medical research scotland

funding a healthier future

annual review 2006 / 2007

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

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

Members

The following served as Members of the Trust during the year:

Professor S Moira Brown, OBE, PhD, FRCPath, FRSE (Chairman)*

Dr Graham Beastall, BSc, PhD, FRCPath, EurClinChem (until 31 March, 2007)

Dr Marie Boyd, BSc, PhD (from 6 December, 2006)

Professor William Cushley, BSc, PhD

Mr Frederick Dalgarno, LLB, DipIM, CA*

Professor Paul Garside, BSc, PhD

Professor Ian Greer, MBChB, MD, FRCP(Glas, Edin, Lond), FRCOG, MFFP (until 4 August 2006)

Professor David J Harrison, BSc, MBChB, MD, FRCPath, FRCPE (from 27 November, 2006)

Dr Karen Horsburgh, BSc, PhD (from 27 November, 2006)

Professor Nicol Keith, PhD (until 21 August, 2006)

Dr Zosia Miedzybrodzka, MBChB, PhD, MRCOG (until 31 October, 2006)

Mr John Naylor, OBE, MA, CCMI*

Ms Fiona Nicolson, MA, LLB, Dip LP (from 20 February, 2006)*

Professor Michael Steel, BSc, MBChB, PhD, DSc, FRCPE, FRCSE, FRCPath

Mr Alan A Stewart*

Professor Eric Wright, PhD, FRCPath, FRSE (20 November, 2006 – 20 February, 2007)

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

Standing (LtoR): Professor Michael Steel, Dr Karen Horsburgh, Professor Bill Cushley, Professor David Harrison, Dr Denise Coia, Professor Paul Garside.
Seated (LtoR): Ms Fiona Nicolson, Mr Fred Dalgarno, Professor Moira Brown (Chairman), Mr Alan Stewart, Dr Marie Boyd
Members not photographed were: Professor Margarete Heck and Mr John Naylor

Principal Address

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

Secretaries

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

Auditors

Chiene + Tait, Chartered Accountants and Registered Auditors, 61 Dublin Street, Edinburgh EH3 6NL

Investment Manager

Martin Currie Investment Management Ltd, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES

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

chairman's report

Our new identity as Medical Research Scotland is now fully established and independence has been beneficial: we are the largest Scottish-based medical research charity. Of considerable importance has been the change to our grant-awarding strategy during the year, when we decided that it would be more advantageous if we combined all potential funding into one scheme. With one exception (The Tyson Fellowship), we no longer support individual Fellowships and Scholarships. As a result of generous benefactors and prudent management, we have been able to take the decision to increase our funding for individual Project Grants to a maximum of £150,000 over a period of three years. This year we have spent £483,696 on grants and the new awards made are listed on page 9. We received 39 outline applications, with 16 going through to full peer review. We remain committed to quality of both research and applicant and welcome applications at the new level.

We held an Open Day in May 2006 where a number of our grant holders presented their work. The quality of both the individuals and their research was greatly encouraging and supports our policy of maintaining high standards in the selection process. A presentation was given by one of our Members, Fiona Nicolson, to raise awareness of Intellectual Property (IP) among grant holders, as this is an area where we are committed to try and increase our income.

Another Open Day was held in May 2007. We were particularly pleased to have as our guest speaker, Dr Harry Burns, Chief Medical Officer for Scotland who was himself the recipient of our grants at the start of his career. A summary of that presentation and a short report on the Open Day, which was chaired by our Scientific Advisor Dr Joan Macnab, can be found on page 7.

The past year has been a busy one, with many administrative issues having to be addressed. We tendered for investment managers and Martin Currie Investment Management Ltd has been reappointed for a period of two years. Our standard terms and conditions for grant holders and institutions administering grants have been revamped to bring them into line with current expectations in terms of accountability. Additionally, the terms and conditions relating to exploitation of IP have been updated following discussions with the Scottish Universities. These will hopefully remain as standard for the next several years. We are currently reviewing our Secretarial services.

A summary of financial statements is shown in pages 14 & 15 and at present we have funds in excess of £34M. As usual during the year we have received donations and legacies, for which we are extremely grateful, and these are listed on page 10. I sometimes wonder when the era of people who remember SHERT (as it was) in their Wills, will come to an end! One of our recent benefactors requested that her substantial legacy should be used for research into heart disease or pain management and we have recently contacted appropriate institutions inviting grant applications in the field of pain management.

A number of new Members, from different professional backgrounds, have been appointed and these are listed opposite. Our longstanding member and Vice Chairman Dr Graham Beastall stepped down this year. Graham gave unstintingly of his time and expertise. He is a man of wise counsel and reliability, who will be missed as a valued colleague on Medical Research Scotland. We were delighted that Graham received a CBE in the Queen's Birthday Honours this year.

Medical Research Scotland continues to provide invaluable support to young people at the start of their careers in life sciences and medicine. Now that our Government in Scotland has more of a national identity, it may be that our position as the largest healthcare charity in the country will receive a higher profile.

I am grateful to all the Members who give so willingly of their time and expertise, to our Scientific Advisor, to our Secretaries and to all the others who contribute to the functioning of Medical Research Scotland.

Professor S. Moira Brown OBE, PhD, FRCPath, FRSE


a healthier
“the tradition of excellence continues”

future

During the more than 50 years since its inception as SHERT, Medical Research Scotland has awarded over £30million in grants to many young researchers in Scotland at the start of careers in medical research. Some of these became notable careers, with the individuals making significant contributions to the diagnosis and treatment of a wide range of diseases. Among these were the late Professor Ian Donald in Glasgow for his early work on ultrasound, Professor John Mallard in Aberdeen for his work on MRI scanning technology and Professor Bryan Jennett in Glasgow for his work on brain injury which led to the development of the internationally-used "Glasgow Coma Scale". One of the earliest grants was to Dr Peter Mitchell, whose postdoctoral work in Edinburgh was on 'biomolecular mechanisms' and went on to receive the 1978 Nobel Prize in Chemistry. The tradition of excellence continues, as these more recent examples illustrate.

In early 2005, **Dr Kevin Dhaliwal**, an Edinburgh-based Specialist Registrar in Respiratory & General Medicine, applied for a SHERT one-year Research Scholarship. He showed such promise at interview that the Members took the unprecedented step of awarding him two years' funding – the equivalent of a Research Fellowship.

He comments: "The award of funding for two years has made a real difference to me. Not only has it allowed me to extend the original project, but I'm sure it contributed to my being appointed a Clinical Lecturer in Respiratory Medicine at Edinburgh University earlier this year. On the strength of the Medical Research Scotland-funded work I've done, I have also been awarded an MRC Clinical Research Fellowship to continue my research in the University's Centre for Inflammation Research and, alongside my original project, begin developing expertise in molecular imaging."

Kevin's work on inflammation involves manipulating monocytes – cells which migrate to inflammation sites along with neutrophils as part of the body's natural defence mechanisms – so that they reduce the toxic effects of over-stimulation of neutrophils and switch off inflammation. It is aimed specifically at developing new treatments for lung diseases caused by excessive activation of neutrophils and is focusing on adult respiratory distress syndrome, a condition which is fatal in 30% of cases and survivors have considerable long-term problems.

The general principles underlying the work, however, could be extended to other lung diseases (like emphysema, bronchitis and cystic fibrosis) associated with neutrophil malfunction and even other conditions like arthritis, psoriasis and peritonitis. Kevin has now begun to use molecular imaging to help determine how the therapies will be effective and wishes to develop a career in the exciting and emerging field of applied molecular imaging.

As a PhD student in histopathology at Aberdeen University in 1972, **Professor Andrew Wyllie** (Professor & Head of the Department of Pathology, University of Cambridge and an Honorary Consultant at Addenbrooke's Hospital since 1998) was in the team who first recognised the widespread significance in biology and pathology of the naturally-occurring process of programmed cell death and coined the term 'apoptosis' for it. Failure of apoptosis is now recognised as being at the heart of the development of many types of cancer, in autoimmune disorders and neurodegenerative diseases, but apoptosis is also, paradoxically, essential to normal embryonic development.

Andrew Wyllie continued to explore the cellular and molecular biology of apoptosis in health and disease, particularly its role in cancer, following his move to Edinburgh University and became Professor of Experimental Pathology in 1986. A founding member of the Academy of Medical

a **healthier future**

Medical Sciences, a Fellow of the Royal Society of Edinburgh and of the Royal Society of London, he has received awards and honours in recognition of his research achievements from leading organisations internationally.

The promise shown by the many young people who started their research careers under his guidance and the quality of the resultant research on the genetic aspects of apoptosis, ensured that he and they received several grants from SHERT during the early 1980s.

A strong supporter of the policy of supporting high quality early-career researchers, Professor Wyllie comments, "There is no doubt that this funding made a contribution to helping to ensure Scotland's place in what is now the internationally recognised field of apoptosis research. Several grants led to results which forged crucial links between apoptosis and carcinogenesis.".

Dr Karen Horsburgh, who has been Senior Research Fellow & Deputy Director of the Centre for Neuroscience Research at Edinburgh University since 2005, was appointed a Member of Medical Research Scotland in the autumn of 2006. Her association with the charity started in 1993 however, when she was awarded a SHERT/MRS Jean Baxter Medical Research Fellowship. A graduate in pharmacology, she completed her neuroscience PhD on aspects of Alzheimer's disease at Glasgow University and then took up a postdoctoral research fellowship in the Alzheimer's Disease Institute at the University of California, San Diego.

"When I returned from my post-doc in the States," Karen commented, "the SHERT Fellowship allowed me to investigate the similarities between some of the biochemical and structural changes which occur in the brain shortly after stroke or severe head injury and those shown in patients known to have suffered from Alzheimer's disease. In particular, I was interested in a specific protein (apolipoprotein E), and its role in the development of Alzheimer's disease and response to brain injury. The Fellowship, and the Research Project Grant which followed a year later, were crucial to my career and transformed me very quickly into an independent researcher."

Since then, Karen's work has focused increasingly on the genetic aspects of the underlying causes of and potential for recovery from brain cell injury (from stroke, trauma or Alzheimer's Disease). It is now known that a variant of apolipoprotein E (E4), carried by about one-third of the population, dramatically increases the risk of developing dementia, is the major risk factor for developing Alzheimer's disease and is also associated with poorer outcome and recovery from head injury.

Work aimed at improving the treatment and reducing the annual death toll from liver disease has featured regularly in lists of awards over the years. The Scottish Liver Transplant Centre, supported by a sizeable and high-quality research base is in Edinburgh. Aberdeen is another centre of research excellence in aspects of liver disease and it was to here that **Dr Matthew Wright**, the British Association for the Study of Liver Young Investigator of the Year 2000, moved from Southampton to take up a lectureship in the Department of Molecular & Cell Biology.

His SHERT grant, awarded that same year, was to study the underlying cellular mechanisms involved in liver fibrosis. In particular he and his colleagues were to investigate the function of cytochrome P450, an enzyme involved in liver metabolism and to improve understanding of how it works. During the development of cirrhosis of the liver, fibrous tissue accumulates in the liver cells and disturbs the structure and normal functioning of the cells (fibrosis). The aim was to identify means by which cytochrome P450 might be used to prevent the development of cirrhosis.

He was promoted to Senior Lecturer in Aberdeen University and appointed Honorary Consultant in Pathology to NHS Grampian Hospitals in 2005. Now Reader in Clinical & Laboratory Sciences at Newcastle University Medical School, he leads a large research group and has extended his interests in fibrosis to include the differentiation of liver cells and the potential for the use of stem cells in liver regeneration.

A grant awarded in 1987 to **Professor Peter Macfarlane**, based in what was then Glasgow University's Medical Cardiology Department, has not only been reaping benefits for patients, but also for Medical Research Scotland in the form of royalty payments.

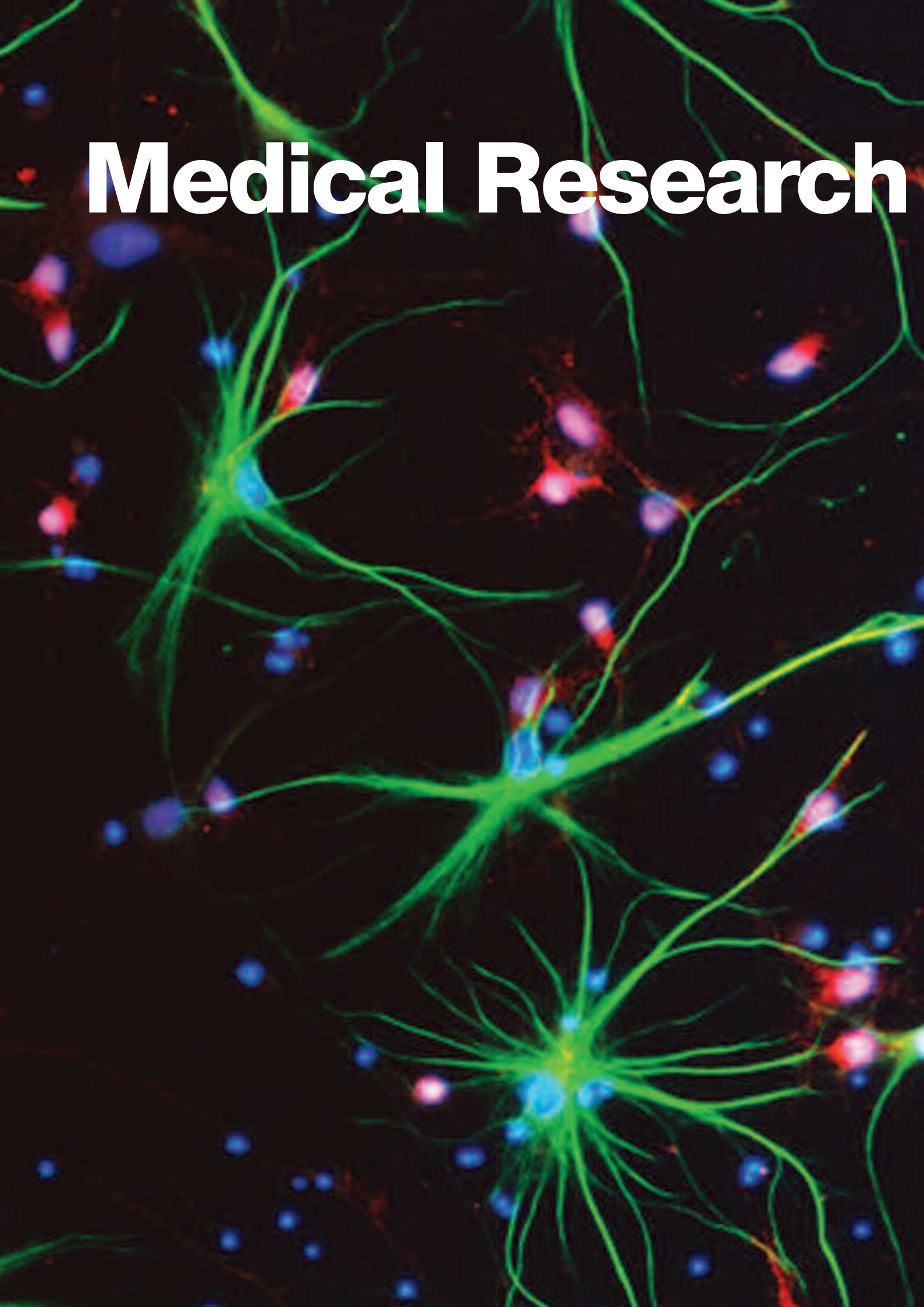
Peter Macfarlane had long been interested in developing computer techniques for the interpretation of electrocardiograms (ECGs) and had received funding from the then Scottish Home & Health Department to continue the necessary research.

Very large numbers of ECG recordings – both normal and abnormal – had to be captured and added to a database so that an automatic analysis program could be made as sensitive and specific as possible. Unsurprisingly, most ECGs had been recorded from adults; the SHERT grant was awarded to study ECGs in healthy neonates, infants and children, so that normal ranges of ECG measurements in this age group could be developed.

Now Professor of Electrocardiology, Peter Macfarlane was joint recipient of the Belgian Royal Academy of Medicine's 1998 Rijlant International Prize in Electrocardiology and is a Fellow of both the European Society of Cardiology and the Royal Society of Edinburgh. He says: "Although only a small part of the cost of the original development work, the SHERT grant was significant, because it allowed us to gather basic data from healthy young children, whose ECGs differ significantly from those of healthy adults. As a result, the analysis program became capable of interpreting ECGs from people of all ages".

The potential for commercial adoption of the enhanced software was considerable and several international companies showed interest. The 'Glasgow Program' has since been licensed to around a dozen vendors and is now in routine use worldwide for the analysis of literally millions of ECGs annually.

Medical Research



in Scotland

Dr Harry Burns, Chief Medical Officer for Scotland was the guest speaker at the 2007 Research Open Day. His presentation offered an overview of the context, financial and healthcare priorities for the funding of medical research in Scotland

Historically, the strategy underpinning CMO/CSO funding was linked to the burden of mortality and morbidity in Scotland, so focused on the "three big ones" – cancer, cardiovascular disease and coronary heart disease – with other support for public health and applied research. It was needs-led and aimed to build capacity in primary care, in the nursing, midwifery and allied health professions and also took forward policy on exploitation of IP arising.

In the context of Scotland having 8.5% of the UK population, but 12.5% of its life scientists, winning more than 13% of UKCRC funding and about 20% of commercial clinical trials, the CSO's budget for healthcare research is very small compared with its counterpart in England & Wales and the other UK players (such as the MRC, the Wellcome Trust and AMRC member charities). Its role, therefore, can really only be catalytic.

A new strategy will be published in 2008, so now is the time for all those involved to influence, shape and offer comments on, in particular: what should change; what new aspects there might be and how these should be tackled; whether there are important gaps; and, most importantly, what the priorities and targets should be. Everyone should work in partnership, to develop a shared vision for Scottish life sciences research, since collaboration is more affordable than competition.

In spite of improvements in recent years, given the continuing major causes of mortality and morbidity in Scotland, the clinical priorities are likely to remain the same and the recent joint investment with the MRC on public health might well prove to be a model on which to build. An increase in translational research and further improvements in health service delivery will probably also be regarded as priorities.

Harry Burns graduated in medicine from Glasgow University in 1974 and until 1989 pursued a career in surgery, spending the final six years as a consultant surgeon at Glasgow Royal Infirmary After a period as Medical Director of the Royal Infirmary, he was Director of Public Health for Glasgow from 1993 until 2005. During his time as a surgeon, he was the recipient of SHERT funding in support of his investigations, with colleagues, into mediators of the body's metabolic response to injury, particularly of the acute phase response.

Dr Joan Macnab, Medical Research Scotland's Scientific Advisor, reports on another successful Open Day.

Participants at the fifth Research Open Day included several former grant holders and newly-funded researchers as well as the invited speakers. The subjects covered reflected the breadth of research funded by Medical Research Scotland, incorporating talks on kidney injury, liver stem cells, spinal muscular atrophy, cell division proteins and cell-based therapy for tissue injury. Dr Bridget Johnston, the inaugural Tyson Research Fellow, spoke on end-of-life care.

Professor Paul Garside, a Trust Member and Director of the Centre for Biophotonics, Strathclyde University, regaled his audience with his account of life after a SHERT grant, stressing the value of making and following new opportunities.

The venue was ideal for this type of meeting and the relaxed atmosphere encouraged good interaction among audience and speakers. The Trust Members present added depth to the discussions and joined the participants for lunch.

New Awards
2006-07

During the year, the Members made the following awards for research into conditions as varied as heart disease, dementia, osteoporosis and schizophrenia.

Research Project Grants

£79,111 to **Dr Trevor J Bushell** (Physiology & Pharmacology, University of Strathclyde) for a two-year project to determine the role of proteinase-activated receptor 2 upregulation in CNS neurones.

This study aims to understand the part played by proteinase-activated receptors in communication between nerve cells in the central nervous system, information that is key to the development of treatments for diseases such as multiple sclerosis, Alzheimer's and Parkinson's.

£74,715 to **Dr Jenni Harvey** (Neurosciences Institute, University of Dundee) for a two-year investigation of whether age-related decline in cognitive function is associated with altered neuronal responsiveness to leptin.

Leptin regulates food intake and body weight and is also involved in the processes underlying learning and memory. Food intake is linked to age-related cognitive decline; over-eating increasing the risk. The levels of brain leptin receptors reduce with age and this research will investigate whether age-related decline in cognitive performance and brain leptin function are linked.

£80,000 to **Dr Christopher M Loughrey** (Cell Sciences, Veterinary Medicine) and Professor Godfrey Smith (Biomedical & Life Sciences, University of Glasgow) for a two-year investigation of the role of intracellular calcium in left ventricular diastolic dysfunction

The heart's ability to pump blood through the body and then refill again is partly dependent on the action of calcium stored in the heart muscles. In 'heart failure' the heart cannot relax sufficiently for filling. This project will investigate whether the cause is a change in how the calcium works.

£79,816 to **Dr Julie Calvert** (Vision Sciences, Glasgow Caledonian University) & Professor Gordon N. Dutton (Royal Hospital for Sick Children, Glasgow) for a two-year project on the identification, characterisation and management of dorsal stream dysfunction in children.

Many children with early brain damage have complex visual problems which may result from damage to the nerve pathway which processes information on the spatial properties and motion of objects. This project aims to develop a test to identify affected children as early as possible, to avoid their educational and social development being impaired.

£79,900 to **Dr Omar Albagha** (Bone Research Group) & Professor Stuart Ralston (Rheumatic Disease Unit, Molecular Medicine Centre, University of Edinburgh), for a two-year project on the identification of susceptibility gene(s) for osteoporosis in men on chromosome 10q21

Osteoporosis affects about 12% of the male population, but most genetic studies of osteoporosis have focused on women. This project aims to define the genetic variants that contribute to susceptibility to osteoporosis in men and identify new genetic markers for risk assessment.

£79,938 to **Dr Sharon Mitchell** & Professor John Speakman (Integrative Physiology, School of Biological Sciences, University of Aberdeen) for an 18-month project to investigate early onset of leptin insensitivity in response to high fat diet.

This study will investigate the changes occurring in the brain as obesity develops, notably a reduction in responsiveness to the hormone leptin which regulates food intake, with the aim of identifying possible targets for future drug development.

Fellowships

The Mrs Jean V. Baxter Medical Research Fellowship was awarded to **Dr Marie-Astrid Pezze** (Centre for Cognitive & Neural Systems, University of Edinburgh) for her project entitled, "Dopamine signalling from the ventral tegmental area to the hippocampus, novelty and memory encoding: investigating the substrates of cognitive deficits in schizophrenia".

This work will identify possible links between the effects of current treatments for, and the memory impairment associated with, schizophrenia.

The Mrs Mary Tyson Nursing, Midwifery & AHP Research Fellowship was awarded to **Dr Bridget M. Johnston** (Cancer Care Research Centre, University of Stirling) for her project entitled, "To explore the experience of patients and carers regarding end-of-life care through the promotion of self care".

The ultimate aim of this project is to improve service delivery for the end-of-life care of patients with advanced cancer.

Legacies and donations received

The following legacies and donations were received with gratitude by the Members. Unless otherwise indicated, all will be applied in support of general medical research.

	£
From the Cruden Foundation	7,500
From the late George Martin	1,364
From the Nairn Trust	1,000
From the late William Adams	46
From the late Mrs Margaret Neil (for emphysema)	500
From an anonymous donor (for heart disease and pain management)	470,069
From Mr Vipiana Liferent Trust	180,000
From the late Miss A. B. Wallace (for diabetes)	10,981
From the late Miss Thomasina Simpson (for cancer and kidney)	35,075
Total	**706,535**

Royalties

Royalties arising from the commercialisation of research previously funded by Medical Research Scotland/SHERT amounted to **£22,166** during the year.

Financial Summary

The Trust can only spend income and it is therefore reliant on the income from its investments, and also on legacies, donations and royalties. The annual investment income is supplemented by the Income Investment Fund which was created at a time when there was a surplus of income. Income generated on the investment portfolio and related cash deposits was £1,146,525 during the year, compared with £676,393 in the shorter period to 31st March 2006.

Investment Policy and Performance

The remit given to the Trust's Investment Manager, Martin Currie Investment Management Limited, is to manage the fund conservatively with the objective of maintaining the real value of income whilst protecting capital growth. The Investment Manager may invest in UK and Foreign Equities, Fixed Interest Securities, Regulated Collective Investment Schemes managed by an associate of Martin Currie and Investment Trusts managed within Martin Currie or elsewhere.

The Investment Manager is prohibited from investing directly in the tobacco sector. The Investment Manager reports to the Members of the Trust in writing four times a year, provides monthly statements to the Members of the Audit & Investment sub-committee and reports in person at meetings on a regular basis. The benchmark selected comprises 80% FTSE All Share and 20% FTSE World ex-UK against which performance is monitored and reported on in writing and at meetings.

In the year under review, the total return on the Trust's portfolio was 10.1% compared with a return on the benchmark of 9.3%. As at 31st March 2007, the value of the Trust's investment portfolio (including capital cash) was £32,870,192, compared with £30,722,875 at 31st March 2006.

Reserves Policy

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

The deficit on the Trust's Unrestricted Income Fund (referred to in previous *Annual Reports*) has been eliminated in the year. In the prior period there were investment changes made given that Members recognised an opportunity to protect the real value of capital and quality of the Trust income and agreed a major move out of fixed interest holdings. In the current year the Trust's direct foreign holdings were sold with the proceeds invested in a Unit Trust. The Trust continues to seek to meet expenditure commitments as they fall due for payment out of its predictable flow of income and, if required, the Income Investment Fund, and expects to be able to do so.

Financial Summary

Independent Auditor's Statement to the Members of Medical Research Scotland

We have examined the summarised financial statements of Medical Research Scotland set out on pages 14 & 15.

Respective responsibilities of Members and auditors

The Members are responsible for preparing the summarised financial statements in accordance with the recommendations of the charities SORP.

Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full financial statements and Members' Report. We also read the other information contained in the *Annual Review* and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 "The auditors' statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summarised financial statements are consistent with the full financial statements and the Members' Report of Medical Research Scotland for the year ended 31 March 2007.

CHIENE + TAIT

Chartered Accountants and Registered Auditors

61 Dublin Street

Edinburgh EH3 6NL

24 August 2007

Summarised Financial Statements

Statement of Financial Activities

(incorporating the Income and Expenditure account) for the year ended 31 March 2007

	Unrestricted Income Fund	Unrestricted Capital Fund	Restricted Income Funds	Restricted Capital Funds	Total 2007	Total 8 months to 31 March 2006
	£	£	£	£	£	£
Incoming Resources						
Incoming resources from generated funds						
Voluntary income:						
Legacies & donations	189,910	–	516,625	–	**706,535**	17,733
Activities for generating funds:						
Royalties	22,166	–	–	–	**22,166**	–
Investment income	889,499	–	257,026	–	**1,146,525**	676,393
Total incoming resources	1,101,575	–	773,651	–	**1,875,226**	694,126
Resources Expended						
Costs of generating funds						
Costs of generating voluntary income	19,354	–	6,451	–	**25,805**	6,830
Investment management cost	24,567	45,623	8,189	15,207	**93,586**	26,269
Charitable activities						
Grantmaking activities						
Grants payable	460,577	–	282,480	–	**743,057**	445,991
Support costs of grantmaking	136,041	–	45,347	–	**181,388**	143,466
Governance costs	33,637	–	11,213	–	**44,850**	36,307
Total resources expended	674,176	45,623	353,680	15,207	**1,088,686**	658,863
Net incoming/(outgoing) resources before transfers	427,399	(45,623)	419,971	(15,207)	**786,540**	35,263
Gross transfers between funds	(319,109)	144,930	(37,041)	211,220	**–**	–
Net incoming resources before revaluations and investment asset disposals	108,290	99,307	382,930	196,013	**786,540**	35,263
Net realised (losses)/gains on sale of investments	–	(28,435)	–	(10,399)	**(38,834)**	653,014
Net income	108,290	70,872	382,930	185,614	**747,706**	688,277
Unrealised gains on investments	–	1,430,542	–	639,138	**2,069,680**	3,018,541
Net movement in funds	108,290	1,501,414	382,930	824,752	**2,817,386**	3,706,818
Fund balances at 1 April 2006	(85,081)	22,177,389	1,215,890	7,936,451	**31,244,649**	27,537,831
Fund balances at 31 March 2007	23,209	23,678,803	1,598,820	8,761,203	**34,062,035**	31,244,649

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

Summarised Financial Statements

Balance Sheet

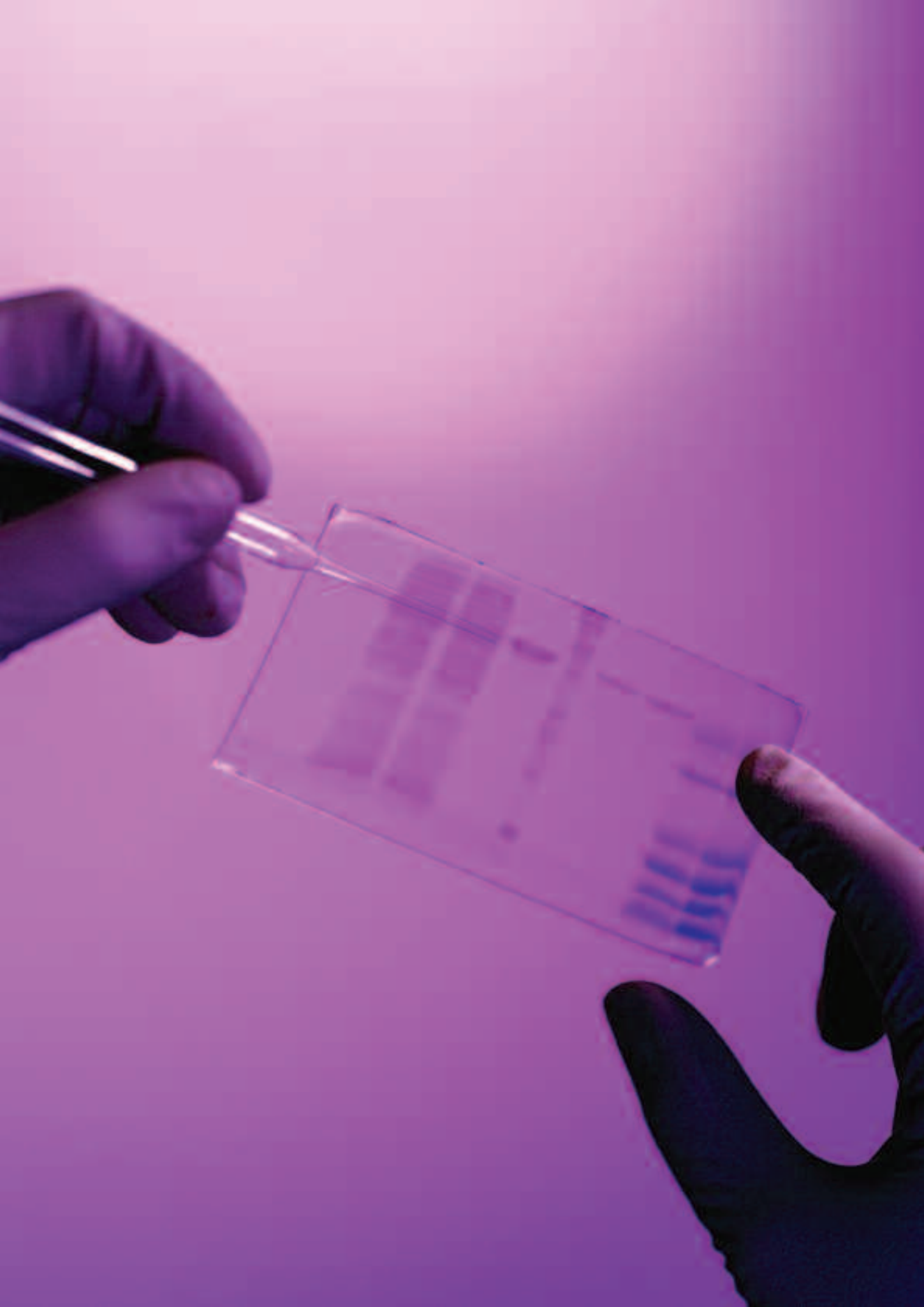
at 31 March 2007

		2007		2006
	£	£	£	£
Fixed assets				
Investments at market value		**31,100,354**		29,751,287
Current assets				
Debtors	351,766		343,849	
Cash at bank – at Secretaries	2,019,341		1,100,943	
– at Investment Manager	1,797,338		999,088	
	4,168,445		2,443,880	
Creditors: Amounts falling due within one year				
Creditors	36,603		39,718	
Grants payable	1,163,916		903,362	
	1,200,519		943,080	
Net current assets		**2,967,926**		1,500,800
Total assets less current liabilities		**34,068,280**		31,252,087
Creditors: Amounts falling due after more than one year				
Grants payable		**(6,245)**		(7,438)
Net assets		**34,062,035**		31,244,649
Unrestricted Funds				
Unrestricted Capital Fund		**23,678,803**		22,177,389
Unrestricted Income Fund		**23,209**		(85,081)
		23,702,012		22,092,308
Restricted Funds				
Restricted Capital Funds	8,761,203		7,936,451	
Restricted Income Funds	1,598,820		1,215,890	
		10,360,023		9,152,341
		34,062,035		31,244,649

The financial information provided on this and the preceding page is extracted from the full audited Accounts, which received an unqualified report and were approved by the Members and authorised to be signed on their behalf by:

Professor S. Moira Brown OBE, PhD, FRCPath, FRSE
Chairman, on 3 August, 2007

Copies of the Accounts may be obtained on application to the Trust Administrator, Medical Research Scotland, Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE.



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medical research scotland

FUNDING A HEALTHIER FUTURE

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