

THE BRAIN RESEARCH TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY 2005

Registered Charity Number: 263064

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st JULY 2005

Name & Registration Number
Address

The Brain Research Trust (263064)
15, Southampton Place
London WC1A 2AJ

President:
Trustees:

Sir John Read FCA
Mr S. J. David Corsan FCA, Chairman
Mr Yves Bonavero BA (Oxon)
Professor Alasdair Compston PhD, FRCP, FMedSci
Mr E. Michael Garston LL.B
Mr Peter Gent FCA (Resigned 28.10.04)
Mrs Frances Heaton BA, LL.B
Professor David Landon BSc, MB, BS
Mr Anthony J. Mehew FCA (Appointed 10.03.05)
Mr Rob Margetts CBE, FEng
Professor John Newsom Davis CBE, MD, FRCP, FRS
Mr Neil L. Payne FCA

Secretary & Administrator:
Fundraising Consultant:
Fundraising Co-ordinator:

Mrs Suzanne D. Gibbons BA
Mrs Jenny Cooper MA
Miss Amy Cutler BA

Professional Advisors

Auditors

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

Solicitors

Batchelors
Charles House
35 Widmore Road
Bromley, Kent BR1 2RW

Investment Managers

Sarasin Chiswell
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Bankers

HSBC Bank plc
1 Woburn Place
Russell Square
London WC1H 0LQ

Objectives, Activities and Financial Review:

The Brain Research Trust [BRT], in accordance with its Trust Deed, continues to promote and support a wide range of research efforts into neurological disease at the Institute of Neurology [IoN], University College London, Queen Square, London. Its aim is to allow the IoN to pursue its objectives of finding cures for and eradicating these intractable diseases. To support the IoN, the BRT provides funding for research projects, PhD studentships and equipment as well as infrastructure. It also pays salaries and running costs for six endowed departments. In addition, the BRT oversees the efforts of the Parkinson's Appeal, chaired by Mrs Lyn Rothman, to raise £1.5 million to support the staff of the Functional Neurosurgery Unit. In 2004-05, total expenditure on research was £1,239,000 (2004: £1,179,000). See Note 18.

To support these research activities, the BRT uses the return on its investments, including an investment in hedge funds, combined with the results of an active fundraising programme. This year the total income from these two sources was £1,641,000 (2004: £1,718,000).

During 2004-05, the BRT staff concentrated their efforts on fundraising to increase the BRT's income from donations. The Secretary & Administrator, together with three Trustees, negotiated a five-year contract with CSDM Ltd. for a direct marketing campaign to commence in September, 2005. The Fundraising Consultant continued to identify equipment needs and areas of research that could be funded by other charitable trusts, and the Fundraising Co-ordinator promoted overseas challenges and other outdoor events. In addition, the staff continued their efforts to nurture long-term support from individuals and trust donors.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31st JULY 2005

Significant activities in 2004-05 for the BRT [Unrestricted Fund] included, at the request of the IoN, focusing its grant-making on three-year PhD studentships. More than 94 applications were received by the IoN from students in the UK and other parts of the world for these prestigious studentships. Applications were reviewed by the IoN's Executive Committee together with BRT Trustee, Professor John Newsom Davis OBE. Ten applications were short-listed and three, plus an MRC/BRT PhD studentship, were funded at a cost of approximately £244,000 over three years. Areas of research include hypoxia, dementia, epilepsy, neurodegenerative diseases such as vCJD, migraine and neuroinflammatory diseases such as Alzheimer's and multiple sclerosis. This year also saw the inception of the J. J. Astor Prize Studentship sponsored by Lady Astor which will investigate trans-cranial magnetic stimulation over three years at a cost of £57,000.

Achievements and Performance:

BRT: Unrestricted Fund -

- Funded ten PhD students in research areas covering motor neurone disease, Parkinson's Disease, Alzheimer's Disease, multiple sclerosis, dystonia, autism, stroke, and tumours.
- Supported a two-year research grant investigating brain tumours.
- Established a new stream of fundraising from overseas challenges

BRT: Restricted Funds -

- Attracted income from other charitable trusts to fund individual research projects in areas including brain tumours, stroke, Parkinson's Disease, spinal injury and epilepsy.
- Raised money for equipment to support research into brain tumours (FISH System), Parkinson's Disease (camera), Alzheimer's, epilepsy, multiple sclerosis (confocal microscope).
- Received funding from other charitable trusts for three PhD studentships in stroke medicine.
- Raised £75,000 towards a Research Fellowship in Neuro-oncology (Brain Tumours)
- Parkinson's Appeal continued its efforts to raise £1.5 million for the Functional Neurosurgery Unit

BRT: Endowment Funds –

- **Watts:** Supported a five year research programme into the causes of Motor Neurone Disease. This included work on protecting motor neurones from this disease that is leading to clinical trials in the USA.
- **Marks:** Supported continuing research in neurochemistry in areas such as multiple sclerosis, Alzheimer's Disease, dementias associated with AIDS, brain infection and trauma.
- **Sobell:** Supported continuing research into motor neuroscience and movement disorders including Parkinson's Disease and stroke. A new research programme in the Department is aimed at how to measure functional recovering after spinal cord injury.
- **Muller:** Supported infrastructure for the Leopold Muller Functional Imaging Laboratory and running costs for the Department of Cognitive Neurology. The main area of research involves non-invasive human brain imaging, including work on speech, memory, learning attention and emotion in both patients and volunteers.
- **Kinross:** Supported research in the field of neuropsychiatry that is helping to understand which brain mechanisms are involved in fear and other emotive states associated with neuropsychiatric disorders.
- **Neurosurgery:** Supported research in neurosurgery including surgery for strokes, serious head injury and Parkinson's Disease.

Structure, Governance & Management:

The BRT's governing document is a Trust Deed, dated November 1971. It empowers the Trustees to appoint a Chairman and up to 20 Trustees. The board of Trustees (currently ten in number) meets at least four times a year to monitor investment performance, approve research grants and other expenditure, and determine fundraising strategy. It has sub-committees for finance/investments and fundraising that meet periodically and make recommendations to the full board. The Chairman meets regularly with the Secretary & Administrator who is responsible for the day to day running of the Trust assisted by the Fundraising Consultant and a Fundraising Co-ordinator. Trustees are appointed by the full board for a three year term. Individuals whose areas of expertise are relevant to the BRT's objectives are recommended by other Trustees or by the Institute of Neurology to become a Trustee. The IoN invites Trustees to regular presentations of different areas of research in order to keep them up-to-date with developments in neuroscience.

Risk Assessment: The BRT undertakes an annual Risk Assessment and monitors carefully those areas perceived to be a risk to the charity. The major risks to the BRT would be a failure to meet its objectives due to a loss of income because of a stock market fall or a loss of income through damage to its reputation.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31st JULY 2005

Structure, Governance & Management:

Investment Policy:

- The BRT's investment policy is to distribute as much income as possible for research undertaken at the Institute of Neurology whilst maintaining the real value of capital.
- Sarasin Chiswell measures their performance on a quarterly basis against two benchmarks:
(a) 20% FT All Stocks (Gilts), 20% ML Non-Gilt AAA-AA 1-10 Year (Corporate Bonds), 60% FTSE All Share (UK Equities) taking into account both income and capital change; and
(b) Absolute Real Return
- Value of portfolio increased (2005: £20,120,000; 2004: £17,645,000)
- Value of hedge funds increased: the sterling value increased by approximately 14.5% (2005: £1,251,000; Opening balance: £1,094,000).
- Investment portfolio further diversified with investment into a property fund

Reserves Policy: In 1971, the initial capital to provide income for research came from fundraising. Over the years, as costs of research increased, there has been a need for more capital to produce income. Therefore, in developing its Reserves Policy, the Trustees have considered that the £5,851,000 remaining in its Unrestricted Fund, after deducting the potential three-year commitments of £609,000 referred to in Note 11, is income generating capital to provide the investment income that enables the Trustees to continue to fulfil the Trust's objectives and has therefore been treated as a designated fund for the purposes of the accounts.

Plans for the Future:

2005-06: Continue with challenges and treks as a way of raising funds.
Mail 8,000 solicitors and 3000 funeral directors to increase awareness of legacies and In Memorium donations.

Over the next five years to raise funds for:

- A Research Fellowship in Neuro-oncology.
- A Senior Research Fellowship in Molecular Neuroscience.
- A Senior Scientist, Senior Technician and Bioengineer for Spinal Injury .
- A Senior Research Fellow and Senior Technician for Motor Neurone Disease.
- A Lecturer in Neuroinflammation.

Statement of Trustees' Responsibilities:

The Trustees present the accounts for the year ended 31 July 2005 prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). The Trustees have prepared the financial statements for the financial period which give a true and fair view of the state of affairs of the charity and of the result for that period. In preparing those financial statements, the Trustees have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records which disclose at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

S. J. David Corsan (Chairman)

27 October 2005

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

THE BRAIN RESEARCH TRUST

We have audited the financial statements of The Brain Research Trust for the year ended 31 July 2005 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

We have been as appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or apparent material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the charity's affairs as at 31 July 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

27 October 2005

THE BRAIN RESEARCH TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2005

	Note	Unrestricted Fund £'000	Restricted Fund £'000	Endowment Fund £'000	Total 2005 £'000	Total 2004 £'000
Incoming Resources						
Donations received	2	611	237	-	848	934
Investment income	3	246	547	-	793	784
Total income		857	784	-	1,641	1,718
Resources Expended						
Investment management costs	4	26	58	-	84	90
Other fundraising costs	4	143	49	-	192	161
Costs of generating funds	4	169	107	-	276	251
Charitable expenditure:						
Research grants to the Institute of Neurology	12, 18	188	835	216	1,239	1,179
Grant support costs	4	41	-	-	41	41
		229	835	216	1,280	1,220
Governance costs	4	28	-	-	28	29
Total expenditure		426	942	216	1,584	1,500
Net incoming resources		431	(158)	(216)	57	218
Net gains on investments	13	758	187	1,473	2,418	246
Net movement in funds		1,189	29	1,257	2,475	464
Balance brought forward		5,271	1,908	10,466	17,645	17,181
Balance carried forward	13,14, 15	6,460	1,937	11,723	20,120	17,465

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

The notes on pages 8 to 16 form part of these accounts.

THE BRAIN RESEARCH TRUST

BALANCE SHEET

AS AT 31ST JULY 2005

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
FIXED ASSETS	7		-		-
INVESTMENTS AT MARKET VALUE	8		19,730		17,276
CURRENT ASSETS					
Sundry debtors	9	139		176	
Cash at bank and in hand		669		604	
		<u>808</u>		<u>780</u>	
Less:					
CURRENT LIABILITIES					
Sundry creditors	10	(418)		(411)	
Net current assets			<u>390</u>		<u>369</u>
			<u>20,120</u>		<u>17,645</u>
Financed by:					
UNRESTRICTED FUNDS					
Investment Fund	13	5,581		4,678	
Grants Fund	13	<u>609</u>		<u>593</u>	
			6,460		5,271
RESTRICTED FUNDS					
Neurosurgery Income Fund	14	1,218		1,071	
Parkinson Income Fund	14	274		273	
Kinross Income Fund	14	387		357	
Other restricted funds	14	<u>58</u>		<u>207</u>	
			1,937		1,908
ENDOWMENT FUNDS					
Kinross Endowment Fund	15	2,811		2,498	
Marks Endowment Fund	15	1,180		1,093	
Muller Endowment Fund	15	4,453		3,936	
Sobell Endowment Fund	15	1,718		1,548	
Watts Endowment Fund	15	<u>1,561</u>		<u>1,391</u>	
			<u>11,723</u>		<u>10,466</u>
			<u>20,120</u>		<u>17,645</u>

Approved by the Board of Trustees on 27 October 2005 and signed on its behalf by:

S. J. David Corsan)
) Trustees
)
 Frances A. Heaton)

The notes on pages 8 to 16 form part of these accounts.

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2005

	2005	2004
	£'000	£'000
Reconciliation of net incoming resources to net cash outflow from operating activities		
Net incoming resources	57	218
Investment income	(793)	(784)
Change in debtors, excluding investment income and sale of investment assets	24	(24)
Change in creditors, excluding purchase of investment assets	7	215
Net cash outflow from operating activities	(705)	(375)
Return on investments		
Dividends received	465	387
Interest received on investments	263	332
Bank deposit interest	77	65
Net cash inflow from returns on investments	805	784
Capital expenditure and financial investments		
Purchase of investments	(2,631)	(3,515)
Sale of investments	2,816	2,636
Net cash inflow/(outflow) from capital expenditure and financial investments	185	(879)
Increase in cash and cash equivalents	285	(470)
Cash and cash equivalents		
At 1st August 2004	1,721	2,191
Net cash inflow for the year	285	(470)
At 31st July 2005	2,006	1,721
Made up of:		
Cash at bank and in hand	669	604
Cash held as part of investment portfolio	1,337	1,117
	2,006	1,721

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2005

1. ACCOUNTING POLICIES

(a) Basis of preparation of accounts

The financial statements have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting by Charities, SORP 2000 issued in October 2000, and with applicable Accounting Standards.

The Brain Research Trust consists of nine funds as follows:

Main Fund (unrestricted)
Grants Fund (unrestricted)
Neurosurgery Fund (restricted)
Parkinson's Fund (restricted)
Kinross Fund (permanent endowment)
Miriam Marks Fund [Marks Fund] (expendable endowment)
Muller Fund (expendable endowment)
Sobell Fund (expendable endowment)
Watts Fund (expendable endowment)

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

(b) Donations received

Donations are accounted for on a cash received basis and are recognised in the Main Fund unless the donor specifies otherwise or in the opinion of the Trustees another fund would be more appropriate.

Donations received for specific purposes are taken to a restricted fund. Donations received in non-cash form are accounted for at value to the Trust at the date of receipt.

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

(c) 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.

(d) Research grants to Institute of Neurology

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

(e) Fixed assets

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

(f) Investments

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

(g) Unrestricted and designated funds

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

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

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

1. ACCOUNTING POLICIES (continued)

(g) Allocation of costs to the funds

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

(h) Pensions

The Trust makes provision for the Administrator's pension by contributing to a personal pension scheme.

2. DONATIONS RECEIVED

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2005 £'000	Total 2004 £'000
Single donations, including trusts	209	237	-	446	627
Legacies	402	-	-	402	307
	611	237	-	848	934

3. INVESTMENT INCOME

	Unrestricted Fund £'000s	Restricted Funds £'000s	Endowment Funds £'000s	Total 2005 £'000s	Total 2004 £'000s
Dividends and interest on investments	218	498	-	716	719
Deposit account interest	28	49	-	77	65
	246	547	-	793	784

4. RESOURCES EXPENDED

	Cost of Generating Funds £'000	Grant Support Costs £'000	Governance Costs £'000	Total 2005 £'000	Total 2004 £'000
Salaries	51	20	6	77	64
Premises costs	12	10	2	24	27
Office costs	14	11	3	28	25
Investment management	84	-	-	84	90
Fundraising consultancy	70	-	-	70	55
Other	45	-	17	62	60
	276	41	28	345	321
2004	251	41	29	-	321

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

5. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2005 £'000	2004 £'000
Audit fees	8	8

Other than the audit fees stated above, the auditors received fees for advice given in connection with a proposed fundraising initiative amounting to £1,000 (2004: £nil).

The trustees did not receive any remuneration during the year (2004: £nil), neither were they reimbursed for any expenses (2004: £nil)

6. (a) SALARIES AND EMPLOYMENT COSTS

	2005 £'000	2004 £'000
Salaries	69	52
Pension costs	6	6
Social Security costs	2	6
	77	64

Average number of employees: 2 (2004: 2)

No employees received remuneration exceeding £50,000 during the year (2003: nil)

(b) PENSIONS

The company contributes to a personal pension scheme of one employee. The employer's contributions are charged to the Statement of Financial Activities as they fall due. The charge for the current year amounted to £6,000 (2004: £6,000)

7. FIXED ASSETS

	Office Equipment £'000
Cost	
As at 31st July 2004	11
Additions in period	-
Disposals in period	
As at 31st July 2005	11
Depreciation	
As at 31st July 2004	11
Disposals in period	-
As at 31st July 2005	11
Net book value at 31st July 2005	-
Net book value at 31st July 2004	-

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

8. INVESTMENTS AT MARKET VALUE

(a) Equities

Equities comprise ordinary shares quoted on the International Stock Exchange together with hedge fund investments in the alternative investment market amounting to £1,251,000 (2004: £1,094,000).

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2005 £'000	Total 2004 £'000
Market value at 31st July 2004	3,470	417	7,156	11,043	9,447
Additions	827	99	1,705	2,631	2,628
Disposals at cost	(618)	(74)	(1,274)	(1,966)	(1,706)
Increase/(decrease) in unrealised gains	567	68	1,168	1,803	674
Market value at 31st July 2005	4,246	510	8,755	13,511	11,043
Cost at 31st July 2005	3,737	628	7,712	12,077	11,412
Cost at 31st July 2004	3,528	603	7,281	11,412	10,490

(b) Fixed Interest Securities

Fixed interest securities are quoted on a recognised Stock Exchange

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2005 £'000	Total 2004 £'000
Market value at 31st July 2004	1,549	344	3,223	5,116	5,587
Additions	-	-	-	-	887
Disposals at cost	(126)	(28)	(261)	(415)	(1,108)
Increase/(decrease) in unrealised gains	55	12	114	181	(250)
Market value at 31st July 2005	1,478	328	3,076	4,882	5,116
Cost at 31st July 2005	1,491	330	3,099	4,920	5,335
Cost at 31st July 2004	1,617	358	3,360	5,335	5,556

The total investment holding as shown in the balance sheet included unrealised investments gains /(losses) of £1,434,000 [2004: £(369,000)] on equities and £(38,000) [2004: £(219,000)] on Fixed Interest Securities, a net total of £1,396,000 [2004: (£558,000)].

	2005 £'000	2004 £'000
(c) Cash held for investment purposes	1,337	1,117
(d) Total market value (including cash)	19,730	17,276

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

9. SUNDRY DEBTORS	2005 £'000	2004 £'000
Accrued interest	126	130
Income tax recoverable	-	9
Prepayments	13	37
	139	176
10. SUNDRY CREDITORS		
Trade creditors	4	1
Grants payable	353	351
Accruals	61	59
	418	411

11. COMMITMENTS

In addition to the grants payable noted above, the Trustees have also approved from the Main Fund certain grants payable to the Institute of Neurology which are subject to the satisfactory fulfilment of grant conditions. The amounts approved in future years, but not accrued as expenditure at 31st July 2005 are as follows:

	2005 £'000	2004 £'000
Within one year	321	329
Within two years	170	184
Within two to three years	118	80
	609	593

12. GRANTS PAYABLE

During the year grants totalling £1,239,000 (2004: £1,179,000) were paid to the Institute of Neurology for the specific fields of neurological research. Each grant is made in accordance with the terms of the individual trust funds held by the charity. The total grants during the year, as analysed by fund in note 13, were:

	2005 £'000	2004 £'000
Main Fund	188	385
Neurosurgery Fund	81	82
Kinross Fund	122	164
Marks Fund	117	50
Muller Fund	208	232
Sobell Fund	143	128
Watts Fund	89	80
Other restricted funds	291	58
	1,239	1,179

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

13. STATEMENT OF UNRESTRICTED FUNDS

	At 1 August 2004 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2005 £'000
Main Fund	4,678	857	-	(238)	758	(6,460)	-
Investment Fund	-	-	-	-	-	5,851	5,851
Grants Fund	593	-	(188)	-	-	204	609
Total unrestricted funds	5,271	851	(188)	(238)	758	-	6,460

Designated funds represent amounts set aside by the Trustees as disclosed within the Trustees' Report on page 4.

14. STATEMENT OF RESTRICTED FUNDS

	At 1 August 2004 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2005 £'000
Neurosurgery Income Fund	1,071	77	(81)	(5)	156	-	1,218
Parkinson Fund	273	50	-	(49)	-	-	274
Kinross Income Fund	357	135	(122)	(14)	31	-	387
Marks Income Fund	-	49	(44)	(5)	-	-	-
Muller Income Fund	-	173	(154)	(19)	-	-	-
Sobell Income Fund	-	95	(87)	(8)	-	-	-
Watts Income Fund	-	63	(56)	(7)	-	-	-
Other Funds	207	142	(291)	-	-	-	58
Total restricted funds	1,908	784	(835)	(107)	187	-	1,937

Restricted funds represent monies received to fund specific areas of brain research.

15. STATEMENT OF ENDOWMENT FUNDS

	At 1 August 2004 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2005 £'000
Kinross Fund	2,498	-	-	-	313	-	2,811
Marks Fund	1,093	-	(73)	-	160	-	1,180
Muller Fund	3,936	-	(54)	-	571	-	4,453
Sobell Fund	1,548	-	(56)	-	226	-	1,718
Watts Fund	1,391	-	(33)	-	203	-	1,561
Total endowment funds	10,466	1,641	(216)	-	1,473	-	11,723

All the endowment funds are expendable with the exception of the Kinross Fund which is permanent. A designated 'Grants Fund' has been set up to match the commitment disclosed in note 11.

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31ST JULY 2005

	Investments £'000	Net Current Assets £'000	Total 2005 £'000	Total 2004 £'000
Main/Grants Funds	6,204	256	6,460	5,271
Neurosurgery Fund	1,253	(35)	1,218	1,071
Parkinson Fund	259	15	274	273
Kinross Fund	3,075	123	3,198	2,855
Marks Fund	1,185	(5)	1,180	1,093
Muller Fund	4,421	32	4,453	3,936
Sobell Fund	1,721	(3)	1,718	1,548
Watts Fund	1,554	7	1,561	1,391
Other Restricted Funds	58	-	58	207
	19,730	390	20,120	17,645

17. IN MEMORIUM DONATIONS 2004-05

IM Mrs A Boulton.	IM Tracy Elizabeth Macklin
IM Terrance Baines	IM Sir Richard May
IM Dr Robin Bernard	IM Duncan McDouall
IM Doris Bliss	IM David Jack Mettrick
IM Jill Borlase-Jorgensen	IM Kenneth Mills
IM Mrs Hazel Bradley	IM Joseph Morris
IM Marge Burgess	IM Colin O'Hare
IM Mr Challinor	IM Patrick Osborn
IM Mrs Annie Chandler	IM Frank Peter Owers
IM Winifred Christmas	IM Arthur Penny
IM Mrs Deborah Day	IM John Michael Quibell
IM Keith Dow	IM T J Ramsey
IM Nigel Phillip Eastment	IM Alan Bernard Roberts
IM John Fletcher	IM Nicholas Rodman
IM Peggy Gadsden	IM Mrs Beryl Olive Rose
IM Richard Gall	IM Margaret Sale
IM Lilian Elsie Garrod	IM John Savill
IM Bruno Gill	IM Paul F M Shewell
IM Robert Eric Gorrill	IM Peter Sparrow
IM Elizabeth Graham	IM Ernest Edward Victor Stanton
IM Mike Gutteridge	IM Dr Gordon Stewart
IM Margaret Hepworth	IM Francis Sugars
IM John Laird Hunter	IM Catherine Sutcliffe
IM Kevin Lee	IM John Telford Thompson
IM Roy Lewis	IM Mrs Joanna May Walley
IM Frank Lincoln	IM Jerry Wooding

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2005

18. PROJECTS FUNDED 2004-05

Description	Disease	£ Spent
Research Grants		
Advanced MRI techniques in the evaluation of low-grade gliomas	Brain Tumours	35,095
	Research sub-total	<u>35,095</u>
PhD Studentships		
Gene Therapy for Tetrahydrobiopterin Deficiency States	Dopa Responsive Dystonia, Cerebral Palsy, Parkinson's Disease	26,731
Effect of Amyloid-β on astrocytic and neuronal cell cultures: role of mitochondria	Alzheimer's Disease Down Syndrome	26,070
Stable measurements in quantitative brain MRI	MS, epilepsy,	24,456
A TMS/tDCS and functional neuroimaging project to study plastic changes in functional connectivity of the human motor cortex	Stroke Movement Disorders	19,102
MRI magnetisation transfer methods to study bound water in the living brain	MS, Epilepsy, Stroke Dementia, Tumours	25,597
Study of brain plasticity following GPi stimulation for dystonia	Dystonia	24,020
The social modulation of emotion	Social phobias, autism, Williams syndrome	21,914
Genetic and pathological characterisation of new mouse models of motor neurone degeneration	Motor Neurone Disease	20,362
Nitric Oxide Mediated Mitochondrial Damage: Elucidation of Potential Mechanisms	Parkinson's Disease	370
An electrophysiological investigation of basal ganglia function in Parkinson's Disease	Parkinson's Disease	231
	PhD sub-total	<u>188,853</u>
Charitable Trusts		
Dr Tracy Warr - Brain Tumours (T. R. Golden Charitable Trust)	Brain Tumours	3,000
Miss Helen Albon - PhD (D. J. Fielding Medical Research Charity)	Stroke	5,180
Simon Pope-(Hospital Savings Association)	Parkinson's Disease	47,984
Dr Lucy Coward - ABIU (Mary Kinross C.T., Laing Family Trust and many others)	Brain Injury	95,223
R. A. Smither - (Peacock Foundation, Charles & Elsie Sykes Trust, Lord Barnby's Foundation, Fox Memorial Trust, Sir Sigmund Warberg V. S.)	Spinal Cord Regeneration	18,312
Confocal Microscope-(Various charitable trusts)	Alzheimer's, epilepsy	84,000
Dr Simon Heales-(IM Patrick Osborn)		1,023
	Trusts sub-total	<u>254,722</u>
Other research support to the Institute		
Miriam Marks Department of Neurochemistry: for research into the blood-brain barrier, cell signaling and oxidative stress	Neurochemistry	117,000
Sobell Department of Motor Neuroscience & Movement Disorder: for research into the relationship between movement and the brain; recovery and reorganisation after spinal cord injury; does spinal cord regeneration actually lead to recovery	Neurophysiology	143,000
Graham Watts Laboratory: for research into the mechanisms underlying motoneurone disease	Motor Neurone Disease	89,000
Mary Kinross Charitable Trust: Wellcome Department of Cognitive Neurology	Neuropsychiatry	122,000
Leopold Muller Functional Imaging Laboratory	Cognitive Neurology	208,000
University Department of Neurosurgery: Professor David Thomas, Mr.Laurence Watkins	Brain Tumours, acute head injury, image directed neurosurgery	
Dr. Roy Poh -(Colin Oliphant Charitable Trust/Netherdale Trust) N'surgery Fund	Brain Tumours	81,000
	Other research sub-total	<u>760,000</u>
	Grand Total	<u>1,238,670</u>