



Annual report and financial statements

31 March 2010

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

Principal bankers: Lloyds TSB Bank Plc
2nd Floor
25 St George Street
Mayfair
London
W1S 1FS

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

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

Honorary Officers of the Academy of Medical Sciences:

President: Professor Sir John Bell FRS HonFREng PMedSci

Regius Professor of Medicine, University of Oxford

Vice-President: Professor Sir Michael Rutter CBE FRS FBA FMedSci retired 3 December 2009

Professor of Developmental Psychopathology, King's College London

Vice-President: Professor Patrick Sissons FMedSci appointed 3 December 2009

Regius Professor of Physic, University of Cambridge

Vice-President: Professor Ronald Laskey FRS FMedSci

Honorary Director MRC Cancer Cell Unit, University of Cambridge

Treasurer: Professor Ian Lauder FMedSci

Honorary Professor, Leicester Medical School

Registrar: Professor Patrick Maxwell FMedSci

Head of Division of Medicine, University College London

Foreign Secretary: Professor Robert Souhami CBE FMedSci

Formerly Director of Clinical Research and Training, Cancer Research UK

Ordinary Members of Council:

Professor Frances Balkwill FMedSci	retired 3 December 2009
Professor Peter Barnes FRS FMedSci	
Professor Yvonne Carter OBE FMedSci	deceased 20 October 2009
Professor John Connell FMedSci	
Professor Christopher Day FMedSci	
Professor Marc Feldmann FRS FMedSci	
Professor Stephen Holgate FMedSci	
Dr Richard Horton FMedSci	appointed 3 December 2009
Professor Kay-Tee Kaw CBE FMedSci	appointed 3 December 2009
Professor Irene Leigh OBE FMedSci	
Professor Nicholas Lemoine FMedSci	appointed 3 December 2009
Dr Robin Lovell-Badge FRS FMedSci	
Professor Ian McConnell FRSE FMedSci	appointed 3 December 2009
Professor David Neal FMedSci	retired 3 December 2009
Dr Terence Rabbitts FRS FMedSci	
Professor Caroline Savage FMedSci	appointed 3 December 2009
Professor Jonathan Seckl FMedSci	
Professor Veronica van Heyningen FRS FRSE FMedSci	retired 3 December 2009
Professor Simon Wessely FMedSci	
Professor Moira Whyte FMedSci	retired 3 December 2009
Professor Susan Wray FMedSci	appointed 3 December 2009

Co-opted members of Council:

Professor John Aggleton FMedSci	retired 3 December 2009
Professor Jeffrey Almond FMedSci	
Professor Peter Brophy FMedSci	retired 3 December 2009
Professor Roger Jones FMedSci	appointed 3 December 2009
Professor Rosalind Smyth FMedSci	

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

The Executive Director from 1 April 2009 was Dr Helen Munn.

Report of the Council for the year ending 31 March 2010

Structure, governance and management

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

Organisation

The Academy is one of the five learned academies of the UK, alongside the Royal Society, the Royal Academy of Engineering, the British Academy and the Royal Society of Edinburgh. The Academy elects Fellows on the basis of sustained and outstanding contributions to the breadth of medical research, including biomedical, clinical and population sciences. Veterinary medicine, dentistry, nursing, medical law, health economics and bioethics are also included in its remit.

The Academy is governed by a Council of 25 Fellows, who meet five times per year. All members of Council are elected from the Fellowship, with nominees confirmed by a ballot of the Fellowship. Council may, from time to time, co-opt additional Fellows to provide a balance of expertise. Fellows elected to Council are amongst the UK's leading medical scientists and hold senior positions in medical schools, universities, research institutes, industry and the civil service; they are well qualified to provide the Academy with the necessary guidance and leadership to achieve its objectives. New Council members are provided with information relating to their responsibilities as trustees of the charity and are invited to join newly elected Fellows at an Academy induction seminar, held during the annual Admission Ceremony in June. Fellows elected to Council hold office for three years before retiring at the Annual General Meeting in November/December; five Council members retire each year. The Academy has purchased trustee indemnity insurance for all members of Council both current and retired.

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

The Honorary Officers and Council set the strategic direction of the Academy and oversee the work of the secretariat. Academy activities are selected by Council for the contribution they make towards the Academy's strategic goals, and are informed by the independent opinion, experience and expertise of the Fellowship. Council is advised by several committees, including the group of Honorary Officers, who meet seven times per year. The Finance Committee meets three times a year and reports directly to Council; it reviews the audited financial statements and recommends their approval to Council, reviews the management of the Academy's assets, reviews reports from the external auditors and oversees the implementation of any recommendations thereafter. Other committees advise Council on: the election of new Fellows, clinical and non-clinical careers, communications, fundraising, international affairs and the relocation of the Academy to new headquarters at 41 Portland Place.

Fellowship

Candidates are elected to the Fellowship each year for their outstanding contribution to the advancement of medical science, for their innovative application of existing 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, and their collective experience and professionalism, which enables the Academy to address complex issues in science and healthcare with expertise and authority. In this way, the Fellowship is a national, public resource of independent, expert advice on medical science and healthcare.

Fellows of the Academy are elected for life and designate themselves with the suffix 'FMedSci'. Forty new Fellows are elected each year from a pool of over 350 candidates through a rigorous process of peer review that involves referee reports from existing Fellows, recommendations from seven Sectional Committees and final election by Council in April. New Fellows are admitted to the Academy at a ceremony in June.

Volunteers

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

Risk assessment

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

Management and staffing

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

Summary of aims and objectives

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

In 2006, Council adopted a new Strategic Plan for the Academy to cover its work from 2006-2010. In brief, the six priority programmes of the Academy are:

1. Recognising excellence
2. Influencing medical science policy

3. Developing the leaders of tomorrow
4. Linking academia and industry
5. Improving global health
6. Engaging the public

Public benefit

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

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

Achievements for the year

The following sections outline our major achievements and performance against the six priority programmes.

1. Recognising excellence

The Academy's public lecture programme provides opportunities to celebrate outstanding achievement and excellence in medical science and to highlight major scientific breakthroughs. The Keynote Lecture at the 2009 New Fellows' Admissions Day was given by Professor Mark Pepys FRS FMedSci, Head, Division of Medicine, Royal Free Campus, University College London Medical School on '*Therapeutic targeting: a table of three proteins*'. In 2009/10 we built on our goal to increase the regional reach of our public events to recognise excellence in medical science; as part of our Visiting Lecture programme, seven lectures were given by different Academy Fellows at locations including the Peninsula Medical School, University of Cardiff, University of Leeds, University of East Anglia and Hull York Medical School.

Our annual election of new Fellows is a cornerstone of our work in recognising excellence in medical science. In 2009 we elected 40 new Fellows, who represent the UK's leaders in medical research and healthcare. This year, as a result of our targeted communications activity, a number of the new Fellows' host institutions celebrated their election with press releases and events – an important driver in increasing the Academy's profile and prestige.

The Academy bestows Honorary Fellowships to celebrate the outstanding achievements of individuals who have transformed the scientific and healthcare environment. In 2009, the following individuals were elected as Honorary Fellows of the Academy: Sir Alan Langlands FRSE FMedSci, Chief Executive of the Higher Education Funding Council for England; Professor Sir Edwin Southern FRS FMedSci, Emeritus

Professor of Biochemistry, University of Oxford; and Dr Gro Harlem Brundtland FMedSci, Former Director-General of the World Health Organization.

The Academy's biennial Foulkes Foundation Medal was awarded to Professor Peter Rothwell FMedSci, Professor of Clinical Neurology at the University of Oxford, at the 2009 AGM. The Medal brings recognition to an individual for excellence in research in the biomedical sciences, and aims to inspire others to pursue a career in research.

2. Influencing medical science policy

Our medical science policy programme continued to address a diverse range of medical science and healthcare topics in 2009/2010. Throughout the year, we published numerous policy reports, statements, consultation reports and briefings. Most importantly, we succeeded in our stated goal of securing new policy commissions from UK Government and enhancing our policy influence.

'Reaping the rewards: a vision for UK medical science' was published in January 2010 following an Academy working group chaired by Sir David Cooksey GBE FMedSci. Sir David Cooksey and the Academy's President, Professor Sir John Bell FRS HonFREng PMedSci, met with key officials in Government, including Ministers and Shadow Ministers of the three main parties, senior civil servants and special advisers, to discuss the proposals set out in the document. The report made a number of recommendations, including the urgent need to develop a proportionate, risk-based regulatory framework for medical research involving patients. The Academy was subsequently commissioned by the Department of Health to undertake a major, independent review of the regulation and governance of medical research to inform future policy within and beyond the UK. A report of this review will be published by the end of 2010.

A second government commission was also secured this year: a working group project on *'Animals containing human material'* was launched in November 2009 and followed up the recommendations of the Academy's 2007 *'Inter-species embryos'* report. The project's launch was featured prominently in the media, including an interview with the working group Chair on the BBC Radio 4 *Today* programme. This study is supported by several sponsors: the Department of Health, Medical Research Council, Wellcome Trust, and the Department of Business, Innovation and Skills, with additional close involvement from the Home Office. The project includes a significant programme of public dialogue, funded by the Government's Sciencewise Expert Resource Centre (Sciencewise-ERC).

September 2009 saw the launch of a major working group report, *'Rejuvenating ageing research'*, chaired by Professor Dame Linda Partridge CBE FRS FRSE FMedSci. The report highlighted the urgent need to understand the connection between the underlying processes of ageing and the causes of age-related diseases, to ensure that any increase in life span is of benefit to the health and wealth of our society. This report was commissioned by the Medical Research Council, which is currently considering its implications for funding programmes for ageing in the UK and across the EU. The launch of the study was accompanied by exclusive coverage in *The Observer*.

The importance of rapidly applying research to the practice of medicine remained a key theme of our policy work during 2009/2010. A report of our symposium, *'Translating new research into clinical practice'* was published in June 2009 following a one-day symposium at the University of Southampton. The translation of research was also a focus of our report, *'Research in general practice: bringing innovation into patient care'*, published in October 2009 following a one-day symposium. This report highlighted the UK's strong tradition in research in general practice, outlined a future agenda for UK primary care

research, and stimulated ongoing discussion in a range of publications, including the *British Journal of General Practice* and the *British Medical Journal*.

The Academy worked to promote the importance of medical science in UK public policy development in 2009/2010 through consultation responses and parliamentary briefings at both UK and EU level. In particular, we continued to liaise with Government and regulatory bodies regarding implementation of, and regulations around, the Human Fertilisation and Embryology Act (2008). Submissions were also made to:

- The Department of Business, Innovation and Skills and the House of Commons Science and Technology committee on the Government's use of scientific evidence and advice.
- The House of Lords Science and Technology committee on the setting of science and technology research funding priorities.
- The Higher Education Funding Council for England on the proposals for the Research Excellence Framework.

The Academy previously initiated a group to promote collaborative policy work across the UK National Academies to encourage the Academies to speak with one voice where appropriate, so increasing the impact and influence of our collective policy advice¹. This collaboration was taken further in 2009/2010 through a joint scoping workshop on the topic of human enhancement and a commitment to embark on a joint policy initiative on this topic over the next two years. This year we also collaborated with the Wellcome Trust to launch a new scheme to offer Wellcome Trust Four Year PhD students a three month policy internship at the Academy. The scheme seeks to develop a cadre of individuals able to work at the interface between medical science and policymaking. Feedback from the interns has been extremely positive and we will be seeking to develop the scheme further in the future.

3. Developing the leaders of tomorrow

Over the course of 2009/10 we further enhanced the Academy's reputation as a leader of best practice in mentoring aspiring medical researchers, significantly expanding our highly acclaimed Mentoring and Outreach Scheme and liaising with the devolved administrations to establish UK-wide support activities. We also exerted increased influence on issues of careers policy through the publication of several policy reports and outputs, in addition to establishing important new funding schemes.

Influencing policy on training and career pathways

In March 2010 we published '*The Bologna Process: will it affect UK biomedicine and clinical science?*', which reported on the discussions of a one-day symposium of key stakeholders. The report has played an important role in raising awareness of how the Bologna Process – designed to reform and harmonise higher education systems in Europe – will affect UK biomedicine, and in ensuring that the views of the UK clinical academic community are represented in the decision-making processes.

'*Building clinical academic capacity and the allocation of resources across academic specialties*' was published in April 2009, responding to a direct request for input from the Department of Health. The report's recommendations were aimed at generating a more co-ordinated approach to building academic research and workforce capacity and have been followed up with Higher Education Institutions across the UK.

In March 2010 the Academy's non-clinical careers committee published a major report '*Redressing the balance: the status and valuation of teaching in academic careers*'; which highlighted mounting evidence of

¹ Collaboration with the British Academy, the Royal Academy of Engineering and the Royal Society.

a growing disengagement between research and teaching in many university departments and institutions. Interest in the report has been strong and its messages and recommendations will be actively followed up in 2010/11.

We continued to engage in several other areas of biomedical careers policy, most notably the development of revalidation reforms for doctors. In September 2009 we published a position paper to highlight the views of clinical academic staff on the proposed revalidation reforms, in addition to responding to specific consultations on Responsible Officers, guidance and specialist standards. Throughout the process we have engaged closely with the Department of Health, General Medical Council and the Academy of Medical Royal Colleges, as well as a range of medical constituencies across the university, industry and healthcare sectors. The Academy has also responded to consultations on the merger between the General Medical Council and Postgraduate Medical Education Training Board, and to the Department for Business, Innovation and Skills' review of postgraduate training.

Further engagement of policymakers was achieved through our partnership with the All Party Parliamentary Group (APPG) on Medical Research, specifically our participation in a Parliamentary reception '*Celebrating the UK's achievements in medical research – benefiting patients, society and the economy*'. The event showcased the talent of the UK's young medical researchers, including three Academy/Health Foundation Clinician Scientist Fellows who were selected to present posters highlighting their research achievements.

Grants

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 Fellows and external referees; final appointments are made by an expert panel of academic clinicians. Grant holders are required to submit annual reports that are reviewed by experts in the field.

The Academy developed the prestigious Clinician Scientist Fellowship (CSF) scheme following the Savill report of 2000. The Academy has administered and managed a CSF scheme in partnership with The Health Foundation since 2002. In June 2008, The Health Foundation committed a further £3.2 million to award five new fellowships. During 2009/10 the Academy established these fellowships and also took over the administration and research management of six other existing Clinician Scientist Fellowships operated by The Health Foundation. We work closely with the fellowship holders to include them in the Academy's work, providing them with opportunities to network and to develop collaborations.

The Academy partners the Daniel Turnberg Memorial Fund in the 'Daniel Turnberg UK/Middle East Travel Fellowship Scheme', which awards short-term travel fellowships to early and mid-career clinical academics and biomedical scientists, giving them the opportunity to gain additional research experience, learn new techniques and further develop their collaborative links. During 2009/10, 20 awardees undertook research exchanges in host institutions. Feedback from awardees and research supervisors has shown that the scheme is highly valued and a number of longer-term collaborations are being forged as a result of these awards. In March 2010 a further 21 fellowship awards were made, funded by the Daniel Turnberg Memorial Fund with generous support from the Wellcome Trust, Royal College of Physicians, Wolfson Foundation and the Division of Surgery, Imperial College, London.

In October 2008, the Academy launched a new 'Starter Grants for Clinical Lecturers' scheme. The scheme is run in collaboration with the Wellcome Trust and provides a unique and important route for awardees to

generate preliminary research data to strengthen future applications for longer-term research fellowships and funding. Following recruitment of a funded Grants Officer, the Academy developed and publicised the scheme, which has attracted strong interest in the medical community and a high number of applications. During 2009/10 the first award rounds were held; 44 grants totalling £1,249,413 were awarded over two funding rounds. The scheme will run for a period of four years and will distribute £5 million in grants. All grant holders are encouraged to participate in the Academy's mentoring and outreach programmes.

Mentoring and outreach programmes

We have been particularly successful in 2009/10 in growing our reputation - both nationally and internationally - as a leader of best practice in mentoring aspiring medical researchers. The Mentoring and Outreach programme offers support and guidance to medical trainees throughout the UK as they embark on the pathway to become clinical academics, offering one-to-one mentoring, peer-to-peer mentoring, and a selection of regional workshops and events. The regional activities link to local mentoring schemes and provide opportunities for trainees to network with senior colleagues and to discuss issues around training, funding and professional development. The programme continues to be actively supported by the Academy's Fellows who act as mentors and speakers at events. Awardees from the Academy's funding schemes have also given presentations and led discussion groups at these events. In 2009/10, high profile mentoring and outreach events were held in Oxford, Glasgow and Belfast. Smaller workshops were also held to develop mentorship skills.

The Academy's Mentoring and Outreach Scheme continues to be supported by the Department of Health for England and the NHS National Institute for Health Research. In the year under review, the Academy made significant progress in expanding the scheme across the UK. NHS Education Scotland provided funds to deliver an event in Glasgow, and in Northern Ireland a consortia of funders (Queen's University Belfast, the Northern Ireland Medical and Dental Training Agency, the Health and Social Care Research and Development Division, Public Health Agency and the Medical Research Society) supported an event in Belfast. Both countries would now like to provide the Academy with continued funding to support further mentoring and outreach activities. In 2010/11 we will seek to expand the scheme to Wales.

The Academy's growing reputation in this area has been evidenced by the increasing number of approaches from UK and overseas organisations requesting our support as they develop and implement their own mentoring schemes, and Academy staff and Fellows have been invited to speak at a number of mentoring meetings, conferences and symposia. In 2010/11 the Academy will aim to fulfil a catalytic role in developing best practice in mentoring, increasing the availability and dissemination of our knowledge and materials, and piloting various resources to support mentoring in external organisations.

Inspiring medical students to undertake research

During 2009/10, the Academy continued to deliver two schemes to promote research as an attractive career route to medical students and Foundation Year doctors. The Academy's Clinical Research Champions scheme, undertaken in partnership with the Medical Research Society, allows Academy Fellows and other eminent UK senior clinical academics to host regional meetings and social events designed to encourage networking and to inspire local trainees and clinical academics. In the past year, our network of Champions has reported that their activities under this scheme have helped to raise the profile of careers in medical research, as evidenced by a marked increase in the number of students applying to undertake research projects and posts. Our Visiting Lecturer Programme also enables Academy Fellows to present inspirational keynote lectures to medical students and postgraduate researchers (see section '*Recognising excellence*').

4. Linking academia and industry

The Academy's FORUM with industry was established in 2003 as a mechanism for bringing together biomedical scientists from academia and industry. The FORUM currently has 24 members, including representatives from the UK's major pharmaceutical and biotechnology companies. In 2009/10 we continued to improve our engagement with both FORUM members and the wider industry sector, building firmer relationships with key stakeholders such as the Association of British Pharmaceutical Industries, Bioindustry Association and Office of Life Sciences. Academy FORUM staff also participated in the Department for Business, Innovation and Skills' expert group on *'Science and Trust'*.

We were particularly successful in 2009/10 in our goal to make connections between NHS, universities and the pharmaceutical industry, most notably through our November 2009 symposium *'Academia, industry and the NHS: collaboration and innovation'*, which brought together leading figures from across the sectors. Speakers and discussants highlighted the value of collaboration, emphasising the importance of creating a wider 'ecosystem' of research and healthcare in which innovation is incubated, gaps between sectors are bridged, and research is underpinned by appropriate regulation.

The need for appropriate regulation formed a core theme of FORUM work in 2009/10, with key consultation responses to the Department of Health's Innovation Pass, the EU Clinical Trials Directive and our work on the EU Animals Directive. As discussed in *'Influencing medical science policy'*, in 2010/11 the Academy will be taking forward a major review into research regulation and governance, with a focus on clinical trials. This is an issue of considerable concern to both academia and industry and the success of the review will rely on active and constructive dialogue across the sectors, facilitated by our FORUM network.

'Genome-wide association studies: understanding the genetics of common disease' was published in July 2009, and reported discussions of a one-day symposium of leading international researchers on this important topic. The report identified barriers to translating the findings of genome-wide association (GWA) studies and called for substantial and continued investment to translate new knowledge into benefits for patients. The symposium and report had considerable influence on the House of Lords Science and Technology Committee's report on Genomic Medicine published last summer, and our recommendations were picked up in the Government's subsequent response.

5. Improving global health

Work towards our goal of ensuring steady growth in our global health and international programme continued apace in the year under review. In November 2009, we published our first International Strategy, accompanied by a booklet of *'Global health perspectives'*, which showcased the work of Academy Fellows and demonstrated the wealth of expertise that the Academy can bring to bear on global health issues. In the same month, we published a statement on *'Mitigating climate change: improving global health'* to coincide with the United Nations Climate Change Conference in Copenhagen.

Our workshop report *'Global health diagnostics: research, development and regulation'* was published in April 2009, and highlighted the challenges and opportunities for the development of diagnostics pertinent to low- and middle-income countries, with a focus on rapid diagnostic tests for infectious diseases. It covered areas including access and use of diagnostics in practice, regulation and evaluation, and the challenges and opportunities for the global diagnostics industry.

Over the past year, we sought to increase our profile and influence in the international arena through targeted meetings of our Foreign Secretary and participation in a number of international forums. This has

included participation in the Federation for European Academies of Medicine Annual Meeting in March 2010, as well as invitations for the Foreign Secretary to sit on the Government's Global Science and Innovation Forum and the Chatham House Centre for Global Health Security.

At a European level, we continued to contribute to work on the revision of the EU Animals Directive. As part of the UK Bioscience Sector Collaboration, we were a signatory to a number of influential consultation responses and parliamentary briefings that have guided the development of this Directive. We also collaborated with the Wellcome Trust and Medical Research Council to respond to a consultation on the assessment of the functioning of the EU Clinical Trials Directive, and acted as a major contributor to a joint consultation response from the Federation of European Academies of Medicine.

The Academy's seventh International Health Lecture was given by Professor Nick White OBE FRS FMedSci, Professor of Tropical Medicine at Mahidol University, Thailand, in November 2009. The lecture on '*Malaria elimination: feasible or futile?*' was heavily oversubscribed, demonstrating that this annual lecture has earned its place in the UK calendar of global health events.

Our report on the Bologna Process and the continued development of the Academy's Daniel Turnberg Travel Fellowship Scheme also formed important components of our international work in 2009/10.

6. Engaging the public

Led by the Communications Group, our work to improve the impact and reach of the Academy's communications continued in 2009/10. Further improvements were made to our website, arguably the most important medium for engaging the public in our work, and steps have been taken for an upgrade of the site in 2010/11. Website improvements were augmented by the development of an attractive and user-friendly electronic newsletter, circulated to the Academy's Fellowship and beyond, which has considerably increased the accessibility of our work.

Following up our work in engaging the media and public around the 2008 Human Fertilisation and Embryology Bill, in 2009 we led on the publication of '*Hype, hope and hybrids: science, policy media on the Human Fertilisation and Embryology Bill*'. A joint initiative with the Science Media Centre, Medical Research Council and Wellcome Trust, the publication provided an important case study of how science can successfully inform both policy development and public attitudes. Publication was followed up by an Academy session at the British Science Association's Science Communication Conference to share learning with the science communication community.

Continuing our objective to ensure that the Academy's policy work is informed by public views and attitudes, in 2009 we secured funding from Sciencewise-ERC to conduct a significant programme of public dialogue as part of our '*Animals containing human material*' study. This work will explore societal and ethical attitudes towards research in this area, and will aim to establish a platform of constructive public engagement that can inform future policy and regulation. Academy staff and Fellows have also given presentations to patient groups on the theme of science and the media, including to the National Cancer Research Institute annual conference.

Future plans

A new Academy headquarters

The £5 million project to develop the Academy's new headquarters at 41 Portland Place was a major area of focus in 2009/10. During the year under review, detailed project designs were developed by the appointed architects and approved by the Academy's Project Steering Group and Council, and the various consents, licences and approvals needed to undertake the works were secured. Following a two-stage tender process, the main building contractor was appointed, and preliminary/stripping out works began in November 2009, followed by the start of the full programme in January 2010. It is planned that construction will be completed by the end of August 2010 and the Academy will move into its new headquarters in October 2010. This will mark a new beginning for the Academy, allowing us to perform our mission and serve our Fellowship even more effectively. The building at 41 Portland Place will be a focal point for UK biomedicine, providing a venue for all our activities and enabling us to expand our networks and increase the impact of our work.

A tender process was also undertaken to secure a contractor to provide the catering and conferencing services at 41 Portland Place, and suitable tenants were sought for the surplus office space on the upper floors of the building. A trading subsidiary has been established to manage the Academy's business at 41 Portland Place in 2010/11.

The project has been supported by a very successful fundraising appeal, which in the year under review raised £1,586,274. As described in the fundraising section, the appeal has been overseen by a dedicated Fundraising Committee, chaired by the Treasurer, and supported by specialist Academy staff.

Key areas for development

The Academy's biennial Council offsite meeting was held in October 2009, at which Council members and staff discussed the development of our next 5 Year Corporate Strategic Plan (2011-2016). This meeting provided an important opportunity for Council to review our work programmes and to discuss our future objectives, including the opportunities presented by the move to 41 Portland Place. Notwithstanding the strategic aims that will be published in our next Corporate Plan in 2011, the following key areas for development have been identified for the year 2010/2011:

- To successfully complete the fundraising appeal and establish 41 Portland Place as the Academy's headquarters.
- To address issues across the spectrum of medical science, healthcare and society.
- To ensure that the outputs of policy activities achieve maximum impact and influence.
- To establish UK wide programmes of mentoring support and consolidation of current grants schemes.
- To secure outputs and impacts of our international programme, particularly through partnership activities.
- To increase the Academy's profile with the medical science and health communities, including through publications and media engagement.

Financial review

The financial statements for the year that ended 31 March 2010 are shown on pages 20 – 34.

Funding sources and income for the year

The Academy receives income from a variety of sources and is not dependent on one principal source of funding. This ensures that the Academy retains its independence in its advisory work. Income is received from: the Academy's Fellows in annual subscriptions; organisations and individuals as donations or grants for specific projects; interest arising on short term cash deposits; and income arising on endowed investments. Total incoming resources for the year were £5.06 million compared to £5.85 million in the previous year. However, once donations relating to the Novartis Foundation merger and ongoing capital project are excluded, underlying income of £3.5 million represents a 45% improvement on 2008/09. This significant increase reflects the expansion of the Academy's grant schemes; grant funding rose from £416,834 in 2008/09 to just over £2.14 million in 2009/10.

Expenditure

The Academy has applied the funds it receives as shown in the analysis of expenditure in the Statement of Financial Activities on page 20. Spending on charitable activities amounted to £3,165,216 or 86% of the total resources expended. However, costs of £329,622 relating to the refurbishment project at 41 Portland Place are included in the total expenditure and, once these are excluded, the amount of charitable expenditure makes up 94% of the remaining balance. The costs of the refurbishment project shown as Other Resources Expended relate to the costs of the Academy's own staff and facilities management consultants who are supporting the Academy with the relocation. Construction costs and directly attributable professional fees of £1,176,550 incurred in the year have been capitalised as Assets under Construction and are shown at Note 7 as Tangible Fixed Assets.

Cash management

The nature of the Academy's programmes and grant funding activities requires that a significant amount of the Academy's reserves are held in cash. The Finance Committee regularly reviews the cash management policy and at its meeting of February 2010 confirmed that cash deposits should continue to be diversified across banking institutions to reduce risk. The policy requires operational cash balances to be kept at a minimum and for the majority of cash reserves to be held in pooled cash deposit funds. The deterioration in bank interest rates during the year has seen a reduction in bank deposit interest of 85%. This has had a significant impact on the General Fund and was the main contributor to the deficit of £65,323.

Investments

In early 2009 the Finance Committee recommended that cash held for the Academy's three endowed funds should be invested in order to safeguard their long term value whilst generating sufficient annual income to carry out the purposes of the funds. Phased investment of £710,000 took place over several months in 2009 into the Alpha Common Investment Fund for Endowments managed by Sarasin & Partners LLP. At 31 March 2010 the value of the funds held by the Academy was £848,025. The performance of the funds is monitored against the objectives set by the Finance Committee by quarterly reports from the investment managers.

Reserves

The Academy's reserves at 31 March 2010 were £6.59 million, an increase of £1.51 million from 31 March 2009. The reserves were made up as follows:

	£
Permanent Endowment	892,102
Restricted Funds	2,698,253
Unrestricted Funds – comprised of:	
Designated Funds	2,409,004
General Fund	590,613
Total Funds at 31 March 2010	6,589,972

The Finance Committee reviews the level of reserves regularly to ensure that they are appropriate for the purposes for which they are retained. The purposes of the permanent endowment and restricted funds are outlined in Note 12 to the Accounts.

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

At 31 March 2010 a total of £2,409,004 was held in three designated funds. The first is an asset fund of £2.3 million made up of the leasehold property at 41 Portland Place/8 Weymouth Mews valued in September 2008 by Knight Frank LLP.

The two remaining designated funds total £109,004 and continue to be used for the running costs of 41 Portland Place and sundry professional fees relating to the planning of the future use of the building. It is likely that the balances on these funds will be drawn down fully during the coming year.

Reserves policy

The Finance Committee regularly reviews the level of reserves retained in the General Fund with particular reference to 3-year income and expenditure forecasts. The Finance Committee confirmed at their meetings in 2009/10 that the policy of retaining a minimum of six months expenditure on core activities as free reserves was still appropriate.

The level of free reserves (General Fund less the net book value of fixed assets in that Fund) at 31 March 2010 was £579,756. This compares to a minimum level of some £525,000 based on the budgeted operational expenditure for 2010/11. The Committee is satisfied that the balance on the General Fund is appropriate given the uncertainties of the current economic environment and provides an adequate operational platform to allow the Academy to develop a new strategic plan for 2010 onwards. This will incorporate the activities of a new trading subsidiary that will manage the business to be run from 41 Portland Place from October 2010. The profit generated from the business will be donated under gift aid to the Academy each year and will be an important component of the Academy's core funds for the future.

Fundraising

The Academy gratefully acknowledges the many trusts, companies and individuals who have made donations to the organisation over the year. The Academy is grateful for the generous core, programme and project support we have received for our work from The Foulkes Foundation, The Health Foundation, the Medical Research Society, the Primary Immunodeficiency Association, Sanofi Pasteur and the Wellcome Trust. We would also like to thank all the donors to the Academy's Daniel Turnberg Memorial Fund. We are grateful for the ongoing support of The Jean Shanks Foundation and The Raymond and Beverly Sackler Foundation, whose endowments underpin our annual lecture programme.

We are most grateful for continued support from government and its agencies - the Department of Health for England, the Department for Business, Innovation and Skills, the Medical Research Council, the National Institute for Health Research and Sciencewise-ERC. We have also been fortunate to receive funds from the Board for Academic Medicine (Scotland), NHS Education for Scotland, HSC Public Health Agency Northern Ireland, Northern Ireland Medical and Dental Training Agency and Queen's University, Belfast.

The fundraising appeal for the refurbishment of 41 Portland Place to create our own headquarters progressed extremely well over the year under review. Generous donations were received from the Wellcome Trust, The Welton Foundation (in memory of Professor John Newsom-Davis FRS FMedSci, Founder Fellow of the Academy), Laurie Landeau, The Jean Shanks Foundation, University Hospitals Association, Sanofi Pasteur, The Rayne Foundation, The de Laszlo Foundation and Mellersh & Harding, as well as substantial support from the Academy's Fellowship.

We are also extremely grateful to a number of organisations who pledged substantial support for the project and will release funds in the following year. Donors include The Wolfson Foundation, GlaxoSmithKline, AstraZeneca, Pfizer, The Sir Jules Thorn Charitable Trust, Sanofi Aventis, The Kohn Foundation and The Dana Foundation.

Statement of Council's responsibilities

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

Company law requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the Council is required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enables it to ensure that the financial statements comply with the Companies Act 1985. Council is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The charitable company provides trustee indemnity insurance for members of Council during their term of office.

In so far as the Council is aware:

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

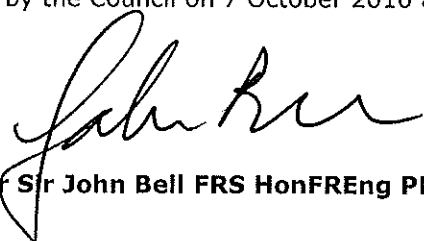
Auditors

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

Small company rules

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

Approved by the Council on 7 October 2010 and signed on its behalf by:



Professor Sir John Bell FRS HonFREng PMedSci
President

Independent auditors' report to the members of the Academy of Medical Sciences

We have audited the financial statements of The Academy of Medical Sciences for the year ended 31 March 2010 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Council's (who are also the directors of the charitable company for the purposes of company law) responsibilities 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Council's Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Council's Annual Report and consider the implication for our report if we become aware of any apparent misstatements within it.

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 trustees 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 of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure for the year then ended.
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the Companies Act 2006.
- The information proved in the Council's Annual Report is consistent with the financial statements.



Nicholas Brooks, Senior Statutory Auditor

for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 12/10/10

Statement of financial activities for the year ended 31 March 2010

Incorporating the summary income and expenditure account

	Note	General fund £	Other unrestricted funds £	Restricted funds £	Permanent endowment fund £	Total 2010 £	Total 2009 £
Incoming resources							
Incoming resources from generated funds							
Voluntary income		635,146	-	1,586,274	119,284	2,340,704	4,507,515
Activities for generating funds		-	-	-	-	-	17,250
Investment income		16,293	-	22,503	-	38,796	134,442
Incoming resources from charitable activities							
Grants and donations		52,748	-	2,623,901	-	2,676,649	914,209
Trading to further charitable objects		-	-	-	-	-	272,579
Total incoming resources	2	704,187	-	4,232,678	119,284	5,056,149	5,845,995
Resources expended							
Costs of generating funds							
Charitable activities		115,910	-	-	4,508	120,418	102,788
Recognising excellence		112,281	-	4,056	-	116,337	113,483
Developing the leaders of tomorrow		120,167	-	2,491,859	10,000	2,622,026	1,199,526
Influencing medical science policy		102,286	-	79,824	-	182,110	266,246
Improving global health		74,025	-	8,579	-	82,604	81,540
Linking academia and industry		75,747	-	-	-	75,747	94,527
Engaging the public		86,392	-	-	-	86,392	110,478
Trading to further charitable objects		-	-	-	-	-	520,287
Governance costs		69,808	-	-	-	69,808	75,836
Other resources expended		12,894	61,486	255,242	-	329,622	184,499
Total resources expended	3	769,510	61,486	2,839,560	14,508	3,685,064	2,749,210
Net (outgoing)/incoming resources before transfers	12	(65,323)	(61,486)	1,393,118	104,776	1,371,085	3,096,785
Gross transfers between funds	12	2,835	(412,631)	409,796	-	-	-
Gains on investment assets	9	-	-	-	135,774	135,774	-
Net movement in funds		(62,488)	(474,117)	1,802,914	240,550	1,506,859	3,096,785
Funds 1 April 2009		653,101	2,883,121	895,339	651,552	5,083,113	1,986,328
Funds 31 March 2010	12	590,613	2,409,004	2,698,253	892,102	6,589,972	5,083,113

All amounts relate to continuing operations.

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

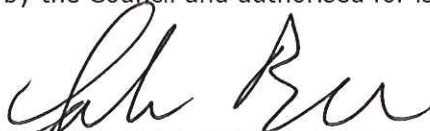
The notes on pages 22-34 form part of these financial statements.

Balance sheet as at 31 March 2010

	Note	2010 £	2009 £
Tangible fixed assets	7	3,643,923	2,719,344
Investments	9	848,025	-
Current assets			
Debtors	10	280,350	120,970
Cash on deposit		3,058,277	3,092,211
Cash at bank and in hand		28,195	69,164
		3,366,822	3,282,345
Current liabilities			
Creditors: amounts falling due within one year	11	(1,268,798)	(918,576)
Net current assets		2,098,024	2,363,769
Net assets	13	6,589,972	5,083,113
Represented by:			
Permanent endowment fund		892,102	651,552
Restricted funds		2,698,253	895,339
Unrestricted funds:			
General fund		590,613	653,101
Designated fund		2,409,004	2,883,121
Total funds	12	6,589,972	5,083,113

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

Approved by the Council and authorised for issue on 7 October 2010, and signed on its behalf by:



President

Professor Sir John Bell FRS HonFREng PMedSci



Treasurer

Professor Ian Lauder FMedSci

The notes on pages 22-34 form part of these financial statements.

Notes to the financial statements for the year ending 31 March 2010

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 with the exception of leasehold premises and antiques from the Novartis Foundation that have been included at fair value to the Academy. The financial statements comply with the Companies Act 2006 and have been prepared in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (revised March 2005).

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.

Grants Receivable – the proportion of any grant that relates to periods beyond 31 March 2010 has been treated as deferred income and not included in incoming resources for the year.

c. *Resources expended*

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed 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 costs expended in seeking new sources of funding for the Academy.

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

Clinical Research Training Fellowships and Starter Grants for Clinical Lecturers are charged in the year when the conditions for each award are fulfilled.

Grants awarded by the Daniel Turnberg Memorial Fund Awards Panel are treated as payable only when funding is in place.

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

Leasehold refurbishment costs - depreciation is not provided until construction is completed. At the year end, no depreciation charge had been made.

Antiques – those included in the financial statements were held at fair market value for resale (see note 7) and no depreciation has been charged as a consequence. The Academy also holds some selected antiques and paintings that will form the Academy’s artefacts at 41 Portland Place and are therefore held for the long term. The value of these items has not been included in the accounts, nor depreciation provided for them.

e. Funds

Unrestricted funds comprise a General Fund, held for the general objects of the Academy’s work, and Designated Funds connected with the 41 Portland Place assets and relocation costs. 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.

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 £37,127 (2009: £54,129) has been included in support costs and allocated to the relevant cost headings on the basis described at (c.) above.

2 Incoming resources

	2010 £	2009 £
a. Incoming resources from generated funds		
<i>Voluntary income</i>		
Fellows' subscriptions and contributions	207,436	187,068
Donations – capital appeal	1,586,274	455,158
Donations – core funds	427,710	412,274
Donated assets on transfer from the Novartis Foundation	-	2,995,863
Donations – Daniel Turnberg Memorial Fund	119,284	457,152
	2,340,704	4,507,515
<i>Activities for generating funds</i>		
Rental income	-	17,250
<i>Investment income</i>		
Income on investments	18,549	-
Short term deposit interest	19,779	124,935
Bank deposit interest	468	9,507
	38,796	134,442
Total incoming resources from generated funds	2,379,500	4,659,207
b. Incoming resources from charitable activities		
<i>Grants and donations for specific purposes</i>		
Leaders of tomorrow - careers	305,548	313,400
Leaders of tomorrow - fellowships	2,137,676	416,834
Medical science policy	180,678	97,000
Academia and industry	52,747	86,975
	2,676,649	914,209
<i>Trading to further charitable objects</i>		
41 Portland Place – science meetings and accommodation	-	272,579
Total incoming resources from charitable activities	2,676,649	1,186,788
Total incoming resources	5,056,149	5,845,995

3 Resources expended

a. Analysis of total resources expended

	Direct costs £	Grant funding £	Support costs £	Total 2010 £	Total 2009 £
<i>Costs of generating funds</i>	95,876	-	24,542	120,418	102,788
<i>Charitable activities</i>					
Recognising excellence	93,625	-	22,712	116,337	113,483
Developing the leaders of tomorrow	292,117	2,178,625	151,284	2,622,026	1,199,526
Influencing medical science policy	114,115	-	67,995	182,110	266,246
Improving global health	67,950	-	14,654	82,604	81,540
Linking academia and industry	58,862	-	16,885	75,747	94,527
Engaging the public	71,739	-	14,653	86,392	110,478
Trading to further charitable objects	-	-	-	-	520,287
<i>Governance</i>	61,016	-	8,792	69,808	75,836
<i>Other resources expended</i>	315,168	-	14,454	329,622	184,499
Total resources expended	1,170,468	2,178,625	335,971	3,685,064	2,749,210

b. Analysis of support costs

	Cost of premises £	Office & IT costs £	Staff & related costs £	Total 2010 £	Total 2009 £
<i>Costs of generating funds</i>	9,930	6,500	8,112	24,542	22,781
<i>Charitable activities</i>					
Recognising excellence	9,189	6,015	7,508	22,712	31,200
Developing the leaders of tomorrow	61,207	40,066	50,011	151,284	161,155
Influencing medical science policy	27,510	18,008	22,477	67,995	66,340
Improving global health	5,928	3,881	4,845	14,654	18,983
Linking academia and industry	6,832	4,472	5,581	16,885	23,367
Engaging the public	5,928	3,881	4,844	14,653	18,985
<i>Governance</i>	3,557	2,328	2,907	8,792	14,713
<i>Other resources expended</i>	5,847	3,828	4,779	14,454	-
Total support costs	135,928	88,979	111,064	335,971	357,524

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

Other resources expended include £241,784 for the costs of the Academy's own staff and facilities management consultants who are supporting the Academy in the relocation to 41 Portland Place and £73,384 for the loss on sale of the antiques.

3 Resources expended (continued)

c. Analysis of governance costs

	2010	2009
	£	£
Audit fees	9,975	11,200
Audit fees – previous year	-	810
Costs of AGM and Council meetings	12,642	10,080
Staff and related costs	29,170	39,033
Strategy planning days	9,229	-
Allocated support costs	8,792	14,713
	<hr/>	<hr/>
Total governance costs	69,808	75,836
	<hr/> <hr/>	<hr/> <hr/>

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

4 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 18 Council members (2009: 18) received reimbursed travel expenses of £10,863 (2009: £7,591).

b. Employee information

	2010	2009
	£	£
Salaries	616,027	819,848
Employer's national insurance	64,671	71,483
Employer's pension contributions	33,565	106,421
	<hr/>	<hr/>
	714,263	997,752
	<hr/> <hr/>	<hr/> <hr/>

Included in salaries for 2009 is an amount of £363,178 relating to the transferred staff from the Novartis Foundation for the period from 1 August to 31 December 2008, including employer pension and redundancy costs.

4 Trustee and employee information (continued)

The full-time average equivalent for staff during the year was 17.6 (2009: 19.3). Staff were engaged across the Academy's activities as follows:

	2010	2009
Generating funds	1.68	1.00
Recognising excellence	1.55	2.00
Developing the leaders of tomorrow	5.60	4.68
Impacting on medical science policy	2.38	2.92
Improving global health	1.00	1.00
Linking academia and industry	1.00	1.00
Engaging the public	1.00	1.00
Trading to further charitable objectives	0.00	3.88
Governance	0.60	0.65
Support	1.97	1.17
Other	0.88	0.00
	17.66	19.30

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

	2010 Number	2009 Number
£70,001 - £80,000	nil	1

Pension contributions paid by the Academy relating to higher paid employees as defined above amounted to £nil (2009: £9,225).

5 Net incoming resources after charging

	2010	2009
	£	£
Audit fees	9,975	11,200
Audit fees – previous year	-	810
Investment management fees	4,508	-
Loss on disposal of tangible fixed assets	73,384	-

6 Grants payable

a. *Clinical Research Training Fellowships*

The funding of £4.4 million from The Health Foundation (THF) for the first cohort of 10 Clinician Research Training Fellowships terminated in 2009 with the completion of the final two projects. One Senior Surgical Fellow received additional funding of £1.25 million for a renewal period of five years from 1 January 2008. A new round of funding was agreed with the Health Foundation in 2008 with £3.21 million being awarded over five years to 5 Fellowships commencing Autumn 2008 onwards.

Grants totalling £656,721 were received from The Health Foundation during the year, £234,653 of which relates to periods beyond 31 March 2010 and has been included in creditors as deferred income at Note 11.

During the year the Academy expended £838,950 on research salaries and expenses to participating institutions in the areas of surgery, anaesthesia and general medicine. 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 12 to these financial statements.

	£
Grants outstanding 1 April 2009	138,218
Grants falling due in year	838,950
Grants paid in year	(793,572)
Grants outstanding 31 March 2010	183,596

The amount of grants outstanding at 31 March 2010 is shown as a creditor in Note 11.

The Fellowship funded by the Primary Immunodeficiency Association (PiA) to fund the research expenses and part of the salary of a Clinician Scientist Fellowship in clinical immunology completed in August 2009.

b. Daniel Turnberg Memorial fund

An amount of £20,585 was awarded on 31 March 2010 to eight researchers (seven from countries in the Middle East) to a maximum of £4,000 per award to cover the costs of subsistence and travel to the UK in accordance with the charitable objects of the Fund. The total is shown as a creditor in Note 11.

Additional awards amounting to £47,155 were made on 31 March 2010 to be funded by donations from the Wellcome Trust (£27,480) and the Royal College of Physicians (£19,675). Since the awards will be paid from future income they have not been included in these financial statements.

	£
Grants outstanding 1 April 2009	18,555
Grants falling due in year	60,463
Grants paid in year	(58,433)
Grants outstanding 31 March 2010	20,585

c. Starter Grants for Clinical Lecturers

Total funding of £5 million over four years was agreed with the Wellcome Trust in 2009 for the 'Starter Grants for Clinical Lecturers' Scheme. Funding of £1,259,821 was received during the year, the Academy expended £1,249,413 on 44 grants to participating institutions, leaving £10,408 carried forward and included in deferred income at note 11. Trade creditors include £240,294 relating to nine grants outstanding at the year end.

7 Tangible fixed assets

	Leasehold premises £	Assets under construction £	Antiques £	Furniture, fixtures & equipment £	Computer equipment £	Total £
Cost						
At 1 April 2009	2,300,000	156,516	253,280	90,745	43,733	2,844,274
Additions	-	1,176,550	-	-	5,963	1,182,513
Disposals	-	-	(253,280)	-	(1,618)	(254,898)
At 31 March 2010	2,300,000	1,333,066	-	90,745	48,078	3,771,889
Depreciation						
At 1 April 2009	-	-	-	83,939	40,991	124,930
Charge for the year	-	-	-	1,221	3,433	4,654
Disposals	-	-	-	-	(1,618)	(1,618)
At 31 March 2010	-	-	-	85,160	42,806	127,966
Net book value						
At 31 March 2010	2,300,000	1,333,066	-	5,585	5,272	3,643,923
At 31 March 2009	2,300,000	156,516	253,280	6,806	2,742	2,719,344

Leasehold premises represents the value of the leasehold property at 41 Portland Place/8 Weymouth Mews as transferred to the Academy from the Novartis Foundation on 31 July 2008. Assets under construction are the costs of construction and associated professional fees incurred to 31 March 2010 as part of the capital refurbishment project. The project is due to complete by the end of 2010 and the property will then be re-valued and written off over the remaining term of the lease (expires 2038).

The antiques that were being held for resale were sold by Christies during the year for £209,990 and the net proceeds of £179,896 were applied to the capital project fund.

8 Capital commitments

The Academy approved the refurbishment of 41 Portland Place in 2008 and set a fundraising target of £5 million to cover the full costs of construction, professional fees, fitting out and relocation. In January 2010 the Academy authorised a contract for construction costs of £3,123,353 for the refurbishment. By 31 March 2010, £732,660 had been paid. The remaining £2,390,693 will be paid for before 31 October 2010, except for a retainer of £94,000 to be paid in August 2011. At the balance sheet date there were also contractual obligations with professional firms to a total of £150,890.

9 Investments

	2010
	£
At 1 April 2009	-
Additions	710,000
Management fees	(4,508)
Net gain in market value	135,774
	<u>841,266</u>
Cash held for investment	6,759
Market Value at 31 March 2010	<u>848,025</u>
Cost at 31 March 2010	<u><u>710,362</u></u>

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

10 Debtors

	2010	2009
	£	£
Trade debtors	100,986	31,447
Prepayments	31,435	55,694
Accrued income	42,079	13,770
VAT recoverable	86,736	8,195
Other debtors	19,114	11,864
	<u>280,350</u>	<u>120,970</u>

11 Creditors

	2010	2009
	£	£
Amounts falling due within one year:		
Grants payable – Clinician Research Training Fellowships	183,596	140,434
Grants payable – Daniel Turnberg Memorial fund	20,585	18,555
Trade creditors	763,027	304,661
Accruals and deferred income	282,250	434,711
PAYE/NIC Liability	19,340	20,215
	<u>1,268,798</u>	<u>918,576</u>

Grants payable are detailed in Note 6. They are transferred to creditors once invoice claims from host institutions have been received. Trade creditors include £82,565 relating to three Health Foundation Fellowships and £240,294 relating to nine Wellcome Trust Starter Grants.

12 Movement on funds

	Balance 1 Apr 2009 £	Income £	Expenditure £	Transfers £	Revaluation £	Balance 31 Mar 2010 £
Permanent endowment						
Jean Shanks Memorial fund	150,000	-	(1,274)	-	33,857	182,583
Sackler fund	50,000	-	(425)	-	11,286	60,861
Daniel Turnberg Memorial fund	451,552	119,284	(12,809)	-	90,631	648,658
Total permanent endowment	651,552	119,284	(14,508)	-	135,774	892,102
Restricted funds						
The Health Foundation:						
Fellowships	243,296	819,044	(840,353)	-	-	221,987
Administration	58,095	76,668	(93,372)	-	-	41,391
The Wellcome Trust:						
Starter Grants	-	1,249,413	(1,249,413)	-	-	-
Administration	10,813	83,606	(92,874)	-	-	1,545
UHA Fund	35,467	158	(158)	(35,467)	-	-
DOH Mentoring Scheme	27,293	100,583	(84,095)	-	-	43,781
Other Mentoring Schemes	10,000	6,040	(11,353)	3,500	-	8,187
Scottish Peer Review	-	6,004	(6,004)	-	-	-
Project/meeting contributions	27,392	180,833	(88,403)	-	-	119,822
Jean Shanks Memorial fund	-	3,938	(3,938)	-	-	-
Sackler fund	-	1,313	(119)	-	-	1,194
Daniel Turnberg Memorial fund	2,735	75,820	(77,872)	-	-	683
PIA Fellowship	4,378	13,131	(17,509)	-	-	-
Foulkes Foundation	1,505	2,156	(2,651)	-	-	1,010
Medical Research Society	19,207	26,138	(16,204)	(3,500)	-	25,641
Capital appeal	455,158	1,587,833	(255,242)	445,263	-	2,233,012
Total restricted funds	895,339	4,232,678	(2,839,560)	409,796	-	2,698,253
Unrestricted funds						
General fund	653,101	704,187	(769,510)	2,835	-	590,613
Designated relocation fund	111,200	-	(35,414)	-	-	75,786
Designated 41 Portland Place fund	58,471	-	(25,253)	-	-	33,218
Designated asset fund	2,713,450	-	(819)	(412,631)	-	2,300,000
Total unrestricted funds	3,536,222	704,187	(830,996)	(409,796)	-	2,999,617
Total funds	5,083,113	5,056,149	(3,685,064)	-	135,774	6,589,972
Transfers between funds						
	General fund £	Restricted funds £	Designated asset fund £			
Cost of antiques sold in the year	-	253,280	(253,280)			
Capitalised refurbishment costs	-	156,516	(156,516)			
Transfer of sundry assets	2,835	-	(2,835)			
Total	2,835	409,796	(412,631)			

12 Movement on funds (continued)

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

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

The Daniel Turnberg memorial fund: the Academy holds funds as sole trustee of the Daniel Turnberg Memorial Fund set up to foster academic interchange between medical and bioscience researchers in and between the UK and countries in the Middle East by award of travel grants. The balance of £648,658 represents the capital of the fund at 31 March 2010. Income arising on the fund is treated as restricted income from which annual grants will be paid in the future.

The Health Foundation

Fellowships: The Health Foundation (THF) provides funding to cover salaries and research expenses for the clinical scientist fellowships. THF sends 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 Wellcome Trust Clinical Lecturer Scheme: the Wellcome Trust is providing £450,000 over five years in annual instalments for the Academy to set up and administer a £5 million Starter Grant scheme to clinical lecturers to help in the early stages of their research careers.

The UHA fund represents the funds of the University Hospitals Association (England and Wales) following its removal from the Central Register of Charities. During the year the former Trustees of the Fund authorised the transfer of the remaining balance of £35,467 to be applied to the capital project at 41 Portland Place.

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

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

Scottish SCF Scheme Peer Review: £6,000 was provided by the Scottish Funding Council to cover the costs of the Academy's co-ordination of the peer review of applications to the Scottish Senior Clinical Fellowship scheme during 2009.

12 Movement on funds (continued)

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

PiA Fellowship: this represents funding from the Primary Immunodeficiency Association (PiA) which was 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.

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. During the year the Trustees of the Fund authorised the transfer of £3,500 to the Northern Ireland mentoring scheme.

Capital appeal: donations received in response to the Academy's fundraising appeal to support the refurbishment of 41 Portland Place to establish it as the Academy's new headquarters. Additional transfers to this fund during the year of £445,263 are made up of antiques of £253,280 and capitalised refurbishment costs of £156,516 transferred from the Designated Asset Fund, along with £35,467 transferred from the UHA Fund.

Designated relocation fund: this fund was set up by the Finance Committee to support the establishment of a new headquarters for the Academy. It has been used to cover the costs of professional fees incurred in arranging the transfer of the leasehold premises and other assets at 41 Portland Place from The Novartis Foundation during 2008, together with those professional fees associated with the refurbishment and design of the premises.

Designated 41 Portland Place fund: this fund represents the working capital remaining after termination of the business activities at 41 Portland Place. The fund will be used to cover the running costs of the building until the relocation of the Academy in October 2010.

Designated asset fund: comprises the leasehold premises at 41 Portland Place and 8 Weymouth Mews. Transfers out of this fund of £412,631 during the year are made up of antiques of £253,280, sold during the year, and capitalised refurbishment costs of £156,516 transferred to the Capital Appeal, along with £2,835 of sundry assets acquired on the acquisition of 41 Portland Place now transferred to the general fund.

13 Analysis of net assets

	General fund £	Designated funds £	Restricted funds £	Permanent endowment fund £	Total £
Fixed assets	10,857	2,300,000	1,333,066	-	3,643,923
Investments	-	-	2,304	845,721	848,025
Cash on deposit, at bank and on hand	530,635	109,004	2,410,899	35,934	3,086,472
Other net current assets/(liabilities)	49,121	-	(1,048,016)	10,447	(988,448)
	590,613	2,409,004	2,698,253	892,102	6,589,972

14 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 2010 there were 941 members.

15 Related party transactions

During the year a donation of £500 for Forum membership was received from the British Heart Foundation, a charity for which two members of Council, Professor Patrick Sissons FMedSci and Professor Kay-Tee Khaw CBE FMedSci, acted as trustees. A contribution of £5,500 towards the refurbishment of the 4th floor of 41 Portland Place was received from Arthritis Research UK, a charity for which Professor Patrick Sissons FMedSci acted as a trustee. A donation to the Capital Appeal of £20,000 was received from Sanofi Pasteur, a company for which Professor Jeffrey Almond FMedSci acted as a director.

16 Subsidiary charity

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

17 Post balance sheet event

At the Council meeting of February 2010, the trustees approved investment into a newly established trading subsidiary to operate the business activities at 41 Portland Place. The Academy of Medical Sciences (AMS) Trading Limited was incorporated in England and Wales on 25 February 2010 with registered number 07170258. Investment took place on 1 April 2010 with the Academy subscribing for 1,000 shares of £1 each in the capital of AMS Trading Limited.