

BRAIN RESEARCH TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Registered Charity Number 1137560
Registered Company Number 07345516



**BRAIN RESEARCH TRUST
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

Brain Research Trust is an independent medical research charity founded in 1971 with a mission to promote and support research into neurological disease which affects more than one in six people in the UK. We fund ground-breaking research at the University College London's Institute of Neurology (the Institute), Queen Square, London. The Institute has a world-wide reputation as a centre of excellence for scientific research into neurological disease and conditions. We seek to provide a long-term flow of funds to the Institute through a combination of fundraising and investment returns.

As part of our long-term plans the governance review implemented in 2010 resulted in a move from The Brain Research Trust, an unincorporated charitable trust, to Brain Research Trust (the Charity), a charitable company limited by guarantee. The assets and liabilities of the old charitable trust were transferred to the new Charity on 1 October 2010. In line with the key strategies to achieve our mission, we approved a research strategy in 2011 and also revised our 2010 fundraising strategy this year. Further information on these strategies can be found in the Trustees Report, overleaf, or on the Charity web site <http://www.brt.org.uk/>. In 2011 we undertook a review of the composition of the Trustee Board. As a result of this review new Trustees joined the Board on 15 December 2011 supplementing existing Trustee skills and experience.

During the year under review we provided £1,216,000 of research funding for the Institute. Funds received during the year came from donations of £1,203,000 and income from our investment portfolio of £545,000. We are happy to report that both income streams held up well during the year despite difficult economic conditions for our donors and the continuing tough outlook for the global economy.

Our objectives on fundraising and investment income are

- To demonstrate the viability of key donation income streams as well as developing our existing fundraising activity. With a well-organised campaign we seek to mitigate the effects of the current challenging economic times on our income from supporters.
- Given the long-term nature of our commitments we seek to maintain the real value of our investments and income by managing a diversified investment portfolio. The increase in capital values during the year produced unrealised gains of £1,265,000 on our investment portfolio which was valued at £17.8 million at the year end.

More than ten million people in the UK have a neurological condition. The Institute, together with the National Hospital for Neurology & Neurosurgery, also in Queen Square, form a national and international centre for research, postgraduate training and clinical care in neurology and its associated basic science and clinical disciplines. We are determined to do as much as we can to support this vital research work and would like to thank our supporters for their enormous contribution towards this goal.

Neil L Payne
Chairman

BRAIN RESEARCH TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Principal Activities and Objectives

The objective of Brain Research Trust (the Charity) is to promote and support by all available means for the public benefit research and investigation into and study of neurological diseases. Since 1971, the Charity (and its predecessor charity) has funded both basic and clinical scientific research carried out at UCL Institute of Neurology (the Institute), Queen Square. The Institute has a world-wide reputation as a centre of excellence for scientific research into neurological diseases and disorders. The Charity receives no money from the Government and seeks to provide the Institute with a long-term flow of funds, through a combination of donations and investment returns.

The Charity's research strategy, approved by the Trustee Board in 2011, focuses research on the following seven neurological themes:

- Alzheimer's Disease and other Dementias,
- Brain Tumours,
- Epilepsy,
- Multiple Sclerosis and other immune-mediated conditions,
- Movement disorders including Parkinson's Disease,
- Neuro-muscular disorders,
- Stroke and other forms of brain damage

The Charity's fundraising strategy, approved by the Trustee Board in 2010 and revised this year, is to:

- Increase voluntary fundraising income,
- Focus on generating unrestricted income,
- Continue to grow direct debit 'regular giving' and make the recruitment of individuals to regular giving the top priority for all approaches to individuals,
- Establish and grow a programme of major donor fundraising
- Implement the legacy fundraising strategy,
- Grow trust income back to 2009 levels and increase thereafter,
- Test and develop a diverse range of fundraising streams

Trustees have agreed to invest considerable resources in growing sustainable, long-term fundraising income. The Charity has a donor recruitment and retention programme focussed on increasing individual giving by direct debit and encouraging supporters to leave a legacy. Activity includes appeal letters, raffles and online fundraising. The Charity also receives support from a number of grant-making trusts. The Charity also raises funds via a series of challenge events including marathons, triathlons, bike rides and running events. The Charity is a member of the Fundraising Standards Board, the Public Fundraising Regulatory Association and the Institute of Fundraising complying with the respective codes of practice required by each body.

The Charity also has an investment strategy, aimed at maintaining the real value of capital and income of its reserves, a governance strategy, seeking to enhance and complement the mix of skills and experience on the Board, and a communications strategy, which fully communicates and explains its work to the outside world.

The Charity raises funds to support the Institute in individual research projects, pilot programmes, equipment grants, PhD studentships and to seek endowments to support department-wide research programmes. The Trustees understand that neurological research is long-term but believe that the knowledge gained from each research project funded is a step towards understanding how these diseases happen and how to treat them. Trustees also understand that measuring the impact of their donations is a consideration for those who give so generously to support the Charity's work. The table on page 20 details the extensive programme of research funded by the Charity during 2011-12.

Charity Structure

Brain Research Trust is a company limited by guarantee (registration number 07345516) and a registered charity (registration number 1137560). The assets and liabilities of the former charitable trust, The Brain Research Trust, were transferred to the incorporated company on 1 October 2010. The Brain Research Trust remains as a shell charity with the new charitable company, Brain Research Trust, its sole corporate trustee.

BRAIN RESEARCH TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Governance and Management

The Charity's memorandum and articles of association are the primary governing documents. The articles of association provide for a maximum of twelve Trustees of which at least three should be scientific Trustees. Scientists of the highest repute are both necessary and vital in an independent medical charity aiming to fund world-class neurological research. Two of our Trustees are Fellows of the Royal Society.

In the year under review the management of the Charity was as follows:

- The Board of Trustees, who are also directors of the Charity for the purposes of the Companies Act, currently comprises 12 members and meets quarterly. The Board is responsible for determining the overall strategy of the Charity and accountable for its operational, financial and managerial performance. Trustee indemnity insurance is in place together with a conflicts of interest policy.
- There are two standing Committees of the Board which meet quarterly. The Finance and Investment Committee monitors the Charity's finances and its investment policy and portfolio recommending any changes in strategy to the Trustee Board. The Strategic Development Committee oversees the Charity's strategic plans including fundraising activities. The terms of reference of these two committees are reviewed and updated from time to time.
- A Scientific Advisory Panel (SAP) meets periodically to evaluate and rank research grant applications recommending to the Trustees which projects they should fund. The members of the SAP are independent from the Institute, drawn from various neurological disciplines, and actively involved in neurological research. The Charity is a member of the Association of Medical Research Charities (AMRC), an umbrella organisation of the leading medical and health research charities in the UK. AMRC members aim to follow the highest standards of accountability in medical and health research funding. Membership of AMRC requires the use of independent peer review in the allocation of all grants for research. The SAP is chaired by a scientific Trustee who does not vote on grant applications.
- Day-to-day running of the Charity is undertaken by the Chief Executive assisted by four permanent staff.
- Management accounting is provided by an independent firm of accountants and data management by an external consultant.

Appointment of Trustees

- Trustees are appointed by either invitation or recruitment to ensure the right balance of skills and experience on the Board and to stimulate the growth and development of the Charity. Selection is based on the ability to contribute business, scientific, financial, investment, legal, fundraising and marketing skills.
- The term of appointment is three years, renewable twice.

Two Trustees retired on 15 December 2011 after many years' service to the Charity and its predecessor charitable trust. The opportunity was taken to recruit five new Trustees to enhance the skill base of the Board.

Risk Assessment

The Trustees review the risks facing the Charity and the steps needed to mitigate them. The Board receives an annual report of identified risks and the control systems designed to respond to them. The key risk to the Charity continues to be the failure to meet its fundraising objectives due particularly to difficult economic conditions which reduce donors' disposal income.

Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission in determining the activities undertaken by the Charity. Research funded by the Charity and carried out by the Institute is deemed to meet the Charity Commission's test for Public Benefit in as much as the general benefit to the public resulting from research into neurological diseases is clear. In addition, although only a small percentage of the population may suffer from a particular disease, the application of the results of the Institute's research are not restricted by gender, ethnicity, religion or ability to pay and in that respect the public at large benefit.

BRAIN RESEARCH TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Investment Policy

The articles of association provide the Trustees with the power to invest funds not immediately required. Given the long-term nature of the Charity's commitment to fund research, the Board aims to invest reserves so as to protect capital from inflation and generate additional returns for future disbursement. The investment portfolio, which is managed by Sarasin & Partners LLP, is a diversified portfolio of UK and overseas equities, gilts, corporate bonds, property, hedge funds, commodities and cash deposits. The Finance and Investment Committee monitors the performance of investments on a quarterly basis. During the year the Committee reviewed the Charity's investment policy. The outcome of this review, as approved by the Board, left unchanged the broad objective of earning satisfactory returns above inflation over the long term but adjusted the approach by which this aim is pursued. The most notable adjustments were to cease direct investment in hedge funds by 31 December 2012 and from 1 January 2013 to monitor performance against three benchmarks, as follows:

- UK Retail Price Index + 4% p.a. on a rolling 5 year basis
- A composite index made up of relevant indices for each asset class weighted according to the standard portfolio model
- The mean return in the WM Charity Universe survey

Reserves Policy

The Trust plans the distribution of all of its funds. In doing so, it seeks to balance the disbursement of donations in their year of receipt with the use of real returns on capital so as to deliver as stable financial support to the Institute of Neurology as possible over time. When the Trustees decide to fund research from Unrestricted Funds, the Trust treats the total of grants committed over the next three financial years as a designated fund, called the Grants Fund. At 30 September 2012, the balance on the Grants Fund stood at £1,098,000, as described in Note 13 to the Accounts. The Trust currently relies on the income from its investment portfolio for a significant proportion of the grants committed. Consequently the Trustees have decided that the balance of the Unrestricted Funds, after designation of the amount referred to above to the Grants Fund, should also be treated as a designated fund called the Investment Fund.

Achievements and Performance

Results and Review of the year under review	2011-12 (£000)	2010-11 (£000)
Total incoming resources	1,748	1,428
Direct cost of generating funds	(604)	(464)
	<u>1,144</u>	<u>964</u>
Total research expenditure	(1,216)	(1,378)
Increase/decrease in investment values	1,265	(1,088)
Net increase/decrease in funds	<u>1,347</u>	<u>(1,757)</u>

The figures are explained in more detail in the accounts. In general, the Trustees are pleased to report that, despite the very difficult economic conditions, the Charity managed to attain a reasonable ongoing level of research funding. There was a further, one-off donation in respect of the Queen's Square Library Improvement project for £28,337 and also included in the expenditure of £1,216,377 was the funding of 12 PhD studentships costing £396,182, support of 6 endowed research areas at a cost of £639,114 and funding of 4 projects or fellowships costing £152,744. Incoming resources consisted of donations of £1,203,000 and investment income of £545,000 for the year.

Donations

Donations in 2011-12 of £1,203,000 comprised individual giving of £277,000, event income of £112,000, legacies received of £722,000 and trust income of £92,000. We are grateful to all the trusts that gave so generously to support the Institute's research efforts and to all other donors in what continues to be a very difficult time for giving.

BRAIN RESEARCH TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Investment Performance

The portfolio is expected to generate capital growth as well as income. The investment portfolio improved to £17,805,000 at 30 September 2012 with £1,265,000 of unrealised gains. Investment income has remained relatively stable at £545,000 for the year. There is still doubt over the global economic outlook but the Trustees continue to believe that, with the current diversified portfolio, investment income will remain robust over the coming year.

Research Funded

The Charity funds research at the internationally recognised centre of excellence, UCL Institute of Neurology (the Institute). The Institute is a specialist postgraduate research institute which works closely with the National Hospital for Neurology & Neurosurgery. In combination these two institutions form 'Queen Square' a national and international centre for teaching, training and research in neurology and allied clinical and basic neurosciences, taking research literally from the test-tube to the bedside.

The Institute performs exceptionally well in the UK Government Research Assessment Exercise which is carried out every four years. In the last assessment 70% of the Institute's research was assessed to be internationally competitive or world-leading. 968 papers from neurological researchers at the Institute were published in academic journals in the 2011/12 academic year. ISI Essential Science Indicators ranks Institute Professor Ray Dolan as currently the most highly cited scientist working worldwide in neuroscience and behaviour. Professor Dolan is joined by Institute colleagues Professors Friston, Hardy and Thompson in the top 11 most highly cited neuroscientists in the world.

An organisational restructure at UCL, completed in August 2011, included the creation of a new Faculty of Brain Science. This structural change was designed to enhance the exceptionally strong base of research and teaching in biomedicine at UCL. The UCL Institute of Neurology now forms part of the new Faculty of Brain Sciences with the Institute of Cognitive Neuroscience, the Institute of Ophthalmology, UCL Ear Institute, UCL Division of Psychology & Language Sciences and UCL Mental Health Sciences Unit. Professor Alan Thompson took up the role of Dean of the Faculty of Brain Sciences on 1 August 2011 and Professor Michael Hanna (formerly Clinical Director at the National Hospital for Neurology and Neurosurgery) took over from Professor Thompson as Director of the Institute of Neurology on 4 January 2012.

During the year the Institute received a number of honours including Wellcome Trust Senior Investigator Awards to Professors Ray Dolan, Kenneth Harris, and Elizabeth Fisher. There were also major grants from the MRC renewing their support for the Centre for Neuromuscular Diseases. A major NHS research award has enabled a new Biomedical research unit to be established for Dementia, linked to the Queen Square Dementia Research Centre. The Queen Square Clinical Trial Centre opened in October 2011 under the clinical leadership of Professor Mary Reilly. The aim of the centre is to increase experimental trial support and to improve collaboration with the UCL Clinical Trials Unit.

The Institute plays a major role in postgraduate teaching and training, nurturing the talent of the leading young research scientists for the future. There are some 150 graduate students at Queen Square. During the year Brain Research Trust continued for a second year its partnership with the Medical Research Council in implementing a new and highly successful four year PhD Studentship programme in clinical neuroscience.

Future Plans:

- To develop and implement a new organisational strategy
- To establish and develop working relationships with other neurological charities with a view to future collaborations,
- To implement fully the Charity's fundraising plans initiating new sources of income including the implementation of a major donor strategy and the acquisition of regular givers, as well as maintaining existing sources of donations,
- To integrate the Charity's research strategy with the SAP's review of research grant applications and recommendations to the Trustees as to which projects they should fund,
- To continue to seek new Trustees with a range of specific skills to help drive the Charity forward,

BRAIN RESEARCH TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Name	Brain Research Trust
Charity registration number	1137560
Company registration number	07345516
Registered office	15, Southampton Place London WC1A 2AJ

President	Sir John Read FCA
Vice President	S J David Corsan FCA

Trustees	Neil L Payne FCA, Chairman Yves Bonavero MA (Oxon) (Resigned 15 December 2011) Professor Alastair Compston PhD, FRCP, FMedSci E Michael Garston OBE, LL B Frances Heaton BA, LL B (Resigned 15 December 2011) Professor J Julian B Jack PhD, FRCP, FMedSci, FRS Sir Rob Margetts CBE, FREng Anthony J Mehew FCA, MA Professor Angela Vincent FRCPATH, FRCP, FMedSci, FRS Kerstin Mogull MBA, MSc (Appointed 15 December 2011) Dr Allister Wilson DBA, CA (Appointed 15 December 2011) Elaine Hindal BA, MSc (Appointed 15 December 2011) Jonathan Kropman LL B (Appointed 15 December 2011) Jim Gollan FCA, BA (Appointed 15 December 2011)
----------	--

Chief Executive	Lindsay Easton
Head of Fundraising	Sarah Courthope

Professional Advisors

Accountants
S D Knee Chartered Accountants
10 Bath Road
Old Town
Swindon SN1 4BA

Auditors
haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

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

Solicitors
Bates Wells & Braithwaite
London LLP
2-6 Cannon Street
London EC4M 6YH

Bankers
Clydesdale Bank PLC
30 St Vincent Place
Glasgow
G1 2HL

BRAIN RESEARCH TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Scientific Advisory Panel

Chair Professor Angela Vincent

Professor Patrick Chinnery, Mitochondrial Research Group, University of Newcastle-Upon-Tyne
Professor James Fawcett, Centre for Brain Repair, University of Cambridge
Professor Oliver Hanemann, Chair in Clinical Neurobiology, University of Plymouth
Professor John Jefferys, School of Clinical and Experimental Medicine, University of Birmingham
Professor Heidi Johansen-Berg, Centre for Functional MRI of the Brain, University of Oxford
Professor Kevin Talbot, Oxford MND Centre, University of Oxford

Statement of Trustees' Responsibilities:

The Trustees (who are also directors of Brain Research Trust for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees 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 Trustees are 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 Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as we are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

The auditors, Haysmacintyre, were appointed during the year and will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006

The report of the Trustees has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

This report was approved by the Trustees on the 13 December 2012 and signed on its behalf, by


Neil L. Payne (Chairman)

BRAIN RESEARCH TRUST

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

We have audited the financial statements of Brain Research Trust for the year ended 30 September 2012 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on Trustee Report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial, and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Richard Weaver (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditors
13 December 2012

Fairfax House
15 Fulwood Place
London WC1V 6AY

BRAIN RESEARCH TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	Main Unrestricted Fund £'000	Restrict ed Funds £'000	Endowment Funds £'000	2012 £'000	2011 £'000
Incoming Resources						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Donations received	2	1,114	89	-	1,203	846
Investment income	3	240	305	-	545	582
Total incoming resources		<u>1,354</u>	<u>394</u>	<u>-</u>	<u>1,748</u>	<u>1,428</u>
Resources Expended						
<i>Costs of generating funds</i>						
Investment management costs	4	34	46	-	80	83
Other fundraising costs	4	524	-	-	524	381
Costs of generating funds	4	<u>558</u>	<u>46</u>	<u>-</u>	<u>604</u>	<u>464</u>
<i>Charitable activities</i>						
Research grants to the Institute of Neurology	12	378	439	399	1,216	1,378
Grant support costs	4	-	28	-	28	158
Charitable activities		<u>378</u>	<u>467</u>	<u>399</u>	<u>1,244</u>	<u>1,536</u>
Governance costs	4	<u>24</u>	<u>5</u>	<u>-</u>	<u>29</u>	<u>9</u>
Total resources expended		<u>960</u>	<u>518</u>	<u>399</u>	<u>1,877</u>	<u>2,009</u>
Net outgoing resources before other gains and losses		<u>394</u>	<u>(124)</u>	<u>(399)</u>	<u>(129)</u>	<u>(581)</u>
<i>Other recognised gains and losses</i>						
Realised gains/(losses) on investment assets		91	19	101	211	(88)
Unrealised gains/(losses) on investment assets		541	126	610	1,265	(1,088)
Net movement in funds		<u>1,014</u>	<u>21</u>	<u>312</u>	<u>1,347</u>	<u>(1,757)</u>
Reconciliation of funds						
Total funds brought forward as at 30 September 2011		7,891	2,248	7,200	17,339	-
Transfer of assets from The Brain Research Trust on 1 October 2010	15	-	-	-	-	19,096
Total funds carried forward as at 30 September 2012	14	<u>8,905</u>	<u>2,269</u>	<u>7,512</u>	<u>18,686</u>	<u>17,339</u>

There are no recognised gains and losses other than those shown in the above Statement of Financial Activities

The notes on pages 12 to 19 form part of these accounts

BALANCE SHEET

AS AT 30 SEPTEMBER 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible fixed assets	7	3	2
Investments	8	17,805	16,300
Total fixed assets		17,808	16,302
Current assets			
Sundry debtors	9	43	100
Cash at bank and in hand		1,268	1,293
Total current assets		1,311	1,393
Liabilities			
Creditors falling due within one year	10	433	356
Net current assets		878	1,037
Net assets		18,686	17,339
The funds of the charity:			
Unrestricted Funds			
Investment Fund	13	7,807	6,638
Grants Fund	13	1,098	1,253
		8,905	7,891
Restricted Funds			
Neurosurgery Income Fund	13	1,648	1,465
Parkinson's Income Fund	13	506	582
Marks Income Fund	13	38	-
Brain Tumour Fund	13	21	97
Other	13	56	104
		2,269	2,248
Endowment funds			
Marks Endowment Fund	13	1,656	1,507
Muller Endowment Fund	13	2,975	2,935
Sobell Endowment Fund	13	1,400	1,368
Watts Endowment Fund	13	1,481	1,390
		7,512	7,200
		18,686	17,339

Approved and authorised for issue by the Board of Trustees on 13 December 2012 and signed on its behalf by

Neil Payne (Chairman)

Jim Gollan (Treasurer)

The notes on pages 12 to 19 form part of these accounts

BRAIN RESEARCH TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 £'000	2011 £'000
Reconciliation of net incoming resources to net cash outflow from operating activities		
Net (outgoing)/ incoming resources	(129)	(581)
Investment income	(545)	(582)
Change in debtors, excluding investment income and sale of investment assets	57	(3)
Change in creditors, excluding purchase of investment assets	77	(183)
Unrealised foreign exchange losses	(4)	32
Depreciation	1	1
Net cash outflow from operating activities	(543)	(1,316)
Return on investments		
Dividends & Interest received on investments	533	562
Bank deposit interest	12	16
Foreign exchange gains	-	4
Net cash inflow from returns on investments	545	582
Capital expenditure and financial investments		
Purchase of investments	(3,131)	(3,571)
Sale of investments and realised gains	3,363	4,164
Purchase of tangible fixed assets	(2)	-
Net cash inflow/(outflow) from capital expenditure and financial Investments	234	593
Decrease in cash and cash equivalents	236	(141)
Cash and cash equivalents		
As at 1 October 2011	2,138	2,279
Net cash inflow/(outflow) for the year	236	(141)
At 30 September 2012	2,374	2,138
Made up of		
Cash at bank and in hand	1,268	1,293
Cash held as part of investment portfolio	1,106	845
	2,374	2,138

The notes on pages 12 to 19 form part of these accounts

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES

(a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in March 2005, and in accordance with applicable accounting standards and the Companies Act 2006.

Brain Research Trust consists of nine funds as follows:

Main Fund (unrestricted)
Investment Fund (designated)
Grants Fund (designated)
Neurosurgery Fund (restricted)
Parkinson's Fund (restricted)
Miriam Marks Fund (expendable endowment)
Muller Fund (expendable endowment)
Sobell Fund (expendable endowment)
Watts Fund (expendable endowment)

Except for the Main, Grant and Investment Funds, all funds are restricted to specific fields of neurological research.

(b) Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 6. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

(c) Donations received

Donations are accounted for on a cash received basis and are recognised in the Main Fund unless the donor specifies otherwise or in the opinion of the Trustees another fund would be more appropriate. Donations received for specific purposes are taken to a restricted fund. Donations received in non-cash form are accounted for at value to the Trust at the date of receipt.

Legacies are credited to the Statement of Financial Activities once the charity has been notified of its entitlement to the income and the value of the legacy is capable of financial measurement.

(d) Investment income

Income from fixed interest stocks, loans and deposits is included in the accounts on an accrual basis.

Income from other securities is accounted for on a cash received basis.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

(e) Research grants to Institute of Neurology

Grants payable are in respect of grants approved by the Trustees, having due regard for the recommendations of the Scientific Advisory Panel. Payment of grants takes place on the fulfilment of certain conditions and is accounted for when the payments fall due.

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES (continued)

(f) Fixed assets

Fixed assets are written off on a straight line basis over the year of their expected useful life, normally four years

(g) Investments

Investments are included in the balance sheet at market value based on quoted prices. Profits or losses on sale, representing the differences between opening market value and disposal proceeds, are taken to the Statement of Financial Activities. Unrealised surpluses and deficits between opening market value and closing market value are taken to Trust funds through the Statement of Financial Activities

(h) Unrestricted and designated funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives

Designated funds are amounts that have been set aside at the discretion of the Trustees

(i) Allocation of costs to the funds

Costs which are specific to an individual fund are charged to that fund. All other costs are charged to the Main Fund

(j) Pensions

The Trust makes pension provision for its employees by contributing to a personal pension scheme of their choice

2. DONATIONS RECEIVED	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	2012 £'000	2011 £'000
Individuals	271	6	-	277	206
Trusts & Corporates	78	14	-	92	306
Income from events	112	-	-	112	81
Legacies	653	69	-	722	253
	<u>1,114</u>	<u>89</u>	<u>-</u>	<u>1,203</u>	<u>846</u>

3. INVESTMENT INCOME	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	2012 £'000	2011 £'000
Dividends and interest on Investments	232	301	-	533	562
Realised foreign exchange gains/(losses)	-	-	-	-	36
Unrealised foreign exchange gains/(losses)	-	-	-	-	(32)
Deposit account interest	8	4	-	12	16
	<u>240</u>	<u>305</u>	<u>-</u>	<u>545</u>	<u>582</u>

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Direct Costs	Indirect Costs	Total 2012	Total 2011
Cost of Generating Funds				
Investment management fees	80	-	80	83
Other fundraising costs	467	57	524	381
	<u>1,216</u>	<u>-</u>	<u>1,216</u>	<u>1,378</u>
Grants payable				
Grant Support Costs		28	28	158
	<u>1,216</u>	<u>28</u>	<u>1,244</u>	<u>1,536</u>
Governance Costs	29	-	29	9
	<u>1,792</u>	<u>85</u>	<u>1,877</u>	<u>2,009</u>

Support costs of £28k comprise attributable salaries, property and office costs and other sundry expenses

5. NET INCOMING RESOURCES FOR THE YEAR	2012	2011
	£'000	£'000
This is stated after charging		
Audit fees	9	9

The auditors received no fees other than the audit fees stated above

The Trustees did not receive any remuneration during the year, but were reimbursed for £426 in expenses

6(a) SALARIES AND EMPLOYMENT COSTS	2012	2011
	£'000	£'000
Salaries	195	181
Social Security costs	21	21
Pension costs	13	13
Temporary Staff	24	-
	<u>253</u>	<u>215</u>

Average number of employees 5 (2011 5)

One employee (2011 one) received remuneration of £80,000 to £89,999 during the year One employee (2011 one) received employer pension contributions of £8,000 to £8,999

(b) PENSIONS

The company contributed to the personal pension schemes of four employees during the year The employer's contributions are charged to the Statement of Financial Activities as they fall due The charge for the current year amounted to £12,551

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

7. FIXED ASSETS

	Office Equipment £'000
Cost	
As at 30 September 2011	4
Additions	2
Disposals in year	-
	<u>6</u>
As at 30 September 2012	<u>6</u>
Depreciation	
As at 30 September 2011	2
Charged in the year	1
Eliminated on disposals	-
	<u>3</u>
As at 30 September 2012	<u>3</u>
Net book value at 30 September 2012	<u>3</u>
Net book value at 30 September 2011	<u>2</u>

8. INVESTMENTS AT MARKET VALUE

(a) Equities

Equities comprise ordinary shares quoted on recognised Stock Exchanges together with hedge fund investments in the alternative investment market amounting to £1,399,400

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2012 £'000	Total 2011 £'000
Brought forward at 1 October 2011	5,375	866	5,544	11,785	12,933
Additions	1,036	205	1,074	2,315	2,495
Disposals	(1,194)	(222)	(1,169)	(2,585)	(2,603)
Increase in unrealised gains/(losses)	449	108	524	1,081	(1,040)
	<u>5,666</u>	<u>957</u>	<u>5,973</u>	<u>12,596</u>	<u>11,785</u>
Market value at 30 September 2012	<u>5,666</u>	<u>957</u>	<u>5,973</u>	<u>12,596</u>	<u>11,785</u>
Historical cost at 1 October 2011	<u>5,858</u>	<u>950</u>	<u>6,017</u>	<u>12,825</u>	<u>-</u>
Historical cost at 30 September 2012	<u>5,700</u>	<u>933</u>	<u>5,922</u>	<u>12,555</u>	<u>-</u>

At 30 September 2012 the market value of equity investments with a value greater than 5% of the investment portfolio were

	£'000
HT Asian Catalyst Hedge Fund	658

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

8. INVESTMENTS AT MARKET VALUE (continued)

(b) Fixed Interest Securities

Fixed interest securities are quoted on recognised Stock Exchanges

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2012 £'000	Total 2011 £'000
Brought forward at 1 October 2011	1,627	280	1,775	3,682	4,302
Additions	361	76	379	816	1,076
Disposals	(250)	(53)	(264)	(567)	(1,648)
Increase in unrealised gains/(losses)	79	17	84	180	(48)
Market value at 30 September 2012	<u>1,817</u>	<u>320</u>	<u>1,974</u>	<u>4,111</u>	<u>3,682</u>
Historical cost at 1 October 2011	<u>1,647</u>	<u>284</u>	<u>1,799</u>	<u>3,730</u>	-
Historical cost at 30 September 2012	<u>1,757</u>	<u>307</u>	<u>1,914</u>	<u>3,978</u>	-

The total investment holding as shown in the balance sheet included unrealised investments gains of £1,081,597 (2011 losses £1,040,095) on equities and £179,630 (2011 losses £47,765) on Fixed Interest Securities, a net total of £1,261,227 (2011 losses £1,087,860)

	2012 £'000	2011 £'000
(c) Cash held for investment purposes	<u>1,106</u>	<u>845</u>
(d) Unrealised forex gains	<u>(8)</u>	<u>(12)</u>
(e) Total market value (including cash)	<u>17,805</u>	<u>16,300</u>

9. SUNDRY DEBTORS

	2012 £'000	2011 £'000
Sundry debtors	23	20
Prepayments	20	80
	<u>43</u>	<u>100</u>

10. CREDITORS

	2012 £'000	2011 £'000
Trade creditors	33	40
Grants payable	363	286
Accruals and deferred income	31	30
Social security and other taxes	6	-
	<u>433</u>	<u>356</u>

BRAIN RESEARCH TRUST**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 SEPTEMBER 2012****11. COMMITMENTS**

In addition to the grants payable noted above, the Trustees have also approved from the Main Fund certain grants payable to the Institute of Neurology which are subject to the satisfactory fulfilment of grant conditions. The amounts approved in future years, but not accrued as expenditure at 30 September 2012 are as follows

	2012 £'000	2011 £'000
Within one year	423	505
Within two years	311	410
Within two to three years	364	338
	<u>1,098</u>	<u>1,253</u>

At 30 September 2012 there were also commitments to the Institute of Neurology from the restricted and Endowment funds of £2,201,000 (2011 £2,353,000)

12. GRANTS PAYABLE

During the year grants totalling £1,216,377 were paid to the Institute of Neurology for the specific fields of neurological research. Each grant is made in accordance with the terms of the individual trust funds held by the charity. The total grants during the year, as analysed by fund in note 13, were

	2012 £'000	2011 £'000
Main Fund	378	257
Marks Fund	-	4
Muller Fund	338	402
Sobell Fund	138	158
Watts Fund	82	142
Other restricted funds	280	415
	<u>1,216</u>	<u>1,378</u>

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

13 STATEMENT OF FUNDS

	1 October 2011 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	2012 £'000	2011 £'000
UNRESTRICTED FUND								
Main Fund	-	-	-	-	-	-	-	-
Investment Fund	6,638	1,354	-	(582)	620	(223)	7,807	6,638
Grants Fund - designated fund	1,253	-	(378)	-	-	223	1,098	1,253
Total unrestricted fund	<u>7,891</u>	<u>1,354</u>	<u>(378)</u>	<u>(582)</u>	<u>620</u>	<u>-</u>	<u>8,905</u>	<u>7,891</u>
RESTRICTED FUND								
Neurosurgery Income Fund	1,465	49	-	(11)	145	-	1,648	1,465
Parkinson's Fund	582	4	(74)	(6)	-	-	506	582
Marks Income Fund	-	50	-	(12)	-	-	38	-
Muller Income Fund	-	108	(87)	(21)	-	-	-	-
Sobell Income Fund	-	46	(35)	(11)	-	-	-	-
Watts Income Fund	-	47	(37)	(10)	-	-	-	-
Brain Tumour Fund	97	9	(81)	(4)	-	-	21	97
Other Funds	104	81	(125)	(4)	-	-	56	104
Total restricted funds	<u>2,248</u>	<u>394</u>	<u>(439)</u>	<u>(79)</u>	<u>145</u>	<u>-</u>	<u>2,269</u>	<u>2,248</u>
ENDOWMENT FUNDS								
Marks Fund	1,507	-	-	-	149	-	1,656	1,507
Muller Fund	2,935	-	(251)	-	291	-	2,975	2,935
Sobell Fund	1,368	-	(103)	-	135	-	1,400	1,368
Watts Fund	1,390	-	(45)	-	136	-	1,481	1,390
Total endowment funds	<u>7,200</u>	<u>-</u>	<u>(399)</u>	<u>-</u>	<u>711</u>	<u>-</u>	<u>7,512</u>	<u>7,200</u>

Designated funds represent amounts set aside by the Trustees as disclosed within the Trustees' Report

All the endowment funds are expendable. A designated 'Grants Fund' has been set up to match the commitments disclosed in note 11.

Each of the restricted and endowment funds are for the purpose of funding research in to Neurological Conditions.

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Investment Assets £'000	Fixed Assets £'000	Net Current Assets £'000	Total Assets £'000
Main/Investment/Grants Funds	8,236	3	666	8,905
Neurosurgery Fund	1,529	-	119	1,648
Parkinson's Fund	-	-	506	506
Marks Income Fund	-	-	38	38
Marks Fund	1,573	-	83	1,656
Muller Fund	3,587	-	(612)	2,975
Sobell Fund	1,429	-	(29)	1,400
Watts Fund	1,451	-	30	1,481
Brain Tumour Fund	-	-	21	21
Other	-	-	56	56
	<u>17,805</u>	<u>3</u>	<u>878</u>	<u>18,686</u>

15. TRANSFER OF FUNDS TO NEW CHARITABLE COMPANY

On 1 October 2010 the assets and liabilities of The Brain Research Trust (an unincorporated charity registration number 263064) were transferred to this incorporated charity, Brain Research Trust (Registered Charity Number 1137560 Registered Company Number 07345516)

The Brain Research Trust remains a dormant charity with the newly incorporated charity as the corporate trustee

The transfer of net assets into the new company is shown on the Statement of Financial Activities on page 9 under reconciliation of funds

16 OPERATING LEASES

Brain Research Trust is committed to make the following payments (per annum) under operating leases for the premises

	2012 £'000	2011 £'000
Commitment expiring		
Within one year	16	-
Within two to five years	-	16
	<u>16</u>	<u>16</u>

BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

GRANTS FUNDED 2011-12

Description

Disease

PhD Studentships (Main Fund Unrestricted)

Does action observation facilitate corticospinal excitability after stroke?	Ataxia, migraine, epilepsy	20,919
Investigating axonal transport in a panel of mice that model Down Syndrome	Down syndrome	36,410
Understanding the Inattentive Brain	Stroke/Parkinson's disease	38,471
Context, consciousness and the Brain	Stroke	30,650
Recharging the brain	Stroke	37,081
How does the human hippocampus support spatial navigation, episodic memory, and imagining the future?	Alzheimer's disease, Epilepsy, Dementia	32,737
Novel methods for creating induced pluripotent stem cells for study of neurodegenerative diseases	Parkinson's, Spastic Paraplegia & others	36,230
Identifying the factors important in the pathophysiology and pathology of neuroinflammatory diseases such as Multiple Sclerosis	Multiple Sclerosis	29,044
Studentship – Imaging Neuroscience, specialism to be decided		36,431
Studentship – Central Neurology, specialism will be decided in year 2		29,231
Studentship – Central Neurology, specialism will be decided in year 2		37,280
Studentship – Central Neurology, specialism will be decided in year 2		31,698
	PhD sub-total	396,182

Charitable Trusts + Main Fund Restricted

Brain Tumour Fellowship	Brain Tumours	81,158
Electrical Engineer for Sobell Department of Motor Neuroscience & Movement Disorder	Neurophysiology	21,586
Finding risk Genes for PSP		25,000
A diagnostic ELISA for assessing tau isoforms in cerebrospinal fluid and pathology in PSP and related tauopathies	Molecular Neuroscience	25,000
	Trusts sub-total	152,744

Other research support to the Institute (Endowment & Restricted Funds)

Sobell Department of Motor Neuroscience & Movement Disorder for research into the relationship between movement and the brain, recovery and reorganisation after spinal cord injury, Does spinal cord regeneration actually lead to recovery?	Neurophysiology	116,565
Graham Watts Laboratory for research into the mechanisms underlying motoneurone disease	Motor Neurone Disease	63,361
The Graham Watts Lab Manager & Senior Research Technician	Various Diseases	29,571
Leopold Muller Functional Imaging Laboratory	Cognitive Neurology	337,936
Unit of Functional Neurosurgery - Deep Brain Stimulation Operations	Parkinson's Disease	53,869
Pilot project to investigate new physiological models of amyotrophic lateral sclerosis	Amyotrophic lateral sclerosis	17,343
Can Deep Brain Stimulation improve the cognitive deficits associated with Parkinson's Disease?	Parkinson's disease	20,469
	Other research sub-total	639,114

Other projects

Queen's Square Library Improvement	Other projects sub-total	28,337
	Grand Total	1,216,377