



# Medical Research Scotland

## 54<sup>th</sup> Annual Report and Accounts

### 2007-08

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

## Medical Research Scotland

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.

### PATRON

HRH The Princess Royal

### MEMBERS

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

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

Dr Marie Boyd, BSc, PhD

Dr Denise Coia, MBChB, FRCPsych (*from 31 May, 2007*)

Professor William Cushley, BSc, PhD

\*Mr Frederick Dalgarno, LLB, DipIM, CA

Professor Paul Garside, BSc, PhD (*until 31 December, 2007*)

Professor David J Harrison, BSc, MBChB, MD, FRCPath, FRCPE

Professor Margarete Heck, BSc, PhD (*from 6 August, 2007 until 8 May, 2008*)

Dr Karen Horsburgh, BSc, PhD

Professor Allan M. Mowat, BSc, MBChB, PhD, FRCPath (*from 13 November, 2007*)

\*Mr John Naylor, OBE, MA, CCMI

\*Ms Fiona Nicolson, MA, LLB, DipLP

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

\*Mr Alan A Stewart

Professor Stephen J Wigmore, BSc, MBBS, MD, FRCSEd, FRCS (*from 13 November, 2007*)

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

### PRINCIPAL ADDRESS

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

### SECRETARIES

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

### SCIENTIFIC ADVISER

Dr Joan C M Macnab PhD, FRCPath

### 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

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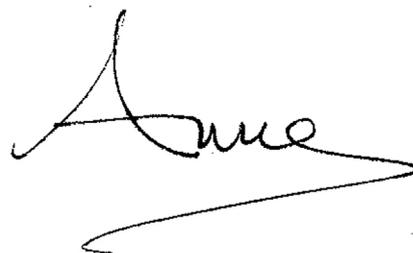
## Foreword from Her Royal Highness The Princess Royal



BUCKINGHAM PALACE

Medical Research Scotland has successfully established itself as an independent Scottish Charity, and I am pleased to be writing this introduction to its *Annual Report* as its Royal Patron.

Over its 50 years in existence, Medical Research Scotland has supported a wide range of research by Scottish-based scientists and doctors. The healthcare challenges of the 21<sup>st</sup> century mean that this work is increasingly important, with a real need to ensure that those who wish to embark on a research career are enabled to do so with early-stage funding. That is the focus of Medical Research Scotland, and one which will lead to future benefits, both in Scotland and the wider world. The task for Medical Research Scotland now is to ensure streams of both high quality projects and of the funding necessary to support them, and having visited the Charity in February I am confident this aim will be met.



## Chairman's Report

The continuing importance of Medical Research Scotland funding to young clinicians and scientists as they embark on their careers was highlighted at our committee meeting in February, when three of our previous grant holders gave short presentations on what MRS funding has meant to them. Each demonstrated how it had been an essential step on the ladder to academic posts in our universities and hospitals. The diversity of our support was clear – a liver transplant surgeon, a respiratory physician and a neuroscientist - all of whom have now established successful careers. We were honoured at that meeting to be joined by Her Royal Highness, The Princess Royal and it was clear that she was greatly impressed by what Medical Research Scotland achieves in providing vital support to these bright young people. Consequently, I am delighted to report that Her Royal Highness has graciously agreed to become our first Royal Patron. I am sure that her involvement can only strengthen our profile and increase awareness in Scotland of the importance of our charity.

This year we have spent £666,881 and awarded 7 grants which are listed on pp 8-9. The three-year scheme of awards with a ceiling of £150,000 appears to be working well and provides a more realistic timetable in terms of delivering meaningful results from research projects. We have tightened up our reporting procedures to ensure more accountability, by both the individual grant holder and the hosting institution, allowing us to monitor progress diligently and ensure best use of our funds. Unfortunately this year we had no applications for the Tyson Fellowship which was being run as a pilot scheme for three years and was specifically directed to nurses, midwives and allied health professionals. The number of applicants in the previous two years had been low and the inability to attract any this year has led us to conclude that the bequest of Mrs Tyson can be better used in an alternative manner.

Our annual Research Open Day took place at the Royal Society of Edinburgh at the end of May. These days are usually very enjoyable and well received. As well as presentations by our grant holders, we heard from a Director in the Chief Scientist Office, Dr Alison Spaul and Dr Denise Coia, Principal Medical Officer, Mental Health in Scotland, who is also one of the Members of Medical Research Scotland. We are hopeful that next year the Open Day will be expanded to allow the active involvement of our Royal Patron.

The financial statements for the year are shown in pages 12-21. It comes as no surprise that the capital value of our funds is lower than at this time last year. Financial instability worldwide has had an inevitable impact on our investments and this is an area which the Audit & Investment Committee are monitoring very closely, but fortunately we still derive sufficient income to fund all the grants that we choose to support.

There have been a number of changes in the membership and these are listed on page 2. I am very grateful to my colleagues for all their work and support throughout the year. The workload for members is not inconsiderable. The Scientific Advisor, The Secretaries and others who contribute to the running of Medical Research Scotland have my personal appreciation of their willing service.

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

Chairman

## Members' Report

The Members present their report along with the financial statements of the Trust for the year ended 31<sup>st</sup> March 2008. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the Accounts and comply with the Trust's constitutive legislation and also with the Statement of Recommended Practice: *Accounting and Reporting by Charities 2005*.

### Structure, Governance and Management

The Trust is a body corporate constituted under the Hospital Endowments (Scotland) Act 1953 (repealed and re-enacted by the National Health Service (Scotland) Act 1978) all as subsequently amended, most recently by Smoking, Health and Social Care (Scotland) Act 2005, which repealed the Trust's non-departmental public body status. The Trust was established to receive and hold endowments, donations and bequests and to make grants from these funds to promote medical research in Scotland. It is empowered by the National Health Service and Community Care Act 1990 to engage in fund-raising activities for the purposes of the Trust. It is also required by the Health & Medicines Act 1988 where feasible to develop and exploit ideas and to exploit intellectual property.

The Trust funds are administered in terms of this legislation by a body of Members who receive no fee or remuneration for their services. Members are appointed by the existing Members of the Trust and, in accordance with the Standing Orders of the Trust, the minimum number of Members is six and the maximum is fifteen. In accordance with the constitutive legislation, Members may not be appointed for a period exceeding four years, and are eligible for re-appointment only once.

The Members meet twice-yearly to agree the broad strategy and areas of activity for the Trust, including considering grant applications, investment, reserves and risk management policies and performance. There is also an Audit & Investment sub-committee which meets at least once a year to consider accounting and investment issues in more detail. Other sub-committees are convened where appropriate. The day-to-day administration of grants and processing and handling of applications prior to consideration by the Trust (or the relevant sub-committee) is dealt with by the Trust Secretaries and Scientific Adviser.

In considering new grant applications, outline applications are received and reviewed by the scientific Members in conjunction with independent referee reports obtained by the Scientific Adviser. The Trust also has power to co-opt Members in order to provide particular expertise or cover a temporary absence of a Member, so as to ensure a breadth of expertise among the Members when considering applications.

In addition to ensuring a breadth of expertise among the scientific Members, consideration is also given to ensuring that other skill requirements among the Members are met. New Members may be sought by open advertisement or through dialogue with the research universities.

The induction process for any newly appointed Member comprises a welcome pack including a brief history of the Trust, a copy of the constitutive legislation, guidance on the duties and responsibilities of charity trustees, a copy of the most recent *Annual Report & Accounts* and any other relevant documentation. There is an opportunity to discuss particular issues with either the Chairman or the Trust Secretaries, and there is an explanation of the grant-making process and the organisational structure.

There is also training offered to both new and existing Members at Trust meetings and this is at least annually, but more frequently if appropriate.

### Risk Management

The Members have assessed the major risks to which the Trust is exposed, in particular those relating to the operations and finances of the Trust, have reviewed those risks, both in the Audit & Investment sub-committee and at the full Trust meeting, and are satisfied that systems are in place to mitigate exposure to the major risks. The following processes have been established:

- Regular Members' meetings to consider the plans, policies, finances and strategic direction of the Trust.
- Regular meetings of the Audit & Investment sub-committee to consider the Trust's finances.
- Monthly meetings of the relevant staff of the Secretaries to consider the plans, policies, finances and strategic direction of the Trust together with any associated risks.
- The Audit & Investment sub-committee receives monthly reports from the Investment Manager to consider both investment performance and risk.
- Monthly financial reconciliations prepared by the Secretaries.

- Six-monthly checks by the external accountants of the monthly financial reconciliations.
- Annual statutory accounts are audited by independent external accountants.

## Objectives and Activities

The objectives of the Trust are to:

- Receive and hold endowments, donations and bequests.
- Make grants from these to promote medical research in Scotland.
- Engage in fund-raising activities for the purposes of the Trust.
- Develop and exploit ideas and exploit intellectual property.

The Trust aims to improve health standards by funding research of the highest quality into the cause, diagnosis, treatment and prevention of all forms of illness and genetic disorders, and into the advancement of medical technology.

The Trust fulfils its objects by supporting research-minded members of the scientific, medical, nursing, midwifery and allied health professions by giving them the opportunity to pursue high-calibre research either independently or in collaboration with colleagues in their own or other universities, major hospitals and research units in Scotland.

The Trust intends to increase its provision of research support and further encourage young doctors, scientists, nurses, midwives and those in the allied health professions. It also intends to augment the funds available to it to help sustain the outstanding contributions of Scottish medical research to health care throughout the world.

## Grant-making Policy

The Trust aims to support research of the highest quality. It has a rigorous system of assessment of grants before they reach Members. There is an outline application procedure before selecting those invited to submit full applications. The Trust's Scientific Adviser obtains references from at least two independent referees, preferably more. The scientific Members of the Trust then consider which applications to invite to submit full applications. Thereafter the Members of the Trust consider the full applications for support and select from among those in accordance with the Trust's priorities.

After award, grant-holders are required to submit progress and final reports and also a post-grant check-up. Progress and final reports are scored by the scientific Members and any found to be unsatisfactory are followed up. The purpose of the post-grant completion check is to assess the grant-holder's subsequent progress and what publications and possible intellectual property exploitation may flow from a project which the Trust has supported. An annual report is also received from the IP Manager of each administering institution in respect of each grant.

## Achievements and Performance

The Trust's **Five-Year Plan** for 2004/09 and performance against it are summarised as follows:

1. To assist in a smooth transition from the Trust's current status to that of an independent Scottish charity.  
*This has been achieved.*
2. To maintain awareness of its work within the research community, the Health Service generally and among potential donors, both individual and corporate, and other charitable trusts.  
*Work on this continues.*
3. To increase its income from legacies and donations.  
*Work on this continues.*
4. To continue with the annual Grantholders' day.  
*This has again been held this year (the Research Open Day).*

The Trust's **Annual Plan** for 2007-2008 and performance against it are summarised as follows:

1. To continue to raise awareness of the Trust and in particular the new operational name, and to progress the possible appointment of a Patron.  
*In general work on this continues and Her Royal Highness The Princess Royal has been appointed as Patron for a three year period.*

2. To continue to develop the Trust's policy in relation to fund-raising.  
*Work on this continues and an event is being planned for the summer of 2009.*
3. To continue the review of the Trust's services in line with the timetable agreed and to keep the membership under review, both in terms of advance planning ahead of re-appointments and retirements and ensuring a wide breadth of expertise.  
*Work on the review of services continues with a clear timetable for reviews to be carried out. On membership there have been a number of re-appointments, appointments and retirements during the year which are noted elsewhere and work continues on planning for upcoming re-appointments and retirements.*
4. To keep under review the success of the Tyson Fellowship designated for the Nursing, Midwifery and Allied Health Professions.  
*No applications were forthcoming at the third round and the Members will be discussing the future of the Tyson Fellowship at an upcoming meeting.*
5. To continue to keep under very close review the Trust's investment portfolio and its income.  
*The reviews continue as outlined elsewhere in this Report.*
6. To have the Trust's *Annual Report & Accounts* printed and distributed before 30<sup>th</sup> September 2007.  
*In addition to the formal Annual Report & Accounts a shorter Annual Review was produced. Both were printed and the Annual Review was distributed during October.*
7. To continue to monitor and develop the operation of and systems involved with the online grant application process.  
*Work on this continues on an ongoing basis and during the year significant work has been done in respect of the reporting requirements in respect of ongoing grants.*

### **Research Open Day 2008** (by Dr Joan C M Macnab, Scientific Advisor)

Participants at the sixth Research Open Day again reflected the wide range of research funded by Medical Research Scotland. An impressive beating heart model was followed by further talks on molecular imaging, high fat diet, wound healing, keratodermatosis and schizophrenia.

Invited speakers included the Director of Research at the Chief Scientist Office, Dr Alison Spaul, Dr Denise Coia, a Trust Member who is Principal Medical Officer for Mental Health in the Scottish Government and Mr Alexander Garden who, as a Partner in Turcan Connell, advises the Trust. The subjects covered were maintaining and expanding high-quality research in the NHS, the history of psychiatry research and its response to expanding scientific investigation, and the history of Medical Research Scotland and the implications of being a charity, respectively.

The relaxed atmosphere of the Royal Society of Edinburgh encouraged stimulating and interesting discussion of the research among participants and the Trust Members. The Lord Provost of Edinburgh, The Rt Hon George Grubb, joined us for the now legendary lunch.

The Chairman, Professor Moira Brown, and Trust Members enjoy meeting the grant holders and are pleased to see the quality of research funded by the Trust and the enthusiasm shown by the grant holders. The Trust Members can be assured of the validity of the Trust aims of funding medical research of the highest excellence and allowing young researchers the opportunity of starting a career as independent investigators.

## New Awards

*During the year, the Members awarded funding for research into conditions as varied as the immune response to dental caries, paracetamol-induced kidney failure, personality disorders, cancer-induced bone pain and the autism spectrum.*

### Research Project Grants

£39,777 over 18 months to Dr **James W. Dear** (Clinical Pharmacology Unit, University of Edinburgh) and colleagues Professor David Webb (Centre for Cardiovascular Science), Professor D. Nicholas Batemen (Scottish Poisons Information Bureau, Edinburgh Royal Infirmary), Dr Ian Marshall (Medical Physics Department, University of Edinburgh) & Dr Kenneth J. Simpson (Centre for Inflammation Research, University of Edinburgh) for the characterisation of paracetamol-induced acute renal failure, using dendrimer-contrast magnetic resonance imaging. *Improved treatment for the 50% patients suffering from a paracetamol overdose who go on to develop potentially fatal kidney damage is the eventual aim of this study. Using MRI scanning technologies, it will test a new technique for imaging the pattern of organ injury, studying possible new treatments and also the role of the immune system in determining organ injury.*

£149,841 over three years to Drs **Mary Donaldson** & Iain Morgan (Department of Pathological Sciences, University of Glasgow Veterinary School), to investigate the potential of TopBP1 to be a therapeutic target for human papillomavirus infection.

*This project aims to improve understanding of how proteins and other cell components interact with viral proteins, specifically the human papillomavirus (HPV) which causes genital warts and cervical cancer. The aim is to find ways to disrupt the life cycle of the virus so it cannot cause disease. The new vaccines only prevent initial infection with HPV; people already infected might still develop cancer and there is currently no way to prevent this.*

£106,114 over two years to Dr **Shauna E. Culshaw** (Centre for Biophotonics, University of Strathclyde) and colleagues Professor Paul Garside, Dr John Girkin, Professor Gail McConnell & Dr James Brewer (all of the Centre for Biophotonics, University of Strathclyde), to improve understanding of the basic mechanisms of the adaptive immune response to cariogenic bacteria in the oral cavity.

*Oral health is a major component of general health, well being and quality of life. The social and economic costs of poor oral health are significant, but will only be reduced when new ways are found to prevent or treat the underlying dental decay. This fundamental study of the immune response to dental caries-causing bacteria aims to provide pointers to the best way forward.*

£141,343 over three years to Dr **Gareth B. Miles** (School of Biology, University of St Andrews), to test the 'synaptic stripping' hypothesis for amyotrophic lateral sclerosis (ALS), by an investigation of cholinergic synapses on motoneurons in ALS.

*ALS is a neurodegenerative, paralysing and fatal disease which results from the selective loss of motoneurons - the nerves in the brain and spinal cord responsible for controlling movement. It is incurable and the only available treatment has limited benefit. This project hopes to shed light on the poorly understood mechanisms which damage the nerves.*

£149,843 over two years to Dr **Ada Delaney** (Centre for Neuroscience Research, Royal [Dick] School of Veterinary Studies) and colleagues, Professor Susan M. Fleetwood-Walker (Centre for Neuroscience Research, Royal [Dick] School of Veterinary Studies), Dr Rory Mitchell (Centre for Integrative Physiology) Dr Lesley Colvin (Department of Anaesthesia, Critical Care & Pain Medicine, Western General Hospital) and Professor Marie Fallon (CRUK Edinburgh Cancer Research Centre, Western General Hospital), all of the University of Edinburgh, for an investigation aimed at gaining new insights into evidence-based pain management for cancer-induced bone pain.

*Cancer patients often develop secondary growths in their bones which frequently cause intense pain. Such cancer-induced bone pain is very difficult to treat adequately and so significantly reduces the quality of life of terminal patients. This project aims to identify markers in the nerves which might aid the evaluation of new analgesics for this type of bone pain.*

£97,672 over 30 months to Dr **Andrew C. Stanfield** and colleagues Professors Eve Johnstone and Stephen M. Lawrie (all of the Department of Psychiatry, University of Edinburgh) and Professor Peter M. McKenna (Department of Psychological Medicine, University of Glasgow), for a clinical, neuropsychological and MRI study comparing autism spectrum disorders and schizophrenia spectrum disorders.

*The diagnosis of most psychiatric diseases is based on the patient's signs and symptoms, many of which are not specific to a particular disorder, so cannot be made with certainty. This can have important consequences for patient management. This project aims to find markers which will help to distinguish between the similar clinical signs and symptoms of schizophrenia and autism, with a view to improving diagnosis in these conditions.*

### Research Fellowship

The Mrs Mary Tyson Nursing, Midwifery & AHP Research Fellowship was awarded in the sum of £79,000 to Dr **Anna Sutherland** (Department of Psychological Medicine, University of Glasgow) for her project entitled: "Perceived interpersonal threat as a unifying psychological model in Cluster B personality disorder".  
*Personality disorders are particularly difficult to treat and have significant social and economic costs. The aim of this project is to develop an effective, evidence-based cognitive model to improve clinical intervention aimed at reducing the antisocial and self-harming behaviours characteristic of these personality disorders.*

### Legacies & 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.*

	<b>£</b>
The Nairn Trust	1,000
The late Mr James Aitchison (for schizophrenia and manic depressive illness)	50,000
The late Miss Eliza Wallace	40,000
The late Miss Thomasina Simpson (final payment)	4,806
The late Richard T Ellis OBE (estimated)	7,000
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<b>Total</b>	<b>102,806</b>
	=====

**Royalties** arising from the commercialisation of research previously funded by Medical Research Scotland/SHERT amounted to **£58,951** during the year.

## Financial Review

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 an 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 £1,182,389 during the year, compared with £1,146,525 in 2006-07.

## 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 and alcohol-related stocks. 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 -9.72% compared with a return on the benchmark of -6.58%. As at 31<sup>st</sup> March 2008, the value of the Trust's investment portfolio (including capital cash) was £28,887,613, compared with £32,870,192 at 31<sup>st</sup> March 2007 and a value as at 28<sup>th</sup> August 2008 of £28,477,133.

## 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 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 surpluses shown on the Trust's income funds are in contrast to the deficits which have appeared for a number of years and this is a result of a number of factors. Firstly, the deficit originally arose principally as a result of a change to the way in which the Trust had to account for its grant expenditure (under SORP 2005) and, as explained in previous years' *Annual Reports*, it was always expected that this deficit would indeed in time be eliminated. Another factor is that the Trust has not awarded as many grants in recent years as it might have done, both as a result of its rigorous application review process and its stated policy of only funding the highest quality research; and the fact that the Trust's income did drop after the investment changes referred to in last year's *Annual Report & Accounts*, although the drop was not as significant as had been predicted due to strong dividend growth by some of the companies in which the Trust is invested. The Trust's income commitments going forward are likely to increase as a result of the recent change of grant awards to a maximum of £150,000 over three years and more grants are thus likely to be in progress at any one time compared with the old two-year grants. Further, with continued stock market volatility and possible dividend cuts, the Members will be monitoring the income and expenditure closely over the year ahead.

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.

## Plans for the Future

The Trust's **Annual Plan** for 2008-2009 is as follows:

1. To continue to raise awareness of the Trust and in particular the new operational name and seek to maximise the benefit of the Patronage of Her Royal Highness The Princess Royal. This will include seeking to increase the number of high quality applications for research funding.
2. To continue to develop the Trust's policy in relation to fundraising and maximise the benefit of the Patronage of Her Royal Highness The Princess Royal. To this end an *ad hoc* Fundraising Sub-Committee will be established.
3. To continue the review of the Trust's services in line with the timetable agreed and to keep the membership under review both in terms of advance planning ahead of re-appointments and retirements and ensuring a wide breadth of expertise.
4. To review the structure of the Tyson Fellowship.
5. To continue to keep under very close review the Trust's investment portfolio and its income.
6. To have the Trust's *Annual Report & Accounts* and *Annual Review* printed and the *Annual Review* distributed before 30<sup>th</sup> September 2008.
7. To continue to monitor and develop the operation of and systems involved with the online grant application process, particularly in light of the new three-year grant awards and the updated reporting requirements in respect of awarded grants.

The main aims of the **Five-year Plan** outlined under "Achievements and Performance" above (page 6) remain, other than the transition to an independent Scottish charity which was achieved during 2006-07.

## Accounts

The accounts for the year to 31<sup>st</sup> March 2008 form part of this *Report* and are presented on the following pages.

### Statement of Members' responsibilities in respect of the accounts

The Members are responsible for preparing the Report and the accounts in accordance with applicable law and regulations.

Law applicable to charities in Scotland requires the Members to prepare accounts for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing the accounts the Members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the National Health Service (Scotland) Act 1978. The applicable law also sets out the Members' responsibilities for the preparation and content of the Members' Report.

The Members are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Members and authorised to be signed on their behalf by:

**Professor S Moira Brown (Chairman)**

29<sup>th</sup> August 2008

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2008

	Notes	Unrestricted Income Fund £	Unrestricted Capital Fund £	Restricted Income Funds £	Restricted Capital Funds £	Total 2008 £	Total 2007 £
<b>Incoming Resources</b>							
<i>Incoming resources from generated funds</i>							
Voluntary income:							
Legacies & donations	5	48,000	-	54,806	-	102,806	706,535
Activities for generating funds:							
Royalties	6	58,951	-	-	-	58,951	22,166
Investment income	7	881,609	-	300,780	-	1,182,389	1,146,525
Total incoming resources		988,560	-	355,586	-	1,344,146	1,875,226
<b>Resources Expended</b>							
<i>Costs of generating funds</i>							
Costs of generating voluntary income							
Investment management cost	8	12,962	-	4,320	-	17,282	25,805
Charitable activities	9	19,564	36,332	6,521	12,111	74,528	93,586
<i>Grant-making activities</i>							
Grants payable	10	307,235	-	50,259	-	357,494	743,057
Support costs of grant-making		117,168	-	39,056	-	156,224	181,388
Governance costs	12	33,164	-	11,055	-	44,219	44,850
Total resources expended		490,093	36,332	111,211	12,111	649,747	1,088,686
Net incoming/(outgoing) resources before transfers		498,467	(36,332)	244,375	(12,111)	694,399	786,540
Gross transfers between funds	18	(10,533)	-	10,533	-	-	-
Net incoming resources before revaluations and investment asset disposals		487,934	(36,332)	254,908	(12,111)	694,399	786,540
Net realised gains/(losses) on sale of investments		-	195,014	-	69,485	264,499	(38,834)
Net incoming resources after realised gains/losses on sale of investments		487,934	158,682	254,908	57,374	958,898	747,706
Unrealised (loss)/gain on investments	14	-	(3,134,856)	-	(1,185,585)	(4,320,441)	2,069,680
<b>Net movement in funds</b>		487,934	(2,976,174)	254,908	(1,128,211)	(3,361,543)	2,817,386
Fund balances at 1 April 2007		23,209	23,678,803	1,598,820	8,761,203	34,062,035	31,244,649
Fund balances at 31 March 2008	19	511,143	20,702,629	1,853,728	7,632,992	30,700,492	34,062,035

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

The notes on pages 14-21 form part of these accounts.

## BALANCE SHEET

**At 31 March 2008**

	Notes	£	2008 £	£	2007 £
<b>Fixed assets</b>					
Investments at market value	14		28,522,543		31,100,354
<b>Current assets</b>					
Debtors	15	231,518		351,766	
Cash at bank - at Secretaries		2,447,232		2,019,341	
- at Investment Manager		392,570		1,797,338	
		-----		-----	
		3,071,320		4,168,445	
		-----		-----	
<b>Creditors: Amounts falling due within one year</b>					
Creditors	16	32,597		36,603	
Grants payable	17	788,311		1,163,916	
		-----		-----	
		820,908		1,200,519	
		-----		-----	
<b>Net current assets</b>			2,250,412		2,967,926
			-----		-----
<b>Total assets less current liabilities</b>			30,772,955		34,068,280
			-----		-----
<b>Creditors: Amounts falling due after more than one year</b>					
Grants payable	17		(72,463)		(6,245)
			-----		-----
<b>Net assets</b>	19		30,700,492		34,062,035
			=====		=====
<b>Unrestricted Funds</b>					
Unrestricted Capital Fund	2		20,702,629		23,678,803
Unrestricted Income Fund			511,143		23,209
			-----		-----
			21,213,772		23,702,012
			-----		-----
<b>Restricted Funds</b>					
Restricted Capital Funds	4	7,632,992		8,761,203	
Restricted Income Funds	3	1,853,728		1,598,820	
		-----		-----	
			9,486,720		10,360,023
			-----		-----
			30,700,492		34,062,035
			=====		=====

Approved by the Members and authorised to be signed on their behalf by:

Professor S Moira Brown (Chairman)  
29<sup>th</sup> August 2008

*The notes on pages 14-21 form part of these accounts.*

## **NOTES to the ACCOUNTS**

### **For the year ended 31 March 2008**

#### **1. Accounting policies**

The accounts are prepared under the historical cost convention modified to include the revaluation of investments at market value, and they comply with applicable accounting standards, the Statement of Recommended Practice - Accounting and Reporting by Charities 2005 (SORP), and the Charities Accounts (Scotland) Regulations 2006.

#### **Incoming resources**

Dividend income and interest on government stocks are credited when they become ex-dividend. Accrued interest on fixed interest stocks received on disposal and acquisition is taken to the income and expenditure account. Deposit interest receivable is accounted for on an accruals basis.

Where the Charity has elected to take shares instead of cash dividends under enhanced scrip dividend offers, the cash equivalent is included as income. The income of the Charity includes, where applicable, any recoverable tax deducted at source.

Investment income arising from the capital funds is allocated to the appropriate Unrestricted Income or Restricted Income Fund to which it relates.

Legacies and donations are included in the period in which they are receivable, which is when the Charity becomes entitled to the resource, based on the Members' best estimate given the information available to them. Legacies and donations given for general medical research are included in Unrestricted Funds, and those given for research into specific medical conditions or illnesses at the request of the donor are included within Restricted Funds. Unless the donor has specified that the legacies or donations must be held as capital, the amounts will be included initially within the Income Funds. An appropriation is made to Capital Funds thereafter at the discretion of the Members.

Gifts in Kind are recorded at their market value at the date of donation.

Royalties are receivable from the commercial exploitation of the intellectual property resulting from research funded (in whole or in part) by the Charity. Royalty receipts are credited to revenue in the period receivable.

#### **Resources expended**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended. All charitable expenses and costs of generating funds are apportioned between Unrestricted and Restricted Income Funds 75% and 25% respectively. The Members consider this allocation reasonable based on the balance on the Unrestricted and Restricted Funds. The Trust is not VAT registered so expenditure is shown inclusive of any VAT.

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income and fundraising costs for raising donations and legacy income. Grant-making activities comprise grants payable, and support costs for processing grants and applications. Governance costs relate to costs incurred in respect of strategic or constitutional matters and also compliance with statutory reporting requirements. Where the Secretaries' fees cannot be directly attributed to these categories, they are estimated 35% (2007: 37%) to Governance activities, and 65% (2007: 63%) to Grant-making activities.

#### **Investment management fees**

Investment management fees are allocated 65% to capital funds and 35% to income funds in line with the investment objectives and expected long-term return on the investment portfolio.

#### **Foreign Exchange Gains and Losses**

Transactions in foreign currencies are recorded at an average rate over the financial period. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All currency differences are taken to the SOFA.

**NOTES to the ACCOUNTS (cont'd)**  
**For the year ended 31 March 2008**

**1. (cont'd)**

**Grants**

Grants payable are charged to the statement of financial activities when the application is approved and a valid expectation created with the recipient that the grant will be paid. Where the grant offer or an element thereof, is conditional, such grants are not recognised as expenditure until the conditions are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but are not accrued as expenditure.

**Investments**

Investments are included in the accounts at market value at the year end, the unrealised gain or loss being applied to Unrestricted or Restricted Capital Funds as appropriate.

Land is included at agricultural value, being the appropriate estimate of market value.

Gains or losses arising on the sale of investments during the year are taken to capital.

**Fund accounting**

The nature and purpose of each fund are explained in notes 2, 3, 4 and 19.

**2. Unrestricted Designated Capital Fund**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Balance at 1 April 2007	23,678,803	22,177,289
Resources expended	(36,332)	(45,623)
Transfer to Unrestricted Designated Income Fund	-	(50,706)
Transfer from Unrestricted Designated Income Fund	-	195,636
Net realised gains/(losses) on sale of investments	195,014	(28,435)
Unrealised (losses)/gains on investments	(3,134,856)	1,430,542
	-----	-----
Balance at 31 March 2008	20,702,629	23,678,803
	=====	=====

The Unrestricted Designated Capital Fund is derived from legacies, bequests and donations which were donated, or allocated by the Members, for the purposes of general medical research and which form the Unrestricted Funds of the Charity.

**3. Restricted Income Funds**

Movement during the year was as follows:

	<b>As at 1</b>	<b>Investment</b>	<b>Legacies &amp;</b>	<b>Grants</b>	<b>Costs of</b>	<b>Transfers</b>	<b>As at 31</b>
	<b>April 2007</b>	<b>income</b>	<b>Donations</b>		<b>generating</b>		<b>March 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>funds,</b>	<b>£</b>	<b>£</b>
					<b>support &amp;</b>		
					<b>admin costs</b>		
					<b>£</b>		
Neurological diseases	-	12,484	50,000	(70,487)	(2,530)	10,533	-
Cancer	516,456	126,346	2,403	-	(25,603)	-	619,602
Arthritis	313,882	59,521	-	-	(12,062)	-	361,341
Diabetes	17,661	5,847	-	-	(1,185)	-	22,323
Kidney	14,037	11,665	2,403	-	(2,364)	-	25,741
Cardiac & Vascular diseases	232,338	75,573	-	20,228	(15,315)	-	312,824
Miscellaneous conditions	504,446	9,344	-	-	(1,893)	-	511,897
	-----	-----	-----	-----	-----	-----	-----
	1,598,820	300,780	54,806	(50,259)	(60,952)	10,533	1,853,728
	=====	=====	=====	=====	=====	=====	=====

The Restricted Income Funds are derived from the Restricted Capital Funds of the Charity.

**NOTES to the ACCOUNTS (cont'd)**  
**For the year ended 31 March 2008**

**4. Restricted Capital Funds**

Movement during the year was as follows:

	As at 1 April 2007	Costs of generating funds	Realised gains on investments	Unrealised losses on investments	Transfers	As at 31 March 2008
	£	£	£	£	£	£
Neurological diseases	363,633	(503)	2,884	(49,208)	-	316,806
Cancer	3,680,231	(5,087)	29,188	(498,017)	-	3,206,315
Arthritis	1,733,757	(2,397)	13,750	(234,616)	-	1,510,494
Diabetes	170,307	(235)	1,351	(23,046)	-	148,377
Kidney	339,795	(470)	2,695	(45,982)	-	296,038
Cardiac & Vascular diseases	2,201,317	(3,043)	17,459	(297,887)	-	1,917,846
Miscellaneous conditions	272,163	(376)	2,158	(36,829)	-	237,116
	-----	-----	-----	-----	-----	-----
	8,761,203	(12,111)	69,485	(1,185,585)	-	7,632,992
	=====	=====	=====	=====	=====	=====

The Restricted Capital Funds are derived from legacies, bequests and donations which were donated for specific areas of medical research and which form the Restricted Funds of the Charity.

**5. Legacies and Donations**

	Unrestricted Income Fund	Restricted Income Funds	Total 2008	Total 2007
	£	£	£	£
Legacies	47,000	54,806	101,806	517,989
Donations	1,000	-	1,000	188,546
	-----	-----	-----	-----
	48,000	54,806	102,806	706,535
	=====	=====	=====	=====

**6. Royalties**

	Unrestricted Income Fund	Restricted Income Funds	Total 2008	Total 2007
	£	£	£	£
Royalties	58,951	-	58,951	22,166
	=====	=====	=====	=====

**7. Investment income**

	Unrestricted Income Fund	Restricted Income Funds	Total 2008	Total 2007
	£	£	£	£
UK listed investments	755,335	259,424	1,014,759	1,006,971
Interest on cash deposits	126,274	40,606	166,880	138,804
Rent receivable	-	750	750	750
	-----	-----	-----	-----
	881,609	300,780	1,182,389	1,146,525
	=====	=====	=====	=====

**8. Costs of generating voluntary income**

	2008	2007
	£	£
Fundraising and marketing – support costs (Note 11)	17,282	25,805
	=====	=====

**NOTES to the ACCOUNTS (cont'd)**  
**For the year ended 31 March 2008**

**9. Investment management costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Investment Manager's fee	74,528	93,586
	=====	=====

**10. Grant-making activities**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Grants payable in respect of medical research (Note 17)	357,494	743,057
Support costs (Note 11)	156,224	181,388
	-----	-----
	513,718	924,445
	=====	=====

**11. Support costs**

Support costs are allocated to activities as detailed below:

	<b>Generating Voluntary Income</b>	<b>Grants payable</b>	<b>Governance costs</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Secretaries' fee	-	69,381	32,974	102,355	121,231
Stationery, printing and postage	-	4,531	-	4,531	2,248
Bank charges and interest	-	9,689	-	9,689	21,750
Miscellaneous	-	30,151	-	30,151	25,054
Marketing	17,282	4,358	-	21,642	33,357
Staff costs					
Scientific Adviser	-	36,086	-	36,086	35,358
Other staff costs	-	2,028	-	2,028	1,888
	-----	-----	-----	-----	-----
	17,282	156,224	32,974	206,482	240,886
	=====	=====	=====	=====	=====

**Bases of allocation**

Where costs are directly attributable to an activity, they are allocated to that activity. Where items of expenditure relate to more than one activity, the cost is apportioned on the basis of usage or staff time as appropriate, and allocated to each activity on that basis. Secretaries' fees are allocated on the basis of staff time with the exception of fees for specific work which are allocated to the relevant activity.

The Members did not receive any direct remuneration for their services during the year (2007: £nil).

During the year, fees for intellectual property advice amounting to £5,758 were paid to Maclay Murray & Spens LLP a legal firm in which Fiona Nicolson, who is a Member of Medical Research Scotland, is a partner. The fees were paid with the agreement of the other Members, and no amounts were outstanding at 31 March 2008.

Meeting expenses amounting to £866 (2007: £1,212) were reimbursed to six (2007: eleven) of the Members.

**NOTES to the ACCOUNTS (cont'd)**  
**For the year ended 31 March 2008**

**12. Governance costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Secretaries' fee – support of governance activities (Note 11)	32,974	33,693
Accountancy fees – audit services	5,464	5,206
- accounts preparation	5,781	5,951
	-----	-----
	44,219	44,850
	=====	=====

**13. Staff costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Gross wages	31,209	1,888
Employer's National Insurance	3,176	-
Fees	3,729	35,358
	-----	-----
	38,114	37,246
	=====	=====

The average number of employees during the year was as follows:

	<b>No.</b>	<b>No.</b>
Scientific Adviser	1	-
Administrative assistant (part-time)	1	1
	==	==

No employee received emoluments above £60,000.

**14. Investments**

	<b>Investment property</b>	<b>UK Stock Exchange listed</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Market value at 1 April 2007	27,500	31,072,854	31,100,354
Additions	-	11,916,464	11,916,464
Disposals	-	(10,173,834)	(10,173,834)
Net unrealised investment losses in the year	-	(4,320,441)	(4,320,441)
	-----	-----	-----
Market value at 31 March 2008	27,500	28,495,043	28,522,543
	=====	=====	=====
Historical cost	27,500	26,062,284	26,089,784
	=====	=====	=====

The Charity is a joint beneficiary of an estate comprising potential development land. The potential development land has not yet been sold and has been included in the accounts as an investment property. The land included in the balance sheet is at agricultural value as a development value can not be quantified with reasonable accuracy.

	<b>Market value</b>
	<b>£</b>
At the balance sheet date the following holdings exceed 5% of the total portfolio:	
Martin Currie Global Alpha Fund B shares	4,462,413
	=====

**15. Debtors**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Accrued income	231,518	351,766
	=====	=====

**NOTES to the ACCOUNTS (cont'd)**

**For the year ended 31 March 2008**

**16. Creditors:** amounts falling due within one year

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Accrued fees	32,597	36,603
	=====	=====

**17. Grants**

	<b>2008</b>		<b>2007</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
(a) Reconciliation of grants payable				
At 1 April 2007		1,170,161		910,800
Awards made and authorised in the year	491,777		748,868	
Grant awards cancelled and recovered	(55,025)		(5,811)	
Grant provision adjustments	(79,258)		-	
	-----		-----	
Grants payable for the year		357,494		743,057
Grants paid during the year		(666,881)		(483,696)
		-----		-----
At 31 March 2008		860,774		1,170,161
		=====		=====
	<b>Unrestricted</b>	<b>Restricted</b>	<b>2008</b>	<b>2007</b>
	<b>Income Fund</b>	<b>Income Fund</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
(b) Grants falling due within one year:				
Grants payable	557,668	230,643	788,311	1,163,916
	=====	=====	=====	=====
(c) Grants falling due after more than one year:				
Year to 31 March 2010	72,463	-	72,463	6,245
	=====	=====	=====	=====
Total grants payable	630,131	230,643	860,774	1,170,161
	=====	=====	=====	=====

(d) Grants awarded

Grants awarded and authorised during the year were as follows:

<b>Principal Grant Holder</b>	<b>Administering Institution</b>	<b>£</b>	<b>£</b>
<b><i>New grants awarded</i></b>			
Donaldson	University of Glasgow	72,053	
Dear	University of Edinburgh	19,888	
Culshaw	University of Strathclyde	53,057	
Sutherland	University of Glasgow	46,284	
Miles	University of St Andrews	74,912	
Delaney	University of Edinburgh	74,911	
Stanfield	University of Edinburgh	48,836	
		-----	
			389,941
<b><i>Conditional Grants awarded in previous years, now unconditional and authorised</i></b>			
Bushell	University of Strathclyde	34,191	
Loughrey	University of Glasgow	31,349	
Calvert	Glasgow Caledonian University	36,296	
		-----	
			101,836
			-----
			491,777
			=====

More details of new grants awarded in the year are published within the Members' Report (see page 8).

**NOTES to the ACCOUNTS (cont'd)**  
**For the year ended 31 March 2008**

**17 (cont'd)**

(e) Commitments

In addition to the amounts committed and accrued noted above, the Members have also authorised certain grants which are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 31 March 2008 was £579,944 (2007: £128,904), of which £141,762 is expected to be payable within one year if certain conditions are satisfied (2007: £65,898).

**18. Transfers between funds**

There was a transfer during the year of £10,533 from the Unrestricted Income Fund to the Restricted Income Funds; this was to eliminate the deficit on the Neurological diseases fund.

**19. Analysis of net assets between funds**

	Investments	Net Current Assets	Creditors falling due after more than one year	Total
	£	£	£	£
<b>Unrestricted Funds</b>				
Unrestricted Capital Fund	20,055,243	647,386	-	20,702,629
Unrestricted Income Fund	1,078,235	(494,629)	(72,463)	511,143
	-----	-----	-----	-----
	21,133,478	152,757	(72,463)	21,213,772
	-----	-----	-----	-----
<b>Restricted Funds</b>				
Restricted Capital Funds	7,389,065	243,927	-	7,632,992
Restricted Income Funds	-	1,853,728	-	1,853,728
	-----	-----	-----	-----
	7,389,065	2,097,655	-	9,486,720
	-----	-----	-----	-----
<b>Total Funds</b>	28,522,543	2,250,412	(72,463)	30,700,492
	=====	=====	=====	=====

The Unrestricted Funds represent the funds which the Members are free to use in accordance with the charitable objects.

The Restricted Funds are derived from legacies, bequests and donations which were donated for specific areas of medical research and which form the Restricted Funds of the Charity. The Members may only use these Restricted Funds to make grants for medical research into the specific areas noted within the original terms of the legacy, bequest or donation.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDICAL RESEARCH SCOTLAND**

We have audited the accounts of Medical Research Scotland for the year ended 31 March 2008 set out on pages 12 to 20. These accounts have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's Members, as a body, in accordance with paragraph 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's Members those matters we are required to state to them in an auditors' 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 charity and the charity's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Members and auditors**

The responsibilities of the Members for preparing the Members' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and report under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We confirm that we are eligible to act as auditor in terms of section 25 of the Companies Act 1989.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the National Health Service (Scotland) Act 1978. We also report to you if, in our opinion, the Members' Report is not consistent with the accounts, if the charity has not kept proper accounting records, if the accounts do not agree with the records, or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider the implications 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Members in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity'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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2008 and of its incoming resources and application of resources including, in its income and expenditure account, the surplus for the year then ended; and
- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the National Health Service (Scotland) Act 1978.

**CHIENE + TAIT**  
**Chartered Accountants and Registered Auditors**  
**61 Dublin Street**  
**Edinburgh EH3 6NL**

2008