
Total Grant Funding of Fellowships	817,146	
	<hr/> <hr/>	

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.

	£
Grants outstanding 1 April 2007	205,041
Grants falling due in year	817,146
Grants paid in year	890,666
	<hr/>
Grants outstanding 31 March 2008	131,521
	<hr/> <hr/>

Grants outstanding at 31 March 2008 are shown as a creditor in Note 8.

5 Net Incoming Resources

	2008 £	2007 £
<i>This is stated after charging:</i>		
Depreciation	6,581	6,106
Auditors' remuneration	6,000	5,985
Auditors' remuneration for non audit services	7,092	752
	<hr/>	<hr/>

6 Tangible Fixed Assets

	Furniture & Office Equipment £	Computer Equipment £	Total £
Cost			
At 1 April 2007	62,181	20,604	82,785
Additions	3,838	2,188	6,026
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2008	66,019	22,792	88,811
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 1 April 2007	52,782	12,861	65,643
Charge for the year	1,664	4,917	6,581
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2008	54,446	17,778	72,224
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value			
At 31 March 2008	11,573	5,014	16,587
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2007	9,399	7,743	17,142
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7 Debtors

	2008 £	2007 £
Trade debtors	20,018	183,706
Prepayments	33,242	20,177
Accrued income	13,389	84,827
VAT recoverable	115	2,536
Other debtors	382	1,075
	<hr/>	<hr/>
	67,146	292,321
	<hr/> <hr/>	<hr/> <hr/>

8 Creditors

	2008 £	2007 £
Amounts falling due within one year:		
Grants payable	131,521	205,041
Trade creditors	130,942	223,911
Accruals and deferred income	32,437	42,792
PAYE/NIC liability	14,280	11,444
	<hr/>	<hr/>
	309,179	483,188
	<hr/> <hr/>	<hr/> <hr/>

Grants payable are transferred to trade creditors once invoice claims from host institutions have been received. Trade creditors include £73,039 relating to three Fellowships.

9 Movement on Funds

	Balance 1 April 2007 £	Income £	Expenditure £	Transfers £	Balance 31 March 2008 £
Permanent Endowment					
Jean Shanks Memorial Fund	150,000	-	-	-	150,000
Sackler Fund	50,000	-	-	-	50,000
	200,000	-	-	-	200,000
Restricted Funds					
The Health Foundation:					
Fellowships	450,439	871,493	(781,065)	-	540,867
Administration	57,544	113,454	(81,916)	-	89,082
UHA Fund	45,467	2,604	(12,604)	-	35,467
DOH Mentoring Scheme	-	80,899	(53,656)	-	27,243
OSI/DOH Project	69,811	109,105	(165,243)	-	13,673
Meeting contributions	-	87,451	(87,451)	-	-
Jean Shanks Memorial Fund:					
Interest on endowment	2,855	11,486	(11,486)	-	2,855
Sackler Fund:					
Interest on endowment	-	3,829	(3,829)	-	-
Allgemeines Treuunternehmen	12,010	-	-	(12,010)	-
PiA Fellowship	22,387	48,769	(57,147)	-	14,009
Foulkes Foundation	6,590	356	(3,251)	-	3,695
Lister Awards	-	10,000	(4,583)	-	5,417
Medical Research Society	-	27,098	(14,450)	-	12,648
	667,103	1,366,544	(1,276,681)	(12,010)	744,956
Unrestricted Funds					
General Fund	527,340	774,071	(724,264)	12,010	589,157
Designated Relocation Fund	610,765	-	(158,550)	-	452,215
	1,138,105	774,071	(882,814)	12,010	1,041,372
Total Funds	2,005,208	2,140,615	(2,159,495)	-	1,986,328

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

Fellowships: The Health Foundation (THF) provides funding to cover salaries and research expenses for the clinical scientist 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 for the first round of Awards. In 2007 THF agreed to support a new round of Awards and granted an additional £500,000 to the Academy over six years to cover the costs of a new Grants Officer and administration costs for the entire Scheme.

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 and other young researchers who are developing a career in academic medicine.

OSI/DOH Project: this represents funding received from the Department of Health (DOH) and the Office of Science and Innovation (OSI), to be used for the Academy's work on a joint DOH/OSI project on Brain Science, Addiction & Drugs to be completed in 2008.

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

Allgemeines Treuunternehmen: this Swiss Charitable Foundation donated CHF400,000 in 2003 to fund a project in nutrition that completed in 2007. During the course of the project, its administrative costs were expended from unrestricted funds. At the termination of the project the balance of £12,010 remaining in the restricted fund was released to unrestricted funds as a contribution towards the administrative costs.

PiA Fellowship: this represents the balance remaining from the third and fourth 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.

Lister Awards: this donation funded the Academy's feasibility study for the design and delivery of a prestigious international research award in collaboration with The Lister Institute.

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.

Designated Relocation Fund: in 2006 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. Since 2007 the Academy has been in discussion with the Novartis Foundation over the potential transfer of a leasehold premises at 41 Portland Place, on dissolution of the Foundation. The £158,550 charged to the fund in the year related to the professional fees incurred in reviewing the options at 41 Portland Place and ongoing discussions with the Novartis Foundation.

10 Analysis of Net Assets

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Fund £	Total £
Fixed assets	16,587	-	-	16,587
Cash on deposit, at bank and on hand	1,067,019	944,756	200,000	2,581,997
Other net current assets/(liabilities)	(42,234)	(199,800)	-	(612,256)
	1,041,372	744,956	200,000	1,986,328

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 2008 there were 873 members.

12 Related Party Transactions

Professor Yvonne Carter OBE FMedSci is a trustee of The Health Foundation and £851,443 was received as Fellowship grants from this organisation during the year. A further amount of £108,000 was received from The Health Foundation as first instalment of a grant for the administration of a new round of Fellowships for 2008.

During the year a donation of £500 for Forum membership was received from the British Heart Foundation, a charity for which one member of Council, Professor Patrick Sissons FMedSci, acted as trustee.

13 Post Balance Sheet Events

Following several months of discussion between the trustees of the Novartis Foundation, a registered charity, and the Council of the Academy of Medical Sciences, the net assets of the Foundation were transferred to the Academy under an agreement dated 31 July 2008 as part of the dissolution of the Foundation. The net assets comprised the leasehold of 41 Portland Place and 8 Weymouth Mews and the associated debtors and creditors of the Foundation's business at the premises. The net assets were included in the Academy's balance sheet at a net value of £4.8 million at 31 July 2008 .