

**BRAIN RESEARCH TRUST**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

Registered Charity Number: 1137560  
Registered Company Number: 07345516  
(Brain Research UK is the working name of Brain Research Trust)



## **Our cause**

**One in five of us suffers from a neurological condition.**

**Brain Research Trust funds the best neurological research to discover the causes, develop new treatments and improve the lives of those affected.**

We fund the best neurological research at centres of excellence throughout the UK:

- We fund ground-breaking basic and clinical research into neurological disease;
- We translate research discoveries into better treatments for patients;
- We support the next generation of neuroscientists and their discoveries.

## **Our income**

Funds received during the year came from donations of £1,508,000 (2016: £2,036,000) and income from our investment portfolio of £490,000 (2016: £574,000).

Specific highlights include our development of awareness and income as a result of our increased presence at the London Marathon where we fielded our largest ever team, as well as a more targeted focus on the generation of income from trusts fundraising.

## **Our research funding**

During the year under review we awarded £1,200,000 (2016: £2,110,000 to UCL Institute of Neurology only) of research funding to various research institutions throughout the UK and in total spent £1,415,000 (2016: £2,340,000) on research.

We launched national, competitive calls for both PhD studentships and projects grants, focusing on our three current priority research areas: neuro-oncology, acquired brain damage, and headache and facial pain.

We awarded funding for two new PhD studentships; one at the University of Oxford focusing on the development of a new immunotherapy approach for the treatment of glioblastoma and the other at UCL Institute of Neurology focusing on the genetics of cluster headache.

In addition, we awarded three project grants; one to UCL Institute of Neurology for a project titled "Re-opening the critical period for plasticity after stroke with dose-controlled non-invasive brain stimulation", the second to Plymouth University for a project titled "Identification of novel genes controlling human glioblastoma initiations and growth mechanisms" and the third to King's College London for a project titled "Improving grasping after brain injury (stroke) by enhancing spinal neuroplasticity combined with automated, intensive rehabilitation".

**Since we began 46 years ago, we have invested in research to improve the lives of all those affected by a neurological condition. It is only thanks to the generosity of our supporters that we are able to continue the vital funding of life-changing, life-saving neurological research.**



Jonathan Kropman  
Chair of Trustees

## Introduction

Brain Research Trust is a company limited by guarantee (registration number 07345516; incorporated 13 August 2010) and a registered charity (registration number 1137560) regulated by the Charity Commission. It is governed by a Board of Trustees, chaired by Jonathan Kropman, under powers defined in the Memorandum and Articles of Association amended 21 December 2015.

## Charitable objects:

- To promote and support by all available means for the public benefit research and investigation into and study of diseases of the nervous system and allied subjects, and particularly the causes, means of prevention, diagnosis, method of treatment and cure of such diseases and publication of such research, study and investigation which term shall include the promotion and support of University College London Institute of Neurology (Queen Square) and such other institutions in which such research investigation or study is or is to be pursued.

The Charity's research strategy focuses on three key themes, as listed below.

- Research to develop new diagnostics and treatments (innovative therapies)
- Research that improves tissue regeneration and patient recovery
- Research into rare neurological conditions and diseases

## Public benefit

The Trustees confirm that they have complied with 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 meets the Charity Commission's test for Public Benefit. In addition, although only a small percentage of the population may suffer from a particular neurological disease, the application of the results of the research is not restricted by gender, ethnicity, religion or ability to pay and in that respect the public at large benefit.

## Achievements and performance

During 2016/17, as planned, we invested in the growth of our supporter donor base to develop sustainable, regular giving income, the benefits of which will continue to impact over the coming years. In addition, we diversified our fundraising streams and developed our activities, most notably within events as well as charitable trusts. We launched, and concluded, our first national calls for PhD studentships and project grants; coupled with the adoption of Brain Research UK as our working name, our remit as a national funder of neurological research has been enhanced. We undertook a comprehensive Risk Review and instigated a detailed review of future strategic options.

## Objectives for 2017/18:

Our objectives for research activities in 2017/18 are:

- To sustain the amount of research and the impact of the research we fund
- To continue our research investment in centres of excellence throughout the UK

Our objectives for fundraising in 2017/18 are:

- To develop our event activities
- To develop our trusts fundraising activities

Our objectives for awareness raising activities in 2017/18 are:

- To undertake a review of the effectiveness of our brand and positioning in the market

The Trustees understand that the benefits of 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 an important consideration for those who give so generously to support the Charity's work.

| Results and review of the year under review | 2016-17<br>£'000  | 2015-16<br>£'000 |
|---|-------------------|------------------|
| Total income                                | 1,998             | 2,610            |
| Expenditure on raising funds                | (1,023)           | (1,724)          |
|   | <u>975</u>        | <u>886</u>       |
| Expenditure on Research                     | (1,416)           | (2,340)          |
| Expenditure on Information & Awareness      | (270)             | (116)            |
| Increase/(decrease) in investment values    | <u>1,018</u>      | <u>1,589</u>     |
| Net increase/(decrease) in funds            | <u><u>307</u></u> | <u><u>19</u></u> |

### Donations

Donations in 2016/17 of £1,508,000 comprised individual giving of £750,000, event income of £283,000, legacies of £321,000 and trust, corporate and major donor income of £154,000. We are grateful to all the trusts that gave so generously to support the research effort and to all other donors for their support of our vital work.

### Investment performance

The investment portfolio increased in value to £16,916,000 as at 30 September 2017 (2016: £16,708,000). There were unrealised gains of £962,000 (2016: £1,640,000) included within the portfolio valuation and reflected in the income and expenditure account. Investment income was £490,000 (2016: £574,000) for the year, in line with the policy disclosed on page 6. Returns on the portfolio are expected to continue to meet the long-term performance benchmarks outlined in the investment policy.

### Grant awarding policy

Brain Research Trust funds research into neurological conditions. In December 2015, the Trustees broadened the Charity's objects to enable the funding of research not only at the UCL Institute of Neurology, but also at other centres of excellence throughout the UK.

During the year under review, the Charity's Scientific Advisory Panel recommended the introduction of three 'priority research areas' where they felt there was the greatest need for research investment: acquired brain damage, neuro-oncology, and headache and facial pain. Accordingly, during the year under review, we issued two national, competitive calls for grant applications in these areas, one call being for PhD studentships and the other for project grants.

As a member of the Association of Medical Research Charities, our policy is to fund research that has been subject to rigorous assessment, including external peer review.

### Research funded

During the year we launched our first national call for applications for PhD studentships. In response to applications received under this call we awarded £240,000 to fund two new PhD Studentships (2016: £330,000; 3). One studentship is at UCL Institute of Neurology and, as such, we currently fund 10 graduate students there. The second is at the University of Oxford, our first studentship there.

We also launched our first national call for project grant applications and subsequently awarded funding of £882,000 to fund three new projects at UCL Institute of Neurology, King's College London and Plymouth University.

We also paid ongoing grants to UCL Institute of Neurology from endowments and restricted funds totalling £165,000 (2016: £839,000).

Note 19 in the accounts details the extensive programme of research funded by the Charity during 2016/17.

**Information and awareness**

During 2016/17 it was recognised that improvements could be made to the way the Charity communicates information and awareness of its work and the neurological conditions it seeks to alleviate through the research funded. The results of the expenditure this year of £270,000, (2016: £116,000), will be seen in 2018.

**Financial review****Financial performance**

The Charity's income has fallen this year to just over £2 million from £2.6 million in 2016. Although there has been some decline in investment income by £84,000, the majority of the fall has been experienced in voluntary income.

Notably legacy income has fallen by over £300,000 this year; this was expected due to the Charity benefiting from a number of large legacies towards the end of last year. The very nature of legacy income makes it difficult to replicate year on year.

The Charity also received a number of one-off Trusts donations in 2015/16 which have not been repeated this year leading to a fall in this income stream by £200,000. The engagement of a dedicated Trusts fundraiser has strengthened the future viability of this income stream. Income from the London Marathon, through participants' sponsorship, has become a key area of growth this year which has seen a £54,000 increase in income from last year and we expect this to grow further into 2018, with the Charity entering its largest ever team into the 2018 Virgin London Marathon.

The Charity has significantly reduced its fundraising costs during the year; partly through planned efficiencies but also as a result of ceasing face to face donor recruitment activity from the second quarter of the year. This has led to an increase in net income from £886,000 in 2016 to £1,005,000 in 2017. This has been used to partly fund expenditure on charitable activities of £1,685,000 with the remainder being funded by the investment gains of £1,018,000 (2016: £1,589,000). The successive significant investment gains have allowed the Charity to end the year with a surplus position of £307,000 (2016: £19,000).

**Reserves policy**

The Charity's total funds as at 30 September 2017 were £15,172,000; comprising general funds of £753,000, designated funds of £7,679,000, restricted funds of £236,000, and expendable endowments of £6,504,000 that are held for specific purposes. Free reserves are the general fund excluding the value of tangible fixed assets, £5,000, and total £748,000 at 30 September 2017.

The Charity has developed a policy that fully justifies and clearly explains why the Charity is keeping reserves; it identifies and plans for the maintenance of essential activities and reflects the risks associated with the Charity's business model, spending commitments, potential liabilities and financial forecasts.

The Board reviews the reserves policy every 12 months, at a minimum.

**Unrestricted funds**

The Trustees agreed to hold a minimum reserve, the General fund, of £753,000 (2016: £753,000) which represents at least nine months of the next year's overheads costs.

**Designated funds**

The Trustees have designated two funds from unrestricted reserves. The Grants fund at £2,080,000 (2016: £1,490,000) represents two years of future unrestricted research awards.

The Charity currently benefits from the income generated by its investment portfolio for a significant proportion of total income. Consequently the Trustees have decided that the balance of the Unrestricted Funds, after the General and Grants funds, are treated as a designated fund called the Investment Fund. At 30 September 2017 the balance on the Investment fund was £5,599,000 (2016: £6,086,000).

**Restricted funds**

Restricted funds have been donated for specific projects or research activities. They are reviewed on an ongoing basis, to ensure restricted funds are utilised in accordance with the donors' wishes as soon as is practicable. At 30 September 2017 the balance of restricted funds was £236,000 (2016: £138,000).

**Endowment funds**

Endowment funds have been endowed for use on specific projects or research activities at the Institute of Neurology. All the endowment funds are expendable. At 30 September 2017 the balance of endowment funds was £6,504,000 (2016: £6,398,000).

Balances and movements on funds is detailed in Note 13.

**Going concern**

The trustees have considered the going concern principle taking into account the availability of reserves and looking at forecast income and expenditure in line with its strategy, and are content that the charity remains a going concern.

**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.

A significant risk impacting the Charity, as well as the sector more widely, this year is adherence to the Fundraising Regulator and General Data Protection Regulator (GDPR). The Charity is continuing its undertaking of a detailed review of its business and data operations to comply with the new regulations. This will lead to the Charity adapting to ensure full compliance well in advance of the May 2018 deadline.

Another major risk facing the Charity is being able to raise and maintain sufficient income to fulfil our long term research plans. With regulatory changes impacting the fundraising environment, and face to face fundraising no longer being a viable income stream for us, the Charity has reviewed its income profile. During the year we have proactively progressed other income streams to mitigate this risk, this includes developing our fundraising activity in the London Marathon and building our Trusts fundraising programme.

Being able to successfully raise awareness of the Charity and its mission in a highly competitive environment remains a further risk to the Charity. During the year we have managed this risk by reviewing and refreshing our brand as well as adopting the new working name 'Brain Research UK'.

**Fundraising approach and performance**

The Charity undertakes a range of fundraising activities, including direct mail and fundraising events. The Charity is registered with the Fundraising Regulator and adheres to the standards of the Fundraising Code of Practice.

**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 and reviews social, environmental and ethical considerations on a quarterly basis.

Our intention is to achieve average returns over the long term of 4% per annum above UK RPI; in addition, to protect capital reserves from inflation and generate funds for disbursement in support of BRT's mission. Over the 12 months to 30th September 2017 a return of 8.6% was achieved against a composite benchmark of 7.5%.

**Structure, governance and management**

|                             |   |
|-----------------------------|---|
| Name                        | Brain Research Trust  |
| Charity registration number | 1137560   |
| Company registration number | 07345516  |
| Registered office           | Dutch House<br>307-308 High Holborn<br>London WC1V 7LL  |
| Trustees                    | Jonathan Kropman, Chair of Trustees<br>Jim Gollan, Deputy Chair of Trustees and Acting Treasurer<br>Graham Coles, Treasurer (resigned 10 <sup>th</sup> April 2017)<br>Andy Cole OBE<br>Kevin Geeson (resigned 10 <sup>th</sup> October 2016)<br>Dr Charmaine Griffiths<br>Professor John Pickard MA, MChir, FRCS, FRCSEd, FMedSci<br>Sally Shire<br>Professor Sir Doug Turnbull, MBBS, MD, PhD, FRCP, FMedSci<br>Dr Allister Wilson |
| Scientific Advisory Panel   | Professor James Fawcett FMedSci, PhD, FRCP, Chair of Scientific Advisory Panel<br>Professor Rob Brownstone MD, PhD, FRCSC, FCAHS<br>Professor Alasdair Coles BM BCH, PhD, FRCP<br>Professor Oliver Hanemann MD, PhD, FRCP<br>Professor Henry Houlden MBBS, PhD<br>Professor Kevin Talbot MBBS, DPhil, FRCP<br>Professor Nick Ward MD, FRCP  |
| Senior management           | Caroline Blakely, Chief Executive<br>Martin Jeffery, Interim Head of Finance & Administration<br>Dan Beacon, Head of Individual Giving<br>Kellie Stewart, Head of Communications & Public Affairs<br>(resigned 11 <sup>th</sup> October 2017)   |

**Professional advisors**

|                          |                           |
|--------------------------|---------------------------|
| Auditors                 | Solicitors                |
| haysmacintyre            | Bates Wells & Braithwaite |
| 26 Red Lion Square       | London LLP                |
| London                   | 2-6 Cannon Street         |
| WC1R 4AG                 | London EC4M 6YH           |
| Investment Managers      | Bankers                   |
| Sarasin & Partners LLP   | Clydesdale Bank PLC       |
| Juxon House              | 30 St. Vincent Place      |
| 100 St Paul's Churchyard | Glasgow                   |
| London EC4M 8BU          | G1 2HL                    |

### Governance and management

The Charity's memorandum and articles of association are the primary governing documents. 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 eight members and meets quarterly. The Board is responsible for determining the overall strategy of the Charity and is accountable for its operational, financial and managerial performance. Trustee indemnity insurance is in place together with a conflicts of interest policy.
- There is one standing Committee of the Board that meets quarterly.
  - The Finance and Investment Committee monitors the Charity's finances, its investment policy and portfolio recommending any changes in strategy to the Trustee Board.
  - The terms of reference for this committee are regularly monitored and updated accordingly.
- A Scientific Advisory Panel (SAP) meets periodically and also communicates via email, to evaluate and rank research grant applications recommending to the Trustees which projects should be funded. The members of the SAP are independent, drawn from various neurological disciplines, and are actively involved in neurological research. SAP members for 2016/17 are listed on page 8.
- 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.
- Day-to-day running of the Charity is undertaken by the Chief Executive assisted by a senior management team comprising Heads of Finance and Administration, Communications, and Individual Giving, together with seven other permanent staff members.
- IT and telephony services are provided by an external consultancy.

### 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 to Charity management, business, and scientific, financial, investment, legal, fundraising, campaigning and marketing skills.
- The term of appointment is three years, renewable twice.
- New trustees receive a thorough induction into the work of the Charity.
- No new trustees were appointed during 2016/17.

### Management

The Trustees exercise executive responsibility for the governance of the Charity and, through the Chairman, supervise the management of the Charity by the Chief Executive and the senior management team. The Chairman and Chief Executive also task the Board with decision-making on strategic management issues as well as overseeing the research grants application process and monitoring the progress of awarded grants.

The senior management carry out the operational running of the Charity and the coordinating of fundraising appeals.

### Remuneration

The salaries of Brain Research Trust staff, including the senior management team, are periodically benchmarked against other charities to ensure that salary levels are in line with industry averages and sufficient to attract and retain staff of the appropriate calibre. All staff posts are periodically evaluated to ensure that salary levels are reflective of the industry and organisational needs, as well as individual and Charity performance. During 2016/17, the Charity did not make any general salary increases; the only increases to individual salaries were based on changes in roles and responsibilities. In recruitment of a new post, an assessment is made of the requirements of the role in

terms of skills, experience, competency and urgency. The salary is then determined on the basis of this assessment and the current market conditions. During 2016/17 the Charity has been compliant with the Hutton Fair Pay Review with the salary of the highest paid employee being no more than four times the median salary of the organisation.

**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 judgments 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 re-appointed during the year 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 7 December 2017 and signed on its behalf, by:



Jonathan Kropman (Chair of Trustees)

**Independent auditor's report to the members of Brain Research Trust****Opinion**

We have audited the financial statements of Brain Research Trust for the year ended 30 September 2017 which comprise of the Statement of Financial Activities, Balance Sheet, Statement of Cash flows, Income and Expenditure Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the charitable company's net movement in funds, including the 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.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 9, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.



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

7 December 2017

26 Red Lion Square  
London  
WC1R 4AG

haysmacintyre is eligible to act as an auditor in terms of section 1212 of Companies Act 2006.

**BRAIN RESEARCH TRUST  
STATEMENT OF FINANCIAL ACTIVITIES**

**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

(Brain Research UK is the working name of Brain research Trust)

|   | Notes | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
|---|-------|--------------------------------|------------------------------|-----------------------------|---------------|---------------|
| <b>Income and endowments</b>  |       |                                |                              |                             |               |               |
| Donations and legacies  | 2     | 1,427                          | 81                           | -                           | 1,508         | 2,036         |
| Investments   | 3     | 285                            | 205                          | -                           | 490           | 574           |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| Total income  |       | 1,712                          | 286                          | -                           | 1,998         | 2,610         |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Expenditure on</b>   |       |                                |                              |                             |               |               |
| Raising funds:  |       |                                |                              |                             |               |               |
| Investment management costs   | 4     | 38                             | 25                           | -                           | 63            | 71            |
| Fundraising   | 4     | 959                            | 1                            | -                           | 960           | 1,653         |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| Total expenditure on funds  | 4     | 997                            | 26                           | -                           | 1,023         | 1,724         |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| Charitable activities:  |       |                                |                              |                             |               |               |
| Research  | 4,12  | 1,262                          | 54                           | 100                         | 1,416         | 2,340         |
| Information & awareness   | 4     | 270                            | -                            | -                           | 270           | 116           |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| Total expenditure on charitable activities  |       | 1,532                          | 54                           | 100                         | 1,686         | 2,456         |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Total expenditure</b>  |       | 2,529                          | 80                           | 100                         | 2,709         | 4,180         |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| Net income/(expenditure) and net movement in funds before gains/(losses) on investment assets |       | (817)                          | 206                          | (100)                       | (711)         | (1,570)       |
| Net gains/(losses) on investment assets   | 8     | 592                            | -                            | 426                         | 1,018         | 1,589         |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Net income/(expenditure)</b>   |       | (225)                          | 206                          | 326                         | 307           | 19            |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Transfers between funds</b>  |       | 328                            | (108)                        | (220)                       | -             | -             |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Net movement in funds</b>  |       | 103                            | 98                           | 106                         | 307           | 19            |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Reconciliation of funds</b>  |       |                                |                              |                             |               |               |
| Total funds brought forward as at 30 September 2016   | 13    | 8,329                          | 138                          | 6,398                       | 14,865        | 14,846        |
|   |       | -----                          | -----                        | -----                       | -----         | -----         |
| <b>Total funds carried forward as at 30 September 2017</b>                                    | 13    | 8,432                          | 236                          | 6,504                       | 15,172        | 14,865        |
|   |       | =====                          | =====                        | =====                       | =====         | =====         |

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


The notes on pages 16 to 31 form part of these accounts.

**BRAIN RESEARCH TRUST  
BALANCE SHEET  
AS AT 30 SEPTEMBER 2017**

**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**  
Company registration No. 07345516 (England and Wales)  
(Brain Research UK is the working name of Brain research Trust)

|  | Notes | 2017<br>£'000 | 2016<br>£'000 |
|--|-------|---------------|---------------|
| <b>Fixed assets</b>                          |       |               |               |
| Tangible fixed assets                        | 7     | 5             | 13            |
| Investments                                  | 8     | 16,916        | 16,708        |
|  |       | <hr/>         | <hr/>         |
| Total fixed assets                           |       | 16,921        | 16,721        |
| <b>Current assets</b>                        |       |               |               |
| Sundry debtors                               | 9     | 379           | 345           |
| Investments                                  |       | 1,359         | 992           |
| Cash at bank and in hand                     |       | 259           | 400           |
|  |       | <hr/>         | <hr/>         |
| Total current assets                         |       | 1,997         | 1,737         |
| <b>Liabilities</b>                           |       |               |               |
| Creditors falling due within one year        | 10    | (1,690)       | (2,707)       |
|  |       | <hr/>         | <hr/>         |
| <b>Net current assets</b>                    |       | 307           | (970)         |
|  |       | <hr/>         | <hr/>         |
| <b>Total assets less current liabilities</b> |       | 17,228        | 15,751        |
| Creditors falling due after one year         | 11    | (2,056)       | (886)         |
|  |       | <hr/>         | <hr/>         |
| <b>Net assets</b>                            |       | 15,172        | 14,865        |
|  |       | <hr/>         | <hr/>         |
| <b>The funds of the charity:</b>             |       |               |               |
| <b>Unrestricted Funds</b>                    |       |               |               |
| Investment Fund                              | 13    | 5,599         | 6,086         |
| Grants Fund                                  | 13    | 2,080         | 1,490         |
|  |       | <hr/>         | <hr/>         |
|  |       | 7,679         | 7,576         |
| General Fund                                 |       | 753           | 753           |
|  |       | <hr/>         | <hr/>         |
|  |       | 8,432         | 8,329         |
| <b>Restricted Funds</b>                      |       |               |               |
| Restricted Funds                             | 13    | 236           | 138           |
|  |       | <hr/>         | <hr/>         |
|  |       | 236           | 138           |
| <b>Endowment Funds</b>                       |       |               |               |
| Marks Endowment Fund                         | 13    | 1,928         | 1,988         |
| Muller Endowment Fund                        | 13    | 1,992         | 1,856         |
| Sobell Endowment Fund                        | 13    | 1,296         | 1,322         |
| Watts Endowment Fund                         | 13    | 1,288         | 1,232         |
|  |       | <hr/>         | <hr/>         |
|  |       | 6,504         | 6,398         |
|  |       | <hr/>         | <hr/>         |
|  |       | 15,172        | 14,865        |
|  |       | <hr/>         | <hr/>         |

Approved and authorised for issue by the Board of Trustees on 7 December 2017 and signed on its behalf by:

  
Jonathan Kropman (Chair)

The notes on pages 16 to 31 form part of these accounts.

|   | 2017  | 2016    |
|---|-------|---------|
|   | £'000 | £'000   |
| <b>Cash flows from operating activities:</b>                  |       |         |
| <i>Net cash used in operating activities</i>                  | (856) | (1,358) |
| <b>Cash flows from investing activities:</b>                  |       |         |
| Purchase of property, plant and equipment                     | -     | (3)     |
| Net proceeds from sale of investments and reinvestments       | 1,082 | 1,756   |
| <i>Net cash provided by investing activities</i>              | 1,082 | 1,753   |
| <b>Cash flows from financing activities:</b>                  |       |         |
| <i>Net cash provided by (used in) financing activities</i>    | -     | -       |
| <i>Change in cash equivalent in the period</i>                | 226   | 395     |
| <i>Cash and cash equivalent at 1 October 2016</i>             | 1,392 | 997     |
| <i>Cash and cash equivalent at 30 September 2017</i>          | 1,618 | 1,392   |
| <b>Reconciliation of cash flows from operating activities</b> |       |         |
| <i>Net income / (expenditure) for the year</i>                | 307   | 19      |
| <b>Adjust for:</b>  |       |         |
| Depreciation charges  | 8     | 10      |
| (Gains) / losses on investments                               | (988) | (1,589) |
| Dividends and interest from investments                       | (520) | (574)   |
| Loss / (profit) on sale of fixed assets                       | -     | -       |
| (Increase) / decrease in debtors                              | (34)  | (202)   |
| Increase / (decrease) in creditors                            | 371   | 978     |
| <i>Net cash used in operating activities</i>                  | (856) | (1,358) |
| <b>Analysis of cash and cash equivalents</b>                  |       |         |
| Cash in hand  | 259   | 400     |
| Overdrafts  | -     | -       |
| Cash equivalents on deposits                                  | 1,359 | 992     |
| <b>Total cash and cash equivalent</b>                         | 1,618 | 1,392   |

**BRAIN RESEARCH TRUST  
INCOME AND EXPENDITURE ACCOUNT**

**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**  
(Brain Research UK is the working name of Brain research Trust)

|  | 2017         | 2016           |
|--|--------------|----------------|
|  | Unrestricted | Unrestricted   |
|  | and          | and            |
|  | Restricted   | Restricted     |
|  | Funds        | Funds          |
|  | £'000        | £'000          |
| <b>Income from:</b>                              |              |                |
| Investments                                      | 490          | 574            |
| Voluntary sources                                |              |                |
| Donations and legacies - unrestricted            | 1,427        | 1,863          |
| - restricted                                     | 81           | 173            |
|  | -----        | -----          |
| <b>Total income</b>                              | <b>1,998</b> | <b>2,610</b>   |
|  | -----        | -----          |
| <b>Expenditure on:</b>                           |              |                |
| Raising funds                                    |              |                |
| Investment management                            | 63           | 71             |
| Fundraising and development                      | 960          | 1,653          |
|  | -----        | -----          |
|  | 1,023        | 1,724          |
| Charitable activities                            |              |                |
| Research   | 1,316        | 1,958          |
| Information & awareness                          | 270          | 116            |
|  | -----        | -----          |
|  | 1,586        | 2,074          |
|  | -----        | -----          |
| <b>Total expenditure</b>                         | <b>2,609</b> | <b>3,798</b>   |
|  | -----        | -----          |
| <b>Net loss before investment gains/(losses)</b> | <b>(611)</b> | <b>(1,188)</b> |
| Net gains/(losses) on investments                | 592          | 751            |
|  | -----        | -----          |
| <b>Net loss</b>                                  | <b>(19)</b>  | <b>(437)</b>   |
|  | =====        | =====          |

The above Summary Income and Expenditure Account represents the total unrestricted and restricted income and expenditure as shown in the Statement of Financial Activities on page 12 and its presentation is required under the Companies Act 2006.

## **1. ACCOUNTING POLICIES**

### **Company status**

The company is a company limited by guarantee registered in England and Wales. The members of the company are the Trustees named on page 7. 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.

### **Basis of preparation of accounts**

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investments. The format of the financial statements has been presented to comply with the Companies Act 2006, FRS102 The Financial Reporting Standard applicable in the UK and Ireland and the Statement of Recommended Practice Accounting and Reporting by Charities ("SORP 2015"). The Charity is a Public Benefit Entity as defined by FRS102.

### **Going concern**

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern.

### **Income**

All income is recognised once the Charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Donations and legacies income includes donations and gifts in wills which are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable.

### **Expenditure**

Expenditure is recognised as soon as the related liability is incurred and has been classified under headings that aggregate all costs relating to that category. Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Expenditure on raising funds comprises fundraising costs and investment management costs.

Expenditure on charitable activities comprises expenditure directly related to the awarding of grants to institutions, and provision of information and awareness.

Support costs represent indirect costs relating to raising funds and the Charity's charitable activities. Support costs, including governance costs, are allocated to activities on bases that represent the Trustees' best estimate of actual use. The bases used to allocate costs to the above categories of expenditure are set out in note 4.

Governance costs comprise the costs of running the Charity, including strategic planning for its future development, auditors' remuneration, certain legal costs and all costs of complying with constitutional and statutory requirements, such as costs of Board meetings and of preparing the statutory accounts.

### **Research grants**

Grants payable are in respect of grants approved by the Trustees, having due regard for the recommendations of the Scientific Advisory Panel. The full value of the grants approved is now accounted for when the grant awards or commitments are made.

### **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.

#### **Fixed assets and depreciation**

Office and computer equipment with a cost of £500 or more are capitalised and depreciated on a straight-line basis of 25% per annum.

#### **Investments**

The Charity's investments are of a kind that qualify as basic financial instruments. Investments are included in the balance sheet at fair value (bid price).

Realised gains are the difference between sales proceeds and the carrying value of the investment. The carrying value is the fair value at the beginning of the year or the purchase cost where the investment was acquired during the year.

Unrealised gains are the change in value of investments after taking into account any movements in investment holdings such as purchases and disposals of investments.

Realised and unrealised gains are accounted for within the Statement of Financial Activities.

#### **Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

#### **Debtors and creditors**

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure

Grant commitments for awards with expected payments exceeding twelve months have been discounted using market rates for cash matching the term of the liabilities with rates between 0.4% - 1%. The difference between the discounted and the nondiscounted value has been judged immaterial and therefore no accounting adjustment has been made.

#### **Leases**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### **Staff benefits**

The Charity makes pension provision for its employees by contributing to a personal pension scheme of their choice. All contributed costs are accounted for on the basis of charging the cost of providing pensions over the period when the Charity benefits from the employees' services. The Charity has no further liability under the scheme. In October 2016 all employees not already in an approved scheme were auto-enrolled into a multi-employer pension scheme administered by the Peoples Pension.

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

## **Funds**

Brain Research Trust consists of seven funds as follows:

- General fund (unrestricted)
- Investment fund (designated)
- Grants fund (designated)
- Miriam Marks fund (expendable endowment)
- Muller fund (expendable endowment)
- Sobell fund (expendable endowment)
- Watts fund (expendable endowment)

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.

Restricted income funds comprise unexpended balances of donations and grants held in trust to be applied for specific purposes.

All the endowment funds are expendable. Each of the restricted and endowment funds are for the purpose of funding research into neurological conditions.

## **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 unrestricted funds.

## **Critical accounting judgements and estimates and key sources of estimation uncertainty**

In the application of these accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods. The trustees consider the following items to be areas subject to estimation and judgement:

### **Depreciation:**

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The preceding accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

| 2 DONATIONS and LEGACIES              |       | Unrestricted funds | Restricted funds | 2017          | 2016  |
|---------------------------------------|-------|--------------------|------------------|---------------|-------|
|                                       |       | £'000              | £'000            | £'000         | £'000 |
| Individuals                           |       | 747                | 3                | 750           | 824   |
| Trusts, corporates & major donors     |       | 101                | 53               | 154           | 352   |
| Income from events                    |       | 283                | -                | 283           | 229   |
| Legacies                              |       | 296                | 25               | 321           | 631   |
|                                       |       | -----              | -----            | -----         | ----- |
|                                       |       | 1,427              | 81               | 1,508         | 2,036 |
|                                       |       | =====              | =====            | =====         | ===== |
| 3 INVESTMENT INCOME                   |       | Unrestricted funds | Restricted funds | 2017          | 2016  |
|                                       |       | £'000              | £'000            | £'000         | £'000 |
| Dividends and interest on Investments |       | 285                | 205              | 490           | 571   |
| Deposit account interest              |       |                    |                  | -             | 3     |
|                                       |       | -----              | -----            | -----         | ----- |
|                                       |       | 285                | 205              | 490           | 574   |
|                                       |       | =====              | =====            | =====         | ===== |
| 4 EXPENDITURE                         |       | Direct costs       | Grants awarded   | Support costs | Total |
|                                       |       | £'000              | £'000            | £'000         | £'000 |
| Raising funds                         |       |                    |                  |               |       |
| Investment management fees            | 60    | -                  | 3                | 63            | 71    |
| Fundraising costs                     | 862   | -                  | 98               | 960           | 1,653 |
|                                       | ----- | -----              | -----            | -----         | ----- |
| Total expenditure on raising funds    | 922   | -                  | 101              | 1,023         | 1,724 |
| Research                              | 128   | 1,200              | 88               | 1,416         | 2,340 |
| Information & awareness               | 240   | -                  | 30               | 270           | 116   |
|                                       | ----- | -----              | -----            | -----         | ----- |
| Total charitable activities           | 368   | 1,200              | 118              | 1,686         | 2,456 |
|                                       | ----- | -----              | -----            | -----         | ----- |
| Total                                 | 1,290 | 1,200              | 219              | 2,709         | 4,180 |
|                                       | ===== | =====              | =====            | =====         | ===== |

See note 19 for details, grants awarded in 2017

Support costs of £86k (2016: £64) comprise of property and office costs and other sundry expenses and are allocated on the basis of staff costs. Governance costs of £133k (2016: £124k) are regarded as support costs and are apportioned to fundraising, research and charitable activity proportionately to the value attributed to each of these activities.

**SUPPORT COSTS**

|                        | Raising funds<br>£'000 | Research<br>£'000 | Information<br>& awareness<br>£'000 | Total<br>2017<br>£'000 | Total<br>2016<br>£'000 |
|------------------------|------------------------|-------------------|-------------------------------------|------------------------|------------------------|
| Management             | 4                      | 1                 | 1                                   | 6                      | 4                      |
| Legal and professional | 14                     | 6                 | 4                                   | 24                     | 13                     |
| Telecomms and IT       | 27                     | 10                | 9                                   | 46                     | 39                     |
| Human resources        | 6                      | 2                 | 2                                   | 10                     | 8                      |
| Governance             | 50                     | 70                | 13                                  | 133                    | 124                    |
|                        | 101                    | 89                | 29                                  | 219                    | 188                    |

**5 NET INCOME**

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| This is stated after charging:                   |               |               |
| Auditor remuneration - audit fees (excludes VAT) | 9             | 10            |
| - other fees (excludes VAT)                      | 1             | -             |
| Depreciation                                     | 8             | 10            |
| Operating lease charges                          | 22            | 33            |
|  | =====         | =====         |

The Trustees did not receive any remuneration during the year. 2 trustees (2016: 3) were reimbursed a total of £20 (2016: £478) for travel expenses. No amounts were paid directly to third parties on behalf of the trustees.

**6 SALARIES AND EMPLOYMENT COSTS**

|                       | 2017<br>£'000 | 2016<br>£'000 |
|-----------------------|---------------|---------------|
| Salaries              | 361           | 359           |
| Social security costs | 35            | 38            |
| Pension costs         | 19            | 19            |
| Agency staff          | 54            | 38            |
| Consultants           | 106           | 58            |
| Termination payments  | -             | 22            |
|                       | =====         | =====         |
|                       | 575           | 534           |
|                       | =====         | =====         |

The average headcount of staff employed by the charity during the year was 9 (2016: 8)

|                           | 2017<br>Headcount | 2016<br>Headcount | 2017<br>FTE | 2016<br>FTE |
|---------------------------|-------------------|-------------------|-------------|-------------|
| Research                  | 0.9               | 1.3               | 0.7         | 1           |
| Information and awareness | 1.9               | 0.6               | 1.8         | 0.6         |
| Raising funds             | 6.2               | 5.4               | 5.3         | 4.5         |
| Governance                | <u>0.9</u>        | <u>1.2</u>        | <u>0.8</u>  | <u>1</u>    |
|                           | 9.9               | 8.5               | 8.6         | 7.1         |

During the year, the number of senior employees who received emoluments falling within the following ranges was:

|                   | 2017<br>No. | 2016<br>No. |
|-------------------|-------------|-------------|
| £70,000 - £79,999 | 1           | 1           |
|                   | -----       | -----       |
|                   | 1           | 1           |
|                   | =====       | =====       |

During the year, these staff received employer pension contributions of £3,667 (2016: £9,054).

#### **Key management personnel**

In 2017, 5 (2016: 7) members of staff formed the senior management team. Their remuneration was as follows,

|                       | 2017<br>£'000 | 2016<br>£'000 |
|-----------------------|---------------|---------------|
| Salaries              | 176           | 227           |
| Social security costs | 21            | 24            |
| Pension costs         | 9             | 9             |
| Consultants           | 67            | 58            |
|                       | -----         | -----         |
|                       | 273           | 318           |
|                       | =====         | =====         |

#### **7 FIXED ASSETS**

|                                     | Office<br>equipment<br>£'000 |
|-------------------------------------|------------------------------|
| Cost                                |                              |
| As at 30 September 2016             | 45                           |
| Additions                           | -                            |
|                                     | -----                        |
| As at 30 September 2017             | 45                           |
|                                     | -----                        |
| Depreciation                        |                              |
| As at 30 September 2016             | 32                           |
| Charged in the year                 | 8                            |
|                                     | -----                        |
| As at 30 September 2017             | 40                           |
|                                     | -----                        |
| Net book value at 30 September 2016 | 13                           |
|                                     | =====                        |
| Net book value at 30 September 2017 | 5                            |

**8 INVESTMENTS**

**(a) Equities**

Equities comprise ordinary shares quoted on recognised stock exchanges together with hedge fund investments in the alternative investment market amounting to £110k (2016: £124).

|                                       | Unrestricted<br>funds<br>£'000 | Endowment<br>funds<br>£'000 | Total<br>2017<br>£'000 | Total<br>2016<br>£'000 |
|---------------------------------------|--------------------------------|-----------------------------|------------------------|------------------------|
| Brought forward at 1 October 2016     | 5,679                          | 6,408                       | 12,087                 | 12,008                 |
| Additions                             | 1,526                          | 1,721                       | 3,247                  | 1,819                  |
| Disposals                             | (2,217)                        | (2,501)                     | (4,718)                | (2,438)                |
| Increase in unrealised (losses)/gains | 561                            | 403                         | 964                    | 1,285                  |
| Market value at 30 September 2017     | 5,549                          | 6,031                       | 11,580                 | 12,087                 |
| Historical cost at 1 October 2016     | 5,101                          | 5,753                       | 10,854                 | 11,771                 |
| Historical cost at 30 September 2017  | 4,410                          | 4,973                       | 9,383                  | 10,854                 |

**(b) Fixed interest securities**

Fixed interest securities are quoted on recognised stock exchanges

|                                       | Unrestricted<br>funds<br>£'000 | Endowment<br>funds<br>£'000 | Total<br>2017<br>£'000 | Total<br>2016<br>£'000 |
|---------------------------------------|--------------------------------|-----------------------------|------------------------|------------------------|
| Brought forward at 1 October 2016     | 2,125                          | 2,297                       | 4,422                  | 4,284                  |
| Additions                             | 1,446                          | 1,630                       | 3,076                  | 135                    |
| Disposals                             | (1,622)                        | (1,829)                     | (3,451)                | (352)                  |
| Increase in unrealised gains/(losses) | (1)                            | (1)                         | (2)                    | 355                    |
| Market value at 30 September 2017     | 1,948                          | 2,097                       | 4,045                  | 4,422                  |
| Historical cost at 1 October 2016     | 1,952                          | 2,115                       | 4,067                  | 4,253                  |
| Historical cost at 30 September 2017  | 1,776                          | 1,916                       | 3,692                  | 4,067                  |

The total investment holding as shown in the balance sheet included unrealised investments gains of £964k (2016: £1,285k) on equities and £2k losses (2016: gains £355k) on fixed interest securities, a total unrealised gain of £962k (2016: £1,640k).

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| (c) Cash held for investment purposes   | 1,291         | 199           |
| (d) Unrealised forex gains/(losses)     | -             | -             |
| (e) Total at bid-price (including cash) | 16,916        | 16,708        |

(f) **Gains/(losses) on investments**

|  | Unrestricted<br>funds<br>£'000 | Endowment<br>funds<br>£'000 | Total<br>2017<br>£'000 | Total<br>2016<br>£'000 |
|--|--------------------------------|-----------------------------|------------------------|------------------------|
| Gains/(losses) on disposal of investments    | 32                             | 23                          | 55                     | (51)                   |
| Gains/(losses) on revaluation of investments | 560                            | 403                         | 962                    | 1,640                  |
|  | -----                          | -----                       | -----                  | -----                  |
| Net gains/(losses) on investment assets      | 592                            | 426                         | 1,018                  | 1,589                  |
|  | =====                          | =====                       | =====                  | =====                  |

**9 SUNDRY DEBTORS**

|               | 2017<br>£'000 | 2016<br>£'000 |
|---------------|---------------|---------------|
| Legacies      | 188           | 210           |
| Other debtors | 43            | 67            |
| Prepayments   | 148           | 68            |
|               | -----         | -----         |
|               | 379           | 345           |
|               | =====         | =====         |

Other debtors includes gift aid recoverable of £38k (2016: £64k).

**10 CREDITORS FALLING DUE WITHIN ONE YEAR**

|                                 | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------|---------------|---------------|
| Trade creditors                 | 33            | 27            |
| Grants payable                  | 1,628         | 2,632         |
| Accruals                        | 16            | 40            |
| Social security and other taxes | 10            | 8             |
| Other creditors                 | 3             | -             |
|                                 | -----         | -----         |
|                                 | 1,690         | 2,707         |
|                                 | =====         | =====         |

**11 CREDITORS FALLING DUE AFTER ONE YEAR**

|                | 2017<br>£'000 | 2016<br>£'000 |
|----------------|---------------|---------------|
| Grants payable | 2,056         | 886           |
|                | -----         | -----         |
|                | 2,056         | 886           |
|                | =====         | =====         |

**12 GRANTS PAYABLE**

|                               | 2017             | 2016             |
|-------------------------------|------------------|------------------|
|                               | £'000            | £'000            |
| Balance at start of year      |                  | 2,526            |
| Grants awarded in year        | 1,287            | 2,170            |
| Released prior year provision | (87)             | (60)             |
|                               |                  |                  |
| Grant Invoices paid in year   | 1,200<br>(1,034) | 2,110<br>(1,118) |
| Balance at end of year        | 3,684            | 3,518            |
|                               | =====            | =====            |
| Payable within one year       | 1,628            | 2,632            |
| Payable after one year        | 2,056            | 886              |
|                               | 3,684            | 3,518            |
|                               | =====            | =====            |

Note 19 shows details of grants awarded in the year

During the year grants totalling £1,200m were donated to research institutions as per note 19. Each grant is made in accordance with the terms of the individual trust funds held by the charity. The total grants made during the year, as analysed by fund in note 13, were:

|                        | 2017  | 2016  |
|------------------------|-------|-------|
|                        | £'000 | £'000 |
| Grants fund            | 1,069 | 1,271 |
| Muller fund            | -     | 371   |
| Sobell fund            | 143   | 161   |
| Other restricted funds | (12)  | 307   |
|                        | 1,200 | 2,110 |
|                        | ===== | ===== |

**13 STATEMENT OF FUNDS**

|                           | 01-Oct<br>2016<br>£'000 | Total<br>income<br>£'000 | Grants<br>payable<br>£'000 | Other<br>expenditure<br>£'000 | Investment<br>gains<br>£'000 | Transfers<br>£'000 | 2017<br>£'000 |
|---------------------------|-------------------------|--------------------------|----------------------------|-------------------------------|------------------------------|--------------------|---------------|
| <b>UNRESTRICTED FUNDS</b> |                         |                          |                            |                               |                              |                    |               |
| General fund              | 753                     | -                        | -                          | -                             | -                            | -                  | 753           |
| <b>Designated funds</b>   |                         |                          |                            |                               |                              |                    |               |
| Investment fund           | 6,086                   | 1,712                    |                            | (1,460)                       | 592                          | (1,331)            | 5,599         |
| Grants fund               | 1,490                   | -                        | (1,069)                    | -                             | -                            | 1,659              | 2,080         |
|                           | -----                   | -----                    | -----                      | -----                         | -----                        | -----              | -----         |
| Total unrestricted funds  | 8,329                   | 1,712                    | (1,069)                    | (1,460)                       | 592                          | 328                | 8,432         |
|                           | =====                   | =====                    | =====                      | =====                         | =====                        | =====              | =====         |
| <b>RESTRICTED FUND</b>    |                         |                          |                            |                               |                              |                    |               |
| Marks income fund         | -                       | 52                       | -                          | (9)                           | -                            | (43)               | -             |
| Muller income fund        | -                       | 65                       | -                          | (11)                          | -                            | -                  | 54            |
| Sobell income fund        | -                       | 74                       | (35)                       | (19)                          | -                            | -                  | 20            |
| Watts income fund         | 26                      | 48                       | -                          | (9)                           | -                            | (65)               | -             |
| Other funds               | 112                     | 47                       | 4                          | (1)                           | -                            | -                  | 162           |
|                           | -----                   | -----                    | -----                      | -----                         | -----                        | -----              | -----         |
| Total restricted funds    | 138                     | 286                      | (31)                       | (49)                          | -                            | (108)              | 236           |
|                           | =====                   | =====                    | =====                      | =====                         | =====                        | =====              | =====         |
| <b>ENDOWMENT FUNDS</b>    |                         |                          |                            |                               |                              |                    |               |
| Marks fund                | 1,988                   | -                        | 8                          | -                             | 108                          | (176)              | 1,928         |
| Muller fund               | 1,856                   | -                        | -                          | -                             | 136                          | -                  | 1,992         |
| Sobell fund               | 1,322                   | -                        | (108)                      | -                             | 82                           | -                  | 1,296         |
| Watts fund                | 1,232                   | -                        | -                          | -                             | 100                          | (44)               | 1,288         |
|                           | -----                   | -----                    | -----                      | -----                         | -----                        | -----              | -----         |
| Total endowment funds     | 6,398                   | -                        | (100)                      | -                             | 426                          | (220)              | 6,504         |
|                           | =====                   | =====                    | =====                      | =====                         | =====                        | =====              | =====         |
| Total funds               | 14,865                  | 1,998                    | (1,200)                    | (1,509)                       | 1,018                        | -                  | 15,172        |
|                           | =====                   | =====                    | =====                      | =====                         | =====                        | =====              | =====         |

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

All the Endowment funds are expendable. Each of the Restricted and Endowment Funds are for the purpose of funding research into Neurological Conditions

The Marks fund is for research into the first causes of deterioration of memory

The Muller fund is to fund a functional imaging laboratory at the Institute of Neurology

The Sobell fund is for a chair of neurophysiology at the Institute of Neurology

The Watts fund is for research into motor neurone disease

| <b>14 FINANCIAL INSTRUMENTS</b>                                   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Financial instruments measured at fair value through the SoFA (a) |              |              |
| Listed investments  | 15,625       | 16,509       |
| Financial assets measured at amortised cost (b)                   |              |              |
| Cash  | 2,910        | 1,591        |
| Debtors   | 379          | 345          |
| Financial liabilities measured at amortised cost (c)              |              |              |
| Creditors   | (3,746)      | (3,585)      |
| Net financial assets at amortised cost                            | 15,168       | 14,860       |
|   | =====        | =====        |

(a) Financial assets measured at fair value

(b) Financial assets include cash, trade and, staff loans and other debtors

(c) Financial liabilities include trade creditors, other creditors, accruals and grants payable

| <b>15 ANALYSIS OF NET ASSETS</b>             |                   |               |               | <b>2017</b>   |
|--|-------------------|---------------|---------------|---------------|
|  | <b>Investment</b> | <b>Fixed</b>  | <b>Other</b>  | <b>Total</b>  |
| <b>BETWEEN FUNDS</b>                         | <b>assets</b>     | <b>assets</b> | <b>assets</b> | <b>assets</b> |
|  | <b>£'000</b>      | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>  |
| Investment, Grants and General funds Reserve | 9,747             | 5             | (1,320)       | 8,432         |
| Marks fund                                   | 1,792             | -             | 136           | 1,928         |
| Muller fund                                  | 2,359             | -             | (367)         | 1,992         |
| Sobell fund                                  | 1,293             | -             | 3             | 1,296         |
| Watts fund                                   | 1,725             | -             | (437)         | 1,288         |
| Restricted funds                             | -                 | -             | 236           | 236           |
|  | -----             | -----         | -----         | -----         |
|  | 16,916            | 5             | (1,749)       | 15,172        |
|  | =====             | =====         | =====         | =====         |

| <b>16 OPERATING LEASES</b> | <b>2017</b>  | <b>2016</b>  |
|----------------------------|--------------|--------------|
|                            | <b>£'000</b> | <b>£'000</b> |
| Commitment expiring:       |              |              |
| Within one year            | 22           | 35           |
| Within one and five years  | 2            | 22           |
|                            | -----        | -----        |
|                            | 23           | 57           |
|                            | =====        | =====        |

At 30 September 2017, the Charity had the following future minimum operating lease payments as set out above. The charge to the Statement of Financial Activities is £22k (2016: £35k)

**17 PENSION COMMITMENTS**

The Charity operated a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Charity in independently administered funds. The pension cost charge represents contributions payable by the Charity which amounted to £19k (2016: £19k). Contributions totalling £3k (2016: nil) were payable to the fund at the balance sheet date and are included in creditors.

**18 RELATED PARTY**

The only related party transactions made in the year relate to payments made to key management personnel who are the senior management team (see note 6 for details) and reimbursement to Trustees (see note 5 for details).

**19 GRANTS FUNDED IN 2016-17**

| <u>Description</u>   | <u>Disease</u>  | <u>Total<br/>£</u> |
|--|-----------------|--------------------|
| <b>PhD Studentships (Grants Fund)</b>  |                 |                    |
| Dr Emer O'Connor, UCL Institute of Neurology<br><i>The genetics and pathophysiology of cluster headache</i>  | Headache        | 120,000            |
| Richard Baugh, University of Oxford<br><i>Targeted immunotherapy of glioblastoma using oncolytic herpes virus expressing immunomodulatory and checkpoint inhibitor antibodies</i>      | Glioblastoma    | 120,000            |
| <b>PhD sub-total</b>   |                 | <b>240,000</b>     |
| <b>Project Grants (Grants Fund)</b>  |                 |                    |
| Professor Sven Bestmann, UCL Institute of Neurology<br><i>Re-opening the critical period for plasticity after stroke with dose-controlled non-invasive brain stimulation</i>           | Stroke          | 419,203            |
| Dr Lawrence Moon, King's College London<br><i>Improving grasping after brain injury (stroke) by enhancing spinal neuroplasticity combined with automated, intensive rehabilitation</i> | Stroke          | 299,420            |
| Dr Claudia Barros, Plymouth University Peninsula School of Medicine<br><i>Identification of novel genes controlling human glioblastoma and growth mechanisms</i>                       | Glioblastoma    | 163,066            |
| Release of previous years provision due to underspends   |                 | (56,027)           |
| <b>Project Grants sub-total</b>  |                 | <b>825,662</b>     |
| <b>Other Research (Endowment &amp; Restricted Funds)</b>   |                 |                    |
| Sobell Department of Motor Neuroscience & Movement Disorder:<br>Administration costs   | Neurophysiology | 35,000             |
| Sobell Department of Motor Neuroscience & Movement Disorder: General<br>departmental running costs   | Neurophysiology | 129,806            |
| Release of over provision in previous years (Sobell)   |                 | (21,433)           |
| Release of previous years provision due to underspends (Marks)   |                 | (9,487)            |
| <b>Other Research sub-total</b>  |                 | <b>133,886</b>     |
| <b>Grand Total</b>   |                 | <b>1,199,548</b>   |

**20 STATEMENT OF FINANCIAL ACTIVITIES - 2016 COMPARATIVES**

|   | Unrestricted<br>funds | Restricted<br>funds | Endowment<br>funds | 2016<br>£'000 | 2015<br>£'000  |
|---|-----------------------|---------------------|--------------------|---------------|----------------|
|   | £'000                 | £'000               | £'000              |               |                |
| <b>Income and endowments</b>  |                       |                     |                    |               |                |
| Donations and legacies  | 1,863                 | 173                 | -                  | 2,036         | 1,565          |
| Investments   | 271                   | 303                 | -                  | 574           | 587            |
| <b>Total income</b>   | <b>2,134</b>          | <b>476</b>          | <b>-</b>           | <b>2,610</b>  | <b>2,152</b>   |
| <b>Expenditure on</b>   |                       |                     |                    |               |                |
| Raising funds:  |                       |                     |                    |               |                |
| Investment management costs   | 34                    | 37                  | -                  | 71            | 80             |
| Fundraising   | 1,652                 | 1                   | -                  | 1,653         | 1,710          |
| <b>Total expenditure on raising funds</b>   | <b>1,686</b>          | <b>38</b>           | <b>-</b>           | <b>1,724</b>  | <b>1,790</b>   |
| <i>Charitable activities:</i>   |                       |                     |                    |               |                |
| Research  | 1,409                 | 549                 | 382                | 2,340         | 1,451          |
| Information & awareness   | 116                   | -                   | -                  | 116           | -              |
| <b>Total expenditure on charitable activities</b>   | <b>1,525</b>          | <b>549</b>          | <b>382</b>         | <b>2,456</b>  | <b>1,451</b>   |
| <b>Total expenditure</b>  | <b>3,211</b>          | <b>587</b>          | <b>382</b>         | <b>4,180</b>  | <b>3,241</b>   |
| Net (expenditure)/income and net movement in funds before gains/(losses) on investment assets | (1,077)               | (111)               | (382)              | (1,570)       | (1,089)        |
| Net gains/(losses) on investment assets   | 751                   | -                   | 838                | 1,589         | (247)          |
| <b>Net income/(expenditure)</b>   | <b>(326)</b>          | <b>(111)</b>        | <b>456</b>         | <b>19</b>     | <b>(1,336)</b> |
| <b>Transfers between funds</b>  | <b>225</b>            | <b>(208)</b>        | <b>(17)</b>        | <b>-</b>      | <b>-</b>       |
| <b>Net movement in funds</b>  | <b>(101)</b>          | <b>(319)</b>        | <b>439</b>         | <b>19</b>     | <b>(1,336)</b> |
| <b>Reconciliation of funds</b>  |                       |                     |                    |               |                |
| Total funds brought forward as at 30-Sep-15   | 8,430                 | 457                 | 5,959              | 14,846        | 16,182         |
| <b>Total funds carried forward as at 30 September 2016</b>                                    | <b>8,329</b>          | <b>138</b>          | <b>6,398</b>       | <b>14,865</b> | <b>14,846</b>  |

**21 STATEMENT OF FUNDS - 2016 COMPARATIVES**

|                           | Oct<br>2015<br>restated<br>£'000 | Total<br>income<br>£'000 | Grants<br>payable<br>£'000 | Other<br>expenditure<br>£'000 | Investment<br>gains<br>£'000 | Transfers<br>£'000 | 2016<br>£'000 |
|---------------------------|----------------------------------|--------------------------|----------------------------|-------------------------------|------------------------------|--------------------|---------------|
| <b>UNRESTRICTED FUNDS</b> |                                  |                          |                            |                               |                              |                    |               |
| General fund              | -                                | -                        | -                          | -                             | -                            | 753                | 753           |
| <b>Designated funds</b>   |                                  |                          |                            |                               |                              |                    |               |
| Investment fund           | 7,565                            | 2,134                    |                            | (1,940)                       | 751                          | (2,424)            | 6,086         |
| Grants fund               | 865                              | -                        | (1,271)                    | -                             | -                            | 1,896              | 1,490         |
| Total unrestricted funds  | 8,430                            | 2,134                    | (1,271)                    | (1,940)                       | 751                          | 225                | 8,329         |
| <b>RESTRICTED FUND</b>    |                                  |                          |                            |                               |                              |                    |               |
| Marks income fund         | 193                              | 64                       | -                          | (31)                          | -                            | (226)              | -             |
| Muller income fund        | -                                | 131                      | (91)                       | (40)                          | -                            | -                  | -             |
| Sobell income fund        | -                                | 88                       | (59)                       | (29)                          | -                            | -                  | -             |
| Watts income fund         | -                                | 55                       | -                          | (29)                          | -                            | -                  | 26            |
| Other funds               | 264                              | 138                      | (307)                      | (1)                           | -                            | 18                 | 112           |
| Total restricted funds    | 457                              | 476                      | (457)                      | (130)                         | -                            | (208)              | 138           |
| <b>ENDOWMENT FUNDS</b>    |                                  |                          |                            |                               |                              |                    |               |
| Marks fund                | 1,828                            | -                        | -                          | -                             | 177                          | (17)               | 1,988         |
| Muller fund               | 1,778                            | -                        | (280)                      | -                             | 358                          | -                  | 1,856         |
| Sobell fund               | 1,275                            | -                        | (102)                      | -                             | 149                          | -                  | 1,322         |
| Watts fund                | 1,078                            | -                        | -                          | -                             | 154                          | -                  | 1,232         |
| Total endowment funds     | 5,959                            | -                        | (382)                      | -                             | 838                          | (17)               | 6,398         |
| Total funds               | 14,846                           | 2,610                    | (2,110)                    | (2,070)                       | 1,589                        | -                  | 14,865        |

**22 ANALYSIS OF NET ASSETS - 2016 COMPARATIVES**

| <b>BETWEEN FUNDS</b>                         | <b>Investment<br/>assets<br/>£'000</b> | <b>Fixed<br/>assets<br/>£'000</b> | <b>Other<br/>assets<br/>£'000</b> | <b>Total<br/>assets<br/>£'000</b> |
|--|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Investment, Grants and General funds Reserve | 9,727                                  | 13                                | (1,411)                           | 8,329                             |
| Marks fund                                   | 1,770                                  | -                                 | 218                               | 1,988                             |
| Muller fund                                  | 2,228                                  | -                                 | (372)                             | 1,856                             |
| Sobell fund                                  | 1,342                                  | -                                 | (20)                              | 1,322                             |
| Watts fund                                   | 1,641                                  | -                                 | (409)                             | 1,232                             |
| Restricted funds                             | -                                      | -                                 | 138                               | 138                               |
|  | -----                                  | -----                             | -----                             | -----                             |
|  | 16,708                                 | 13                                | (1,856)                           | 14,865                            |
|  | =====                                  | =====                             | =====                             | =====                             |