

Financial Statements

31 December 2021

Patron

HRH The Prince Philip Duke of Edinburgh KG KT
OM GCVO GBE ONZ QSO AK GCL CC CMM (deceased)

President

Field Marshal The Lord Guthrie GCB LVO OBE DL

Vice Presidents

Phil Hodgkinson
Stephen May
Richard Price
The Duchess of Northumberland

Trustees**Chair**

Luke Bordewich

Honorary Treasurer

Richard Wild

Esther Alderson
Professor David Edwards MA MBBS DSc
MRCP FRCP FRCPCH FMedSci
Kathy Harvey
Karen Last
Professor David Rowitch MD PhD ScD
Richard Stoneham-Buck

Charity Management**Chief Executive**

Julie Buckler

Director of Finance/Company Secretary

Kabba Njie

Director of Fundraising

Lewis Coghlin

Director of Research

Dr Tracy Swinfield

Director of Communications

Sarah Moss

Principal Advisers**Auditors**

Buzzacott LLP
130 Wood Street
London EC2V 6DL

Bankers

National Westminster Bank PLC
Westminster Branch
PO Box 3038
57 Victoria Street
London SW1H 0HN

Investment Managers

Ruffer LLP
80 Victoria Street
London SW1E 5JL

Solicitors

McMillan Williams Solicitors Ltd
MW House
41 Chipstead Valley Road
Coulsdon CR5 2RB

Company registration no. 549089
(England and Wales)
Charity registration nos. 208701
and SC039284

Registered office:

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Action Medical Research

Report of the trustees for the year ended 31 December 2021

Action Medical Research (company number 549089) is a charity whose objects are to promote research into the prevention, management and cure of disabling diseases and conditions.

This report covers the work of Action Medical Research for the 12 months to 31 December 2021.

The trustees' report and financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

About Action Medical Research

At Action Medical Research we are committed to fighting for answers that can lead to cures, treatments and medical breakthroughs for some of the toughest fights our children face.

We are the leading UK-wide charity dedicated to saving and changing children's lives through medical research. Since we began in 1952 we are proud to have funded over £128m of medical research (over £353m in today's terms) leading to successes that include:

- Helping to introduce the first polio vaccines in the UK.
- Discovering the importance of taking folic acid before and during pregnancy to prevent spina bifida.
- Developing the use of ultrasound technology in pregnancy.
- Testing the rubella vaccine.
- Helping to develop the Hib meningitis vaccine, now a routine immunisation for young children.
- Pioneering a unique portable fetal heart rate monitor.
- Contributing to the development of groundbreaking cooling therapy to prevent brain damage in babies.
- Funding research to reduce stillbirth which led to new advice for pregnant women to go to sleep on their side, rather than their back, in the third trimester of pregnancy.
- Helping bring dedicated eye services to children in special schools across the UK.

Today, we remain determined to tackle the challenges that disease and disability present by funding high quality medical research to help children. There are hundreds of thousands of children all around the UK who desperately need help and we are on a mission to save and change lives through medical research.

We are proud to fund a broad range of research to deliver benefit in pregnancy and to babies, children and young people. We make a difference in targeting rare diseases; preventing infections; tackling premature birth and pregnancy complications and developing treatments for sick and vulnerable babies; and helping children affected by disabilities and disabling conditions. Today our work includes driving forward research to help protect children in the fight against COVID-19. We are proud that one of the expert scientists who helped develop and test the Oxford/AstraZeneca vaccine against COVID-19 is a former Action Research Training Fellow, Professor Sir Andrew Pollard.

We fund cutting-edge medical research across the UK, recommended by our expert Scientific Advisory Panel. We develop partnerships with other charities to help move research forward. We assess the impact of the research we fund and we share the results. To make vital research possible we work hard to raise funds.

We are a charity dependent on voluntary income through our fundraising and this is the key to funding vital research to save and change children's lives. We are more grateful than ever to our supporters, volunteers, committees, families, researchers, trustees, staff and expert advisers, who together work so hard to save and change children's lives.

Action Medical Research Report of the trustees for the year ended 31 December 2021

Strategic report for 2021

Our achievements and performance in 2021

At Action Medical Research we save and change the lives of babies, children and young people by funding world-class medical research.

Our funding is invested in high-quality research led by researchers and doctors in NHS hospitals, specialist units and universities across the UK identified through our rigorous, open-competition, peer review process that meets the best practice of the Association of Medical Research Charities. We assess our performance through the amount and quality of research we fund and the impact it has over time.

Despite the continuing challenges of the pandemic, in 2021 we successfully awarded thirteen new grants, committing £1.758m (2020 £1.557m) to vital new medical research projects to help children. We currently have around £9m invested in the work of 250 top researchers working on around 55 research projects across the UK and details can be found on our website www.action.org.uk

We funded research projects in 2021 across a range of conditions affecting children including asthma, anaemia, premature birth, epilepsy and inflammatory bowel disease as well as four new research projects into COVID-19 in children.

Our work together with other organisations in 2021 included funding research in partnership with charities including Borne. We were proud to continue our partnership with LifeArc and launch a further call for research into rare diseases in children to make new awards together in 2022.

COVID-19

Like all charities, in 2021 we needed to continue to adapt to the challenges of the pandemic. As with other organisations, COVID-19 continued to affect our income, which increased from 2020 but remained below pre-pandemic levels.

We continued to adapt our fundraising to the changing environment of the pandemic and assessed how best to fund and deliver our fundraising over

time to ensure our continued investment in new medical research. The charity's staff, supporters, volunteers and researchers again stepped up magnificently and together made possible a successful year in demanding circumstances. Our sincere thanks go to everyone who contributed to Action over such a challenging period.

We successfully funded thirteen new medical research grants, including four into COVID-19 in children. Research previously funded by the charity that had been delayed by the pandemic was also able to resume by the end of the year.

Our actions were together successful in managing our income and expenditure, our funding of research and maintaining a strong financial position. At the year end, despite the challenges faced, we were pleased that the success of our fundraising, reserves management and investment performance meant we delivered a positive change in reserves even after substantial withdrawals to fund our research. We moved into 2022 with confidence, notwithstanding the continuing uncertainty arising from the COVID-19 pandemic.

Financial review

In 2021 we funded thirteen new medical research projects to help children. Our total income was £4.452m (2020 £3.600m) with total expenditure of £5.342m (2020 £4.694m). Our voluntary income was £4.325m (2020 £3.404m). We spent £2.839m on medical research grants and dissemination (2020 £2.589m).

Total funds at the end of the year were £6.804m (2020 £6.644m), an increase of £0.160m (2020 £0.597m increase), with total net gains on investments during 2021 of £1.051m (2020 £1.691m).

At 31 December 2021, in addition to its tangible fixed asset and investment holdings and long term grant commitments, the charity had net current liabilities of £4.3m (2020 £3.7m). The trustees do not anticipate that this financial position will require a considerable drawdown from the investment portfolio in 2022 given that these short term grant commitments will be partly met from future

Action Medical Research Report of the trustees for the year ended 31 December 2021

income and, furthermore, although technically falling due within one year, some of these grant commitments are likely to be paid after the 2022 financial year.

The public benefit and impact of our work

The trustees have referred to the Charity Commission's guidance on public benefit in relation to the charity's aims and objectives. The trustees consider it important to demonstrate to supporters and others interested in our work the medical progress being made.

The outcomes of the research we fund is published in peer-reviewed journals and shared at national and international meetings of researchers.

Our independent scientific advisers examine and assess final reports when all projects that we fund are completed. In 2021, of 18 final reports assessed, 89% were considered to be both of a major, sizeable or marked potential level of clinical importance and to be excellent or good; and 67% to be of immediate, near or medium-term clinical impact.

We also invest in carrying out reviews each year to assess the impact of our research funding over time. A new report in 2021 evaluated the impact of Action funding of £102,000 in 2012 to Professor Christoph Lees at Cambridge University Hospitals NHS Foundation Trust to investigate the safety and effectiveness of an exciting new technology to treat Twin-Twin Transfusion Syndrome during pregnancy.

Twin-Twin Transfusion Syndrome (TTTS) is a devastating condition that can arise in identical twin pregnancies and result in premature birth, disability and death. Blood moves from one baby to the other via connections in their shared placenta and one twin can become short of blood flow and the other overloaded. Every year in the UK around 8,000 identical twins are born and 10-15% are affected; very sadly around 300 babies die.

The only available treatment is invasive laser ablation surgery to stop blood flow from one twin to the other. This can be risky and can usually

only save one twin and sometimes neither baby survives. Due to the risks of the treatment, doctors only intervene in the most severe cases and only after 18 weeks of pregnancy. More effective and less risky treatment options are urgently needed.

A new technology, high intensity focused ultrasound, could potentially offer a non-invasive alternative treatment but had previously never been tested in pregnancy. Action funded Professor Lees' research, which showed in pre-clinical studies that the technology could be used safely and effectively to block blood vessels in the placenta without invasive surgery and without changing the course of pregnancy. The success of this research paved the way for a £2 million clinical trial of the new treatment in pregnant women funded by the Medical Research Council bringing this technology one step closer to becoming a treatment option for TTTS, treating more babies with the hope of improving their chances of survival.

A second new report considered the impact of funding of £164,253 in 2015 by Action Medical Research and Great Ormond Street Hospital Children's Charity to Dr Antonio Valentin and a team at King's College London to explore a promising new approach to epilepsy treatment.

Epilepsy is a complex condition that involves regular, often unpredictable seizures, which can take many forms. Around 78,000 children and teenagers under the age of 18 in the UK are affected. For most, the condition can be controlled with medication, but for one in three of these children, the usual drug treatments do not work and other treatments, such as surgery, are not always effective.

Seizures can come on suddenly and can be frightening and disruptive for children and their families. Living with uncontrolled epilepsy can be a real struggle, affecting mental health, wellbeing, and performance at school, as well as children's social life and activities. The most severely affected children can have hundreds of seizures every day. New ways to manage uncontrolled epilepsy are urgently needed to help children who cannot be treated with drugs or surgery.

Action Medical Research Report of the trustees for the year ended 31 December 2021

The research explored a promising new approach to epilepsy treatment involving suppressing seizures by stimulating very specific parts of the brain using cortical and deep brain stimulation, with electrodes placed under the skull. The research focused on a type of epilepsy, which starts on one side of the brain, called focal epilepsy.

Dr Valentin's team were able to show that their technique could reduce the number of seizures in children with focal epilepsy, and could also result in longer, completely seizure-free periods for some, offering real hope to children and families affected by epilepsy that cannot be controlled with the usual drug treatments. It has since been used to treat 16 children in two hospitals. One of these children, who had been using a wheelchair, was able to walk and run again after receiving the new treatment and another six-year-old boy, who was having up to 200 seizures a day, became completely seizure-free for around six years. A larger study using a new device developed as a result of the work is planned for the summer of 2022.

Other exciting progress in 2021 included moving a step closer to developing a new treatment option for T-cell acute lymphoblastic leukaemia (T-ALL). Leukaemia is the most common cancer affecting children and young people, with around 100 diagnosed in the UK each year with T-ALL, a fast-developing form of the disease. While most are cured after treatment, for those children where the disease returns or who do not respond to existing treatments, the outlook is not as positive and many lose their lives. In an Action funded study, Dr Frederik van Delft of Newcastle University has been investigating whether combining two existing drugs could offer an effective new treatment. Now included in a new international trial, this could influence the care of patients in the next two to three years.

In another key development, with funding from Action Medical Research and Dangoor Education, Professor Chiara Nosarti and her team at King's College London have been working to develop a way to identify which very preterm babies are

most likely to have problems with anxiety while they are growing up, so they can get early support and treatment. Each year around 8,000 babies in the UK are born very early, before 32 weeks of pregnancy, and thought to be nearly twice as likely as other babies to have problems with anxiety during their teenage years. The findings show that early changes in babies' brains can be used to predict how they may regulate their emotions when they reach childhood and have helped establish criteria to identify which preterm babies may need therapy or treatments.

In a further important step, Action-funded research has developed the potential to help babies and children with congenital heart disease (CHD). Almost one in 100 babies born each year in the UK are born with CHD, heart problems that develop in the womb before a baby is born. Thanks to advances in early diagnosis and treatment, around eight out of 10 of these children grow up to become adults but they tend to do worse at school, with up to half experiencing neurodevelopmental problems. Led by Professor Serena Counsell at King's College London, the research used specialist brain scans to identify problems with brain development, improving how changes in babies' brains are assessed and offering the potential to identify and treat babies with CHD, who may be at risk of brain damage, at an early stage.

For Action, proudly moving into our 70th anniversary year in 2022, such progress adds to our long-standing record of success in funding research to help children and our determination to save and change young lives.

Communicating our work

We share information about the research we fund to help children as well as the results from this research. This includes through our website, blogs, social media channels, printed materials and via the mainstream and specialist press.

In 2021 we generated 512 pieces of coverage with a potential reach of 1.4bn. Our research and fundraising activities featured in a range of national and regional media, including the *Daily Express*, *Hello* magazine, *Sky News*, *Charity Today*, *Medical Xpress* and various regional BBC radio stations and media.

Action Medical Research Report of the trustees for the year ended 31 December 2021

We kept in touch with supporters through our magazines and regular newsletters. Our social media content was displayed to people 28.5m times and our followers on our social media platforms increased by 4% to over 62,000 people. We received 10,411 page views to our blogs and over 5,000 page views to our news pages. Our website attracted 265,233 visitors.

How we raised money

2021 was a year of gradual recovery for our fundraising, following the significant damage to our income caused by the impact of COVID-19 in 2020. Although the pandemic continued to create challenges, we saw voluntary income increase to £4.325m, a 27% improvement on the previous year. Although not yet back to pre-pandemic levels, this income growth was strong and our performance demonstrated that we are on track to recover and achieve further growth in line with our fundraising strategy.

Four important activities were adversely affected by the pandemic. First, our community fundraising delivered by volunteers raised significantly less than in previous years, partly because of limitations around indoor social events and continuing social distancing requirements which were particularly difficult for older volunteers.

Second, some events were again cancelled or postponed. We did, however, manage to deliver a number of high-profile social events including the Peterborough Golf Day, which in its 10th year broke all records, and it was wonderful to see the return of Dine with Davina (with TV celebrity Davina McCall), the Glasgow Killer Heels and Cocktails event and the highlight of our cycling calendar, the Champions of CycleSport gala dinner, which enjoyed a particularly successful year.

Third, recruitment of new weekly lottery players via face-to-face contact was restricted by lockdowns, leading to fewer private site venues available, lower footfall and a shortage of fundraisers. As this is the primary way that we acquire new players, this will have a knock-on impact on future income from the lottery. Indeed for the second year

running, our number of weekly lottery players fell. We did, however, benefit from having a strong base of weekly lottery players and other monthly givers as a result of our investment in this income stream in previous years. We are hugely grateful to the loyalty and generosity of our long-term, direct debit supporters, whose contributions provide the charity with good resilience in difficult times.

Fourth, our overseas cycling programme, with the restrictions on international travel, had to be redesigned, and although we had to cancel our annual London to Paris bike ride, we moved our three other overseas networking events to the UK which were successful. We plan to return to Europe in 2022. On the other hand, our UK cycling programme returned to something approaching normality after most events being cancelled in 2020. We raised funds from four UK sportives, introducing alternative 'gravel' routes where possible, which proved popular. We also created a new volunteer advisory group to help with designing and implementing our cycling strategy and this group made a most welcome contribution.

Fortunately, income from trusts and foundations was relatively robust, thanks to the generosity of some long-term funders, although delays to research projects due to the pandemic made fundraising harder in this area. We were pleased that we received donations from 14 trusts who had not supported the charity before.

The support of our major donors and corporate partners was vital, although many companies were still feeling the financial impact of the pandemic, and we were hugely grateful for the kind support of BGC Brokers, DMH Stallard, Brit Insurance, Buckles Solicitors, Willmott Dixon, Dietaplements, Garmin, AON, Liberty Specialty Markets, The Gingerman Group, Airport Parking & Hotels, and a range of other companies and generous individuals. This strong group of supporters were supplemented by exciting new partnerships with XTX Markets, Satchel One, CJC and Refinitiv Market Solutions, while we received a fantastic £26,000 from Christmas card sales from Helpcards Ltd.

Action Medical Research

Report of the trustees for the year ended 31 December 2021

A highlight of the year was four intrepid supporters rowing over 3,000 miles in the 2021 Talisker Whisky Atlantic challenge. The crew of Elijah's Star crossed the Atlantic in 41 days, raising over £150,000 in memory of baby Elijah, who lost his life having been born too soon. Elijah's parents Jenny and James kindly supported this exciting project, and huge thanks go to them and everyone involved.

We have raised over £500,000 towards research to better understand the impact of COVID-19 on children, with a number of donations from individuals and trusts who had not supported the charity before.

Almost 20 people, supported by the free wills offer, pledged to leave a legacy to Action. Legacy income was again lower than expected, with fewer gifts in wills, which appears again to have been affected by the continuing, national backlog in achieving probate. Legacy income remains a vital and cost-effective part of our fundraising, and we are grateful for the kindness shown by all those who remember the charity in their will.

The private site fundraising that we did manage to carry out was, again, in town centres and shopping centres. We again worked with a professional fundraising agency to recruit these new supporters, a far more effective approach than using our own staff or volunteers. To ensure the fundraising is of the highest standard, our team helps deliver training, monitors the activity through regular 'mystery shopping' and works closely with the agency to ensure any complaints are dealt with effectively and corrective actions taken as required. We ensure that all our third-party agencies are compliant with the Fundraising Regulator's Code of Fundraising Practice, and that they adhere to the Chartered Institute of Fundraising guidance on treating donors fairly, which includes a particular focus on protecting vulnerable people. We worked closely with the agencies to ensure that the additional protective measures required by the pandemic were again followed diligently, and we were pleased that only one complaint was received from a member of the public about our private site fundraising, which was quickly resolved.

This was one of eight complaints that the charity received in 2021, a good result and although higher than in 2020, when we only had one, it represented a reduction from previous years (10 in 2019, 18 in 2018, 25 in 2017 and 35 in 2016). In addition, we had two requests from members of the public, via the Fundraising Preference Service, to be suppressed from future activity.

Where we are going

Our strategy and core purpose is funding medical research to help babies, children and young people. The pandemic has reinforced the need for and importance of medical research and the very real difference our funding can make over time.

Using our rigorous peer review process, we remain committed to funding high-quality research most likely to make a difference to children. We plan to continue to use this strength to work in partnership with other charities to fund children's research. It remains very important to us to show the impact being delivered through our funding and to share this, including as we move into the 70th anniversary of the charity in 2022.

Plans for the charity going forward include developing fundraising further across a range of income streams to fund more vital research to help children and to address the key financial risk, in common with most charities, of maintaining voluntary income.

Throughout 2021 we continued to adapt flexibly as was needed, as well as to consider what might be the longer-term implications of the pandemic for our charity and work. We anticipate the need to continue to think flexibly over the year ahead.

How we are governed

It was with great sadness that in April 2021 we marked the passing of HRH The Duke of Edinburgh, Patron of the charity since April 1955, whose support for the charity has been so important throughout our history.

The charity was formed in 1952 and is registered as a charity in England and Wales number 208701 and in Scotland number SC039284. Its governing instruments are the Memorandum and Articles of

Action Medical Research Report of the trustees for the year ended 31 December 2021

Association which were adopted on 10 July 1996, and amended on 12 July 2000, 2 July 2003 and 30 October 2007. Action Medical Research is incorporated under the Companies Act 2006 as a company limited by guarantee having no share capital. For the purpose of this Act, the Chair and other trustees (none of whom receive any remuneration) are the directors of the company. A full list of trustees, together with the charity's registered office, key management and advisers, is shown on the inside front cover of these financial statements.

On 31 December 2021 there were eight trustees. Each year one third of the trustees retire or are eligible for re-election in accordance with the Memorandum and Articles of Association. The normal maximum tenure of trustees is nine years.

The council of trustees currently meets at least three times a year and is supported by five advisory panels or sub-committees involving trustees (see inside back cover). All key decisions, including the allocation of charitable funds for research, are made by the trustees in council.

Meetings of the council of trustees regularly address the following:

- the way ahead for the charity in our strategy
- the impact of the work of the charity
- the award of medical research grants
- the financial plan for the current year and further two years
- the lessons learnt from the review of risks
- the governance of the charity including in relation to the Charity Governance Code.

Each year, the skills and experience and diversity needed within the trustee body are reviewed to help the charity deliver its objectives. If gaps are identified or a vacancy occurs, new trustees are sought with the appropriate skills and expertise. Potential trustees are then interviewed by a nominating committee formed for the purpose and appointments considered by the council and, if agreed, confirmed at the Annual General Meeting. All trustees are given an induction programme

when they join and offered opportunities to increase their knowledge and expertise. The trustees regularly review their performance as a board, with the most recent full review in 2019 and further discussions of our effectiveness in 2020 and 2021.

The Chief Executive is responsible for the management of the charity's business and for implementing the policies agreed by the trustees. Our staff are now largely home-based, delivering the charity's activities and raising funds around the UK.

The charity has adopted the Charity Governance Code for larger charities. This code asks charities to apply the recommended practices set out in the code or to explain why such practices have not been applied. Previously the charity adopted the Charity Commission's guidance: Hallmarks of an Effective Charity.

The trustees believe that we have substantively applied the Code's recommended practices in all respects save as follows: we conduct formal reviews of the effectiveness of the trustee board every three years, aligned to our strategic planning cycle, rather than annually as recommended by the Code. In addition, we regularly discuss the board's effectiveness and there are mechanisms in place to raise and address issues as they arise. To date our effectiveness reviews have been conducted internally in an open and transparent manner, led by the Chair and supported by the Honorary Treasurer in respect of the Chair's performance. We believe that this approach is appropriate for a charity of our nature and size, given the cost and induction time required to commission an external evaluation, which our trustees have agreed should remain an option if important issues arise that warrant it.

Statement of trustees' responsibilities

The trustees (who are also directors of Action Medical Research for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Action Medical Research

Report of the trustees for the year ended 31 December 2021

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 and of 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP FRS 102)
- make judgments and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements – and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware – and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trading

The charity had one subsidiary at 31 December 2021 wholly owned and registered in England and Wales, Action Medical Research (Trading) Limited. There has been no activity on the company which therefore remained dormant in 2021 and any limited and small-scale trading has been carried out directly by the charity.

Risk management

The trustees consider that the charity has an effective continuous risk management mechanism and risk management is considered by the Risk Management Committee and at each council meeting. A risk register is maintained assessing the potential impact and likelihood of all major risks, including key financial risks, and is reviewed by management, the Risk Management Committee and council. The trustees are satisfied that the right processes are in place to identify the major risks to which the charity is exposed and that systems are in place to manage them in so far as is possible.

The major risks identified relate to maintaining voluntary income and the performance of invested funds. These in combination ultimately determine the level of new research grants that we can award. Our strategy is based on a broad range of fundraising channels and active development of further streams to manage our income risks. Our investments are overseen by an Investment & Audit Committee with extensive investment management experience which considers reports at each meeting. In addition, we continue actively to address issues of cybersecurity.

Action Medical Research Report of the trustees for the year ended 31 December 2021

Throughout 2021 the trustees continued to monitor, assess and respond to the risks in light of the pandemic. Overall, COVID-19 has tested the resilience of our organisation and business continuity plans, highlighting the importance of our approach to reserves and investments, as well as demonstrating the commitment of our staff and supporters.

Research funding continued in 2021 to a level of funding adapted over 2020 and 2021 in the context of the pandemic. Steps continued to control expenditure and adapt our fundraising to deliver income in changing circumstances. The charity's investments again delivered well over the year. We also continued to develop our technology systems including to address cybersecurity risks.

Staff management

Action Medical Research is fortunate to have talented, committed and hard-working staff and this has been evident over the pandemic. The plan and budget approved by the trustees each year continues to allocate resources to train and develop staff in skills needed to meet the charity's needs.

Our average head count in 2021 was 47 (2020 57), full-time equivalent 38 (2020 46).

Key management personnel are defined by trustees as the Chief Executive and Directors of Research, Communications, Fundraising and Finance shown on the inside front cover of this report. The total remuneration of this group in 2021 was £423,732 (2020 £423,185). The pay of all staff, including key management personnel, is reviewed annually and considered by a sub-committee of the Board of trustees including the Chair and Honorary Treasurer. Any increase relating to cost of living may take into consideration external factors as well as the charity's financial position and the economic environment, and market rate reviews are also undertaken.

Investments

Against the backdrop of the continued effect of the pandemic on fundraising income, in 2021 the charity withdrew a net of £506,000 from its investments during the year (2020 withdrew a net of £1.395m). Taking into account unrealised

capital gains, the value of investments closed the year at £12.496m (2020 £11.952m) despite this continued level of withdrawals. These investments are held to ensure that the charity is able to meet its grant liabilities and as part of the free reserves of the charity.

The charity has a risk averse investment policy, with the trustees' first priority being to preserve capital in order to meet existing and future research grant commitments. The Investment & Audit Committee, a sub-committee of the Board of trustees, continues to keep under review the charity's investment strategy and, in coordination with our Investment Managers Ruffer LLP, explore ways of implementing investment strategies that minimise the risk of capital loss. The Committee will continue to review the allocation of the investment portfolio to ensure it remains appropriate for the charity's funding plans.

Ruffer LLP manages the investment portfolio for the charity on a discretionary basis, which follows strict guidelines in line with the charity's investment policy. The mandate from the trustees specifies that the charity does not invest in tobacco or any stock in which tobacco manufacture is the main or a material element due to the negative impact on health. The investments are managed in a globally diversified portfolio with the objectives of both preserving capital and achieving an absolute return in excess of at least twice the Bank of England base rate in any twelve-month period after all expenses. In pursuit of these objectives, Ruffer LLP allocated a component (6.7%) of the portfolio to key assets as part of their protection strategy in the year. In 2021 the portfolio achieved a positive return of 8.8% net of fees (2020 a return of 15.4%) and thus the trustees consider that these investment objectives were met in the past year.

Ruffer LLP has been successful in protecting the value of the charity's portfolio in the year against the financial markets' uncertainty and volatility arising from the pandemic. The trustees continue to monitor the situation closely to ensure the charity's ability to realise assets from the portfolio as and when required to fulfil its current and future commitments.

Action Medical Research

Report of the trustees for the year ended 31 December 2021

Reserves

On 31 December 2021, the charity's free reserves (unrestricted funds less tangible fixed assets) including unrealised investment gains stood at £6.502m (2020 £6.349m).

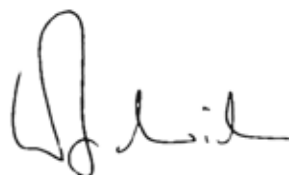
The trustees review their reserve policy annually, in 2021 continuing a dynamic policy to enable the charity to cope in the face of a range of unlikely but plausible downside events including circumstances that might lead to a significant temporary reduction in fundraising income, such as that experienced as a result of the pandemic. Our financial modelling indicates a potential increase in income over the coming years to levels achieved in 2019 as the UK economic recovery from the COVID-19 pandemic continues. A check on the charity's financial position and medium-term projections indicate that the charity would be able to continue delivering on its objectives and fulfil commitments as they fall due. Notwithstanding the uncertainty from the pandemic, given our reserves

position we can and do approach 2022 with a degree of confidence and have continued to adopt the going concern basis of accounting.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 10 to the financial statements. The trustees are satisfied that the market value of Vincent House, Horsham, is in excess of the amount shown on the balance sheet and plan to obtain a professional valuation in 2022.

By order of the council of trustees



Luke Bordewich

Chair

28 April 2022



Independent auditor's report to the trustees and members of Action Medical Research

Opinion

We have audited the financial statements of Action Medical Research (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 charitable company 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. 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 including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the trustees and members of Action Medical Research

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 including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charity through discussions with key management and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and

Independent auditor's report to the trustees and members of Action Medical Research

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of key management and review of minutes of Trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of key management as to where they considered there was susceptibility to fraud,
- their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Tested the authorisation of expenditure;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees; and
- Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of key management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. This description forms part of our auditor's report.

Use of our report

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 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 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.



Katharine Patel

(Senior Statutory Auditor)

For and on behalf of

Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

30 May 2022

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



Action Medical Research

Statement of financial activities for the year ended 31 December 2021

(incorporating an income and expenditure account)

		Unrestricted funds	Restricted funds	Total funds 2021	Unrestricted funds	Restricted funds	Total funds 2020
Income from:	Note	£	£	£	£	£	£
Donations and legacies	3.1	3,181,902	1,143,110	4,325,012	2,245,445	1,158,965	3,404,410
Investments	3.2	123,152	-	123,152	43,642	-	43,642
Other grants	3.3	4,289	-	4,289	151,698	-	151,698
Total income		3,309,343	1,143,110	4,452,453	2,440,785	1,158,965	3,599,750
Expenditure on:							
Raising funds	6.1	2,559,745	-	2,559,745	2,105,492	-	2,105,492
Charitable activities							
Grants for medical research	6.2	1,975,539	138,305	2,113,844	1,510,073	402,132	1,912,205
Medical research dissemination	6.2	668,838	-	668,838	676,328	-	676,328
Total expenditure on charitable activities		2,644,377	138,305	2,782,682	2,186,401	402,132	2,588,533
Total expenditure		5,204,122	138,305	5,342,427	4,291,893	402,132	4,694,025
Net (expenditure)/income before investments		(1,894,779)	1,004,805	(889,974)	(1,851,108)	756,833	(1,094,275)
Net gains on investments	11	1,050,562	-	1,050,562	1,691,050	-	1,691,050
Net (expenditure)/income before transfer between funds		(844,217)	1,004,805	160,588	(160,058)	756,833	596,775
Transfers between funds	9	1,004,805	(1,004,805)	-	756,833	(756,833)	-
Net movements in funds		160,588	-	160,588	596,775	-	596,775
Balances brought forward at 1 January		6,643,627	-	6,643,627	6,046,852	-	6,046,852
Balances carried forward at 31 December		6,804,215	-	6,804,215	6,643,627	-	6,643,627

The notes on pages 21 to 34 form part of the financial statements. All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Action Medical Research

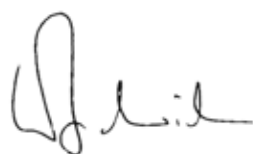
Balance sheet as at 31 December 2021

(company no. 549089 England and Wales)

		31 December 2021	31 December 2020
	Note	£	£
Fixed assets			
Tangible assets	10	302,274	294,511
Investments	11	12,496,400	11,952,382
		12,798,674	12,246,893
Current assets			
Debtors	12	655,418	1,247,873
Cash at bank and in hand		530,895	272,227
		1,186,313	1,520,100
Creditors			
Amounts falling due within one year	13	(5,530,487)	(5,237,045)
Net current liabilities		(4,344,174)	(3,716,945)
Total assets less current liabilities		8,454,500	8,529,948
Creditors			
Amounts falling due after more than one year	13	(1,650,285)	(1,886,321)
Total net assets		6,804,215	6,643,627
The funds of the charity			
Unrestricted funds		6,804,215	6,643,627
Restricted funds	15	-	-
Total charity funds		6,804,215	6,643,627

The notes on pages 21 to 34 form part of the financial statements.

The financial statements were approved and authorised for issue by the trustees on 28 April 2022 and were signed on their behalf by:



Luke Bordewich
Chair



Richard Wild
Honorary Treasurer

Action Medical Research

Statement of cash flows for the year ended 31 December 2021

		2021	2020
	Note	£	£
Cash flows from operating activities:			
Net cash used in operating activities	a	(340,363)	(1,439,721)
Cash flows from investing activities:			
Investment income and interest receivable		123,152	43,642
Payments to acquire investments		(6,687,584)	(5,640,406)
Payments to acquire tangible fixed assets		(30,665)	(4,320)
Receipts from disposals of investments		7,222,326	7,355,303
Net cash provided by investing activities		627,229	1,754,219
Change in cash and cash equivalents in the reporting period		286,866	314,498
Cash and cash equivalents at the beginning of the period		955,569	641,071
Cash and cash equivalents at the end of the period	b	1,242,435	955,569
Notes to the statement of cash flows for the year ended 31 December 2021			
a) Reconciliation of net income/(expenditure) to net cash flows from operating activities			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		160,588	596,775
Adjustments for:			
Depreciation charges		22,902	20,362
Investment income and interest receivable		(123,152)	(43,642)
(Gains)/loss on investments		(1,050,562)	(1,691,050)
Grants authorised		1,757,894	1,557,294
Grants paid		(2,130,448)	(1,954,034)
(Increase) in debtors		592,455	(143,023)
Increase in non-grant creditors		429,960	217,597
Net cash used in operating activities		(340,363)	(1,439,721)
b) Analysis of cash and cash equivalents			
Cash at bank and in hand		530,895	272,227
Cash held by investment managers		711,540	683,342
Total cash		1,242,435	955,569

Action Medical Research

Notes to the financial statements for the year ended 31 December 2021

1. Liability of members

The company is limited by guarantee having no share capital and, in accordance with Clause 7 of the Memorandum of Association, every Member, as defined by Clause 2 of the Articles of Association (as amended by Special Resolution passed 10 July 1996), is liable to contribute a sum not exceeding £10 in the event of the charity being wound up while a Member or within one year thereafter. At 31 December 2021 there were 21 Members.

2. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

a) Basis of preparation and comparative information

The financial statements have been prepared for the year to 31 December 2021. Comparative information reflects the financial results for the year ended 31 December 2020.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities FRS 102 SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

b) Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

A check on the charity's financial position and medium-term projections indicate that the charity would be able to continue delivering on its objectives and fulfil commitments as they fall due. Notwithstanding the uncertainty from the pandemic, given our reserves position we can and do approach 2022 and 2023 with a degree of confidence and have continued to adopt the going concern basis of accounting.

The charity has sufficient liquid resources to continue as a going concern for the foreseeable future and the trustees believe the charity will be able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements, including sufficient reserves to enable the charity to operate in exceptional circumstances.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The most significant areas of judgement that affect items in the financial statements are detailed below.

c) Critical accounting estimates and areas of judgement

The most significant areas of adjustment and key assumptions that affect items in the financial statements are in respect to:

- assessing the probability of receiving legacies where the charity has been notified of its entitlement;

Action Medical Research

Notes to the financial statements for the year ended 31 December 2021

- estimating the liability for multi-year grant commitments;
- estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge; and
- determining the basis for allocating support costs across expenditure classification.

As set out in these accounting policies under going concern, the trustees have considered the impact of the pandemic on the charity and have concluded that although there have been some negative impacts on income, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

d) Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and other income. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants and donations from government and other agencies and charitable foundations are included as income from activities in furtherance of the charity's objectives where these relate to a specific project or activity or take the form of a contract for services. Where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding, then the income is classified as a donation.

Donations and grants in respect to charitable activities are recognised when the charity has confirmation of both the amount and settlement date. In the event of amounts pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that

a donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the charity.

Investment income is recognised once the dividend or interest has been declared and notification has been received of the amount due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity;

Action Medical Research Notes to the financial statements for the year ended 31 December 2021

this is normally upon notification of the interest paid or payable by the bank.

e) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accrual basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds include the salaries, direct costs and support costs associated with generating donated income, with the exception of small regional events where it is not practicable to separate costs from income, together with the fees paid to investment managers in connection with the management of the charity's listed investments; and
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations, direct and support costs including governance costs.

Grants are included in full in the statement of financial activities in the year in which they are awarded.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity, it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs include the cost of running the administration, governance, finance and IT departments.

Support costs and governance costs are apportioned using percentages based on the time spent on the relevant activities by the employees of the charity.

f) Fixed assets and depreciation

All assets costing more than £2,000 are capitalised. Fixed assets are depreciated over their estimated useful life. Furniture and equipment and motor vehicles are depreciated at the rates of 20% and 25% per annum on cost respectively. IT equipment is depreciated at 33% per annum on cost. The building element of the freehold property is depreciated at 2% on cost.

g) Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their mid-market value as at the balance sheet date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise. Alternative investments for which there is no readily identifiable market price are included at the most recent valuations from their respective managers.

Realised gains and losses represent the differences between individual investment disposal proceeds and the related opening market values, or costs if acquired in the year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement

Action Medical Research

Notes to the financial statements for the year ended 31 December 2021

of financial activities and are credited (or debited) in the year in which they arise.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

h) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Debtors have been discounted to the present value of the future cash receipt where such discounting is material.

i) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

j) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

k) Fund structure

Unrestricted funds comprise amounts available for the general purposes of the charity. Restricted funds are donations or legacies which are given by the donor for a specific purpose within the overall aims of Action Medical Research.

l) Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

m) Pension costs

The charity continues to operate a defined contribution scheme. Contributions to this scheme are charged as expenditure when they are payable. The charity's contributions are restricted to the contributions disclosed in note 8. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

n) Subsidiary undertaking

The charity has one subsidiary undertaking, Action Medical Research (Trading) Limited. The company was dormant during the year.

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

3. Income

	Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds	Restricted funds	Total 2020
	£	£	£	£	£	£
3.1 Donations and legacies						
Direct gifts from individuals and trusts	1,280,122	1,066,592	2,346,714	1,603,480	1,134,599	2,738,079
Legacies	264,411	12,473	276,884	297,892	2,350	300,242
Community & Events income	1,637,369	64,045	1,701,414	344,073	22,016	366,089
	3,181,902	1,143,110	4,325,012	2,245,445	1,158,965	3,404,410
3.2 Investments						
Investment income	123,152	-	123,152	43,642	-	43,642
	123,152	-	123,152	43,642	-	43,642
3.3 Other grants						
Government grant	4,289	-	4,289	151,698	-	151,698
	4,289	-	4,289	151,698	-	151,698
Total income	3,309,343	1,143,110	4,452,453	2,440,785	1,158,965	3,599,750

Donations Income received from supporters, local activities, trusts, regular donations and appeals.

Legacies Income from legacies notified during the period that can be reasonably measured.

Community & Events Income from events in UK and overseas organised on behalf of the charity.

Government grant Income from government grant represents payroll costs reclaimed through the Coronavirus Job Retention Scheme.

4. Investment income

	2021	2020
	£	£
UK equities	73,713	10,938
Overseas equities	43,490	20,125
UK fixed interest	5,787	5,628
Overseas fixed interest	109	702
Bank deposit interest	53	2,051
Unlisted investments	-	4,198
	123,152	43,642

5. Subsidiary undertaking

The charity has one subsidiary company limited by guarantee: Action Medical Research (Trading) Limited whose principal activity is derived from the sale of merchandise and other commercial activities.

For the years to 31 December 2021 and 31 December 2020 the company was dormant.

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

6. Expenditure

	Grant awards	Direct costs	Support costs	Total 2021
31 December 2021	£	£	£	£
6.1 Raising funds				
Cost of fundraising		2,178,872	246,789	2,425,661
Investment management costs		134,084	-	134,084
		2,312,956	246,789	2,559,745
6.2 Charitable activities				
Grants for medical research	1,757,894	192,060	163,890	2,113,844
Medical research dissemination	-	398,820	270,018	668,838
	1,757,894	590,880	433,908	2,782,682
Total expenditure	1,757,894	2,903,836	680,697	5,342,427

	Grant awards	Direct costs	Support costs	Total 2020
31 December 2020	£	£	£	£
6.1 Raising funds				
Cost of fundraising		1,819,313	167,416	1,986,729
Investment management costs		118,763	-	118,763
		1,938,076	167,416	2,105,492
6.2 Charitable activities				
Grants for medical research	1,557,294	187,745	167,166	1,912,205
Medical research dissemination	-	377,021	299,307	676,328
	1,557,294	564,766	466,473	2,588,533
Total expenditure	1,557,294	2,502,842	633,889	4,694,025

6.3 Expenditure include charges for:

	Total 2021	Total 2020
	£	£
Lease rentals	3,173	3,173
Fees payable to the charity's auditors for audit of the financial statements	18,960	18,540
Other fees payable to the charity's auditors	1,300	1,300
Depreciation (note 10)	22,902	20,362

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

7. Support costs

	Staff costs	Other overheads	Total 2021	Total 2020
	£	£	£	£
Cost of raising funds	93,607	153,182	246,789	167,416
Research	111,615	52,275	163,890	167,166
Medical research dissemination	191,271	78,747	270,018	299,307
	396,493	284,204	680,697	633,889

Support costs include the cost of running the administration, governance, finance and IT departments. Support costs are apportioned using percentages based on the time spent on the relevant activities by the employees of the charity.

8. Analysis of staff costs

	2021	2020
	£	£
Wages and salaries	1,438,008	1,634,950
Social security costs	143,700	158,248
Pension costs	92,179	111,626
Redundancy	5,891	39,909
Total	1,679,778	1,944,732

The pension charge for the year comprises of Action Medical Research Group Personal Pension Plan which is a defined contribution scheme and the charge for the period represents those contributions payable to the scheme in respect of the accounting period.

The average number of full time equivalent employees, analysed by function, was:

	2021	2020
Grant administration	4	4
Medical research dissemination	4	5
Fundraising	22	29
Support	7	7
Charity governance	1	1
	38	46

The average monthly headcount was 47 staff (2020 57).

The number of staff whose emoluments (including taxable benefits but excluding employer national insurance and pensions contributions) were over £60,000 fell within the following bands:

	2021	2020
£60,001 to £70,000	2	2
£70,001 to £80,000	1	-
£90,001 to £100,000	1	1

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

8. Analysis of staff costs (continued)

Contributions totalling £27,987 (2020 £23,518) were paid in the period to a defined contribution pension scheme in respect of the above employees.

The total remuneration (including taxable benefits, employer national insurance and pension contributions) of the key management personnel for the year was £423,732 (2020 £423,185).

Trustee remuneration

No fees are paid to trustees for their services as board members. Directly incurred expenses are reimbursed, if claimed. In the year to 31 December 2021 £nil was claimed (2020 £36 by one trustee).

9. Transfers

During the year the charity was awarded grants from third parties to support specific research projects which had been funded in previous years from the charity's unrestricted funds. These grants have been recorded as restricted income and then transferred to reflect the reimbursement from the restricted to unrestricted funds.

10. Tangible fixed assets

	Freehold property	Fixtures and fittings	Motor vehicle	Totals
	£	£	£	£
Costs				
At 1 January 2021	755,771	228,946	13,660	998,377
Additions	-	30,665	-	30,665
At 31 December 2021	755,771	259,611	13,660	1,029,042
Depreciation				
At 1 January 2021	464,231	225,975	13,660	703,866
Charge for period	12,153	10,749	-	22,902
At 31 December 2021	476,384	236,724	13,660	726,768
Net book value at 31 December 2021	279,387	22,887	-	302,274
Net book value at 31 December 2020	291,540	2,971	-	294,511

The land cost of the freehold property is estimated by the trustees at £60,000 (2019 £60,000).

All fixed assets are held for the charity's own use. The trustees are satisfied that the market value of Vincent House, Horsham, is in excess of the amount shown on the balance sheet and plan to obtain a professional valuation in 2022.

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

11. Fixed asset investments

	2021	2020
	£	£
Market value:		
At January 1	11,952,382	11,656,618
Net funds withdrawn from portfolio	(506,544)	(1,395,286)
Realised gains	1,448,336	53,706
Unrealised (losses)/gains	(397,774)	1,637,344
At 31 December	12,496,400	11,952,382
Listed investments		
UK equities	3,274,162	1,998,435
Overseas equities	2,786,940	3,791,936
UK fixed interest	2,377,193	1,333,073
Overseas fixed interest	1,941,422	2,557,103
Foreign currency contracts	40,700	245,262
Cash held by investment manager	711,540	683,342
Unlisted investments		
Alternative investments	1,362,970	1,341,758
Associated company (see below)	1,473	1,473
	12,496,400	11,952,382
Cost of investments	11,469,617	10,658,214

At 31 December 2021 listed investments included the following material individual holdings:

	Market value of holding £	Percentage of overall portfolio
Ruffer SICAV Fixed Income	1,941,422	18.63%
Ruffer Multi Strategies Fund Limited	833,323	8.00%
Ruffer SICAV UK Mid and Smaller Companies	674,684	6.47%

Foreign currency contracts – at 31 December 2021 the charity had open forward exchange contracts.

FWD: EUR Vs. GBP 14/01/2021	£4,729
FWD: USD Vs. GBP 14/01/2021	£7,421
FWD: JPY Vs. GBP 14/01/2021	£7,224

Unlisted investments – associated company: this represents the charity's 24.9% shareholding in Helpcards Limited. The principal activity of Helpcards Limited is the publishing of Christmas cards. Its turnover for the year ended 30 April 2021 was £120,942 (2020 £96,500) with a profit of £96,856 (2020 £79,633). The total distribution to the charitable company's shareholders was £105,000 (2020 £79,700).

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

12. Debtors

	31 December 2021	31 December 2020
	£	£
Prepayments	127,075	172,440
Accrued income due within 1 year	333,853	643,614
Accrued income due in more than 1 year	41,302	304,450
Other debtors	41,787	97,612
Income tax recoverable	111,401	29,757
	655,418	1,247,873

13. Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	£	£	£	£
Research grants payable (note 16)	4,616,555	4,753,074	1,650,285	1,886,321
Trade creditors	609,403	51,598	-	-
Accruals	106,306	45,812	-	-
Taxation and other social security costs	44,094	35,426	-	-
Deferred income	154,129	351,135	-	-
Total	5,530,487	5,237,045	1,650,285	1,886,321

At 31 December 2021, in addition to its tangible fixed asset and investment holdings and long term grant commitments, the charity had net current liabilities of £4.3m (2020 £3.7m). The trustees do not anticipate that this financial position will require a considerable drawdown from the investment portfolio in 2022 given that these short term grant commitments will be partly met from future income and, furthermore, although technically falling due within one year, some of these grant commitments are likely to be paid after the 2022 financial year.

14. Related party transactions

At the meeting of trustees held on 28 April 2022 the trustees confirmed that, following appropriate enquiries, they were not aware of any related party transactions which required disclosure in the financial statements, but wished to disclose the following trustee connection:

Due to the nature of the charity's operations and the composition of the trustees (some being drawn from medical or research organisations), it is possible that transactions may take place with organisations in which a trustee may have an interest, including the awarding of research grants (see note 18). All grant transactions involving organisations in which a trustee may have an interest are conducted at arms' length and in accordance with the charity's financial regulations and normal procedures. No such transactions were identified which should be disclosed under Financial Reporting Standard 102 Section 33.

Fundraising, sponsorship and donations totalling £17,620 (2020 £95,228) were received by the charity from trustees.

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

15. Restricted funds

The charity receives restricted donations, legacies and events income to assist in the charity's funding of specific research projects. In 2021 the total of this restricted income was £1,143,110 (2020 £1,158,965) and the amount utilised from this to fund the relevant research and other related costs was £138,305 (2020 £402,132). During the year, £1,004,805 (2020 £756,833) was transferred to unrestricted funds being a reimbursement of expenditure incurred for restricted fund purposes but met out of the unrestricted fund balances in the first instance.

At 31 December 2021 the charity had a zero balance in restricted funds (2020 £nil).

16. Research grants

	31 December 2021	31 December 2020
Research grants payable	£	£
Amounts outstanding at 1 January	6,639,395	7,036,136
New research grants awarded (note 6)	1,757,894	1,557,294
Amounts paid during the year	(2,130,448)	(1,954,035)
Amount outstanding at 31 December	6,266,840	6,639,395
The outstanding balance is payable:		
Within one year (note 13)	4,616,555	4,753,074
After more than one year (note 13)	1,650,285	1,886,321
	6,266,840	6,639,395

Analysis of awards made in 2021 – please see list on pages 32-34.

17. Reconciliation of movements on unrealised gains

	2021	2020
	£	£
Unrealised gains at 1 January	1,294,168	(162,038)
Add: in respect to disposals in year	130,389	(181,138)
Add: net gains/(losses) arising on revaluations in the year	(397,774)	1,637,344
Total unrealised gains at 31 December	1,026,783	1,294,168

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

18. Analysis of awards made in 2021

Institution	Title	Grant award £
Inflammation, Repair and Development Section, National Heart and Lung Institute, Imperial College London and Royal Brompton Hospital and the Department of Bioengineering, Imperial College London #	Asthma – predicting which pre-school children with wheezing will later develop asthma	£199,993
MRC Weatherall Institute of Molecular Medicine, Radcliffe Department of Medicine, Department of Oncology, and BRC/NHS Translational Molecular Diagnostics Centre, John Radcliffe Hospital, University of Oxford	Anaemia – understanding the causes of inherited anaemia	£184,829
Neonatal Intensive Care Unit, Rosie Hospital and Department of Neurophysiology, Cambridge University Hospitals NHS Foundation Trust and the Department of Medical Physics and Biomedical Engineering, University College London #	Preterm birth – investigating the importance of sleep cycles on brain development	£119,802
Department of Infection, Inflammation and Rheumatology and Department of Molecular Immunology, UCL Great Ormond Street Institute of Child Health and the National Amyloidosis Centre, UCL Royal Free Hospital Campus, University College London	Vasculitis – developing gene therapy for inherited blood vessel inflammation	£177,915
School of Biomedical Sciences, University of Leeds and Department of Discovery and Translational Science, Leeds Institute of Cardiovascular and Metabolic Medicine, University of Leeds	Epilepsy – developing treatments for rare, drug-resistant childhood epilepsies	£144,250
Cancer Comprehensive Centre, Rayne Institute, King's College London and Precision Medicine, King's College Hospital #	Diamond-Blackfan anaemia – understanding the causes	£96,205
Department of Biomedical Imaging Science, University of Leeds, Department of Paediatric Cardiology and Department of Anaesthesia, Leeds General Infirmary, Department of Biomedical Engineering and Evelina Children's Hospital, King's College London #	Coarctation of the aorta – making diagnosis earlier	£13,400

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

Analysis of awards made in 2021 continued

Institution	Title	Grant award £
Department of Women and Children's Health, St Thomas' Hospital Campus, King's College London and Peter Gorer Department of Immunobiology, School of Immunology and Microbial Sciences, Guy's Hospital, King's College London #	Preterm birth – developing immunotherapy for prevention of spontaneous preterm birth	£132,359
Translational Gastroenterology Unit, Nuffield Department of Medicine, John Radcliffe Hospital, University of Oxford, Faculty of Medicine, Southampton General Hospital, University of Southampton and the Department of Child Life and Health, University of Edinburgh	Inflammatory bowel disease – developing simple blood tests to improve diagnosis and treatment	£200,000
Department of Paediatrics and Department of Medicine, Addenbrookes Hospital, University of Cambridge, Cellular Genetics, Wellcome Sanger Institute, Cambridge, Department of Infectious Diseases and Paediatric Intensive Care Unit, UCL Great Ormond Street Hospital Institute of Child Health, University College London, Institute of Immunology and Immunotherapy and Institute of Inflammation and Ageing, Birmingham Children's Hospital, University of Birmingham #	COVID-19 – understanding COVID-19 infection in children	£174,358
Department of Neurosurgery and Department of Paediatric Haematology and Oncology, Addenbrooke's Hospital, Cambridge University Hospitals NHS Foundation Trust, and the NIHR Cambridge Biomedical Research Centre, University of Cambridge, Lancaster Medical School, Faculty of Health and Medicine, Lancaster University and the Children's Brain Tumour Research Centre, University of Nottingham #	COVID-19 – how has the pandemic affected the diagnosis, treatment and patient experience of children with a newly-diagnosed brain tumour?	£142,964

Action Medical Research
Notes to the financial statements for
the year ended 31 December 2021

Analysis of awards made in 2021 continued

Institution	Title	Grant award £
Paediatric Respiratory Medicine and Paediatric Respiratory Physiotherapy, Royal Brompton Hospital, London, Paediatric and Adolescent Department, University College London Hospitals, Treatment and Rehabilitation for Adolescents and Children with Complex Conditions (TRACCS) Service and Children and Young People's Psychological Services, University College London Hospitals NHS Foundation Trust, Section of Paediatric Infectious Diseases and Department of Child Psychiatry, Imperial College Healthcare NHS Trust, Clinical Psychology, Evelina London Children's Hospital, Guy's and St Thomas' NHS Trust	Long COVID – developing a new, online treatment programme to address breathing and mental health difficulties	£91,064
Department of Women and Children's Health and Department of Perinatal Imaging and Health, King's College London, Department of Paediatric Neurology, Evelina London Children's Hospital, Guy's and St Thomas' NHS Trust, Department of Neuroinflammation, Institute of Neurology, University College London and the Neuroimmunology Centre, Great Ormond Street NHS Trust #	Long COVID – understanding how COVID-19 affects the brains of children with persistent symptoms	£99,753
Grants		1,776,892
Grant adjustments		(18,998)
Total grants spend 2021 (note 6)		1,757,894

denotes a grant made to an institution with which a trustee, holding office at the time of the decision, had a related party connection. Any trustee with a related party connection is excluded from council decisions approving such grants

19. Operating lease commitments

	31 December 2021	31 December 2020
	£	£
Amount falling due within 1 year	1,833	2,444
Amount falling due within two to five years	-	1,833
Total	1,833	4,277

Advisory Committees serving Council of Trustees

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Chair and Honorary Treasurer

Richard Wild

Mark Everitt

Rajat Sharma – appointed 24 November 2021

Risk Management Committee

Chair

Richard Stoneham-Buck

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Karen Last

Steering Committee

Chair

Luke Bordewich

Richard Wild

Julie Buckler

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Professor Shiranee Sriskandan FRCP PhD

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