

THE BRAIN RESEARCH TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY 2007

Registered Charity Number: 263064

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2007

Objectives, Activities and Financial Review:

The Brain Research Trust [BRT], in accordance with its Trust Deed, continues to promote and support for the public benefit a wide range of research efforts at UCL's Institute of Neurology [IoN], Queen Square, London (www.ion.ucl.ac.uk). The BRT's objective is to facilitate the IoN's pursuit of its research strategy in order to find cures and eradicate intractable diseases including Alzheimer's and Parkinson's diseases, brain tumours, epilepsy, motor neurone disease, multiple sclerosis, and stroke. To support the IoN, the BRT provides funding for research projects, PhD studentships, equipment and some infrastructure costs. Included in its support are the research and running costs for six endowed departments. In addition, Mrs Lyn Rothman chairs the Parkinson's Appeal for the Brain Research Trust to raise £3.5 million to establish the Unit of Functional Neurosurgery (UFuN) and to support Unit staff engaged in Deep Brain Stimulation operations and clinical research work. (See www.parkinsonsappeal.com) In 2006-07, the BRT's research expenditure was £1,276,000 (2006: £1,530,000) representing 61% of its total expenditure (£2,094,000).

To support these research activities, the BRT combines income from its active fundraising programme with the return on its investments. This year the total income from these two sources was £2,419,000 (2006: £2,307,000).

The IoN's research strategy includes attracting high calibre PhD students to support its research initiatives. Therefore, the IoN asked the BRT Trustees to continue to use its Unrestricted Funds to fund three-year PhD prize studentships. More than 86 applications were received by the IoN from students in the UK and other parts of the world for these prestigious studentships. Applications were initially reviewed by the BRT's Scientific Advisory Panel before submission to the IoN's Executive Committee. The Executive Committee, together with the SAP chairman, Professor Julian Jack, met to refine further a short list before submission to the BRT Trustees. Thirteen applications were evaluated and three were selected for funding at a cost of approximately £265,000 over three years. Areas of research for these new studentships which commenced in October 2007 include migraine, ataxia, epilepsy, prefrontal dementias, Parkinson's disease, depression, neurodegenerative disease and Prion disease.

Throughout 2006-07, the BRT continued its efforts to raise money for its Restricted Funds to support research outlined in the fundraising Prospectus produced in 2005-06. We are pleased that the response from charitable trusts and individual donors to the Brain Tumour Fellowship appeal produced an additional £73,000 this year and we exceeded the target of £432,000 by more than £30,000. At the end of September, 2007, Dr N. V. Henriquez, an experienced oncologist/immunological scientist, was hired for this highly specialised role and will start work on 1 November 2007. Additional areas of Restricted Funding successfully supported include a lecturer in neurochemistry (£100,000 over five years) who started work in September 2007. There was considerable support for the research project into Alzheimer's disease outlined in the Prospectus and £147,000 was raised during the year to support this area of research.

In May 2006, the Trustees concluded negotiations to undertake a direct marketing venture run by CSDM Ltd. The objective of this venture was to raise income for the IoN's research programme and also to raise awareness of both the BRT and the IoN. As at 31 July 2007, more than one million letters had been sent and over 35,000 people responded with donations and are now counted as BRT supporters. The results both in the number of people who responded to the letters and the amount raised were satisfactory.

The BRT's Fundraising Consultant continued to find funding for some of the IoN's equipment needs. To aid brain tumour research, the BRT obtained funding for a Stretton Scanner (£24,000) and a Nanodrop Spectrophotometer (£6,970) from the Colin Oliphant Charitable Trust and identified other charitable trusts that could fund special research projects at the IoN. The Fundraising Co-ordinator promoted the London Marathon, the London Triathlon and other outdoor events, raising a total of £95,000 during the year. The increase in the number of individuals organising their own fundraising events to support the BRT has been gratifying. In addition, BRT staff continued their efforts to nurture long-term support from trust donors and individuals.

During the year, the Trustees began to consider a proposal from the National Hospital Development Foundation (NHDF) for a closer working relationship. The NHDF is a registered charity based at Queen Square supporting infra-structure and research at The National Hospital for Neurology and Neurosurgery (The National Hospital) which has clinical links with the IoN. The rationale is that both charities support activities carried out at Queen Square and that, by combining forces, the two organisations could increase the total raised for the IoN and The National Hospital. The Trustees are looking carefully at opportunities for future collaboration.

It is with deep regret that the BRT learned of the tragic death in August 2007 of former trustee Professor John Newsom-Davis CBE, FRS, FRCP. Professor Newsom-Davis served as a BRT Trustee from October 1998 to December 2005. He also was Chairman of the BRT's Scientific Advisory Panel from 1997 to 1999. He was the beneficiary of the BRT's

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Flory Fund which supported his research into myasthenia gravis and related diseases at the Institute of Neurology and subsequently at Oxford.

Achievements and Performance during the Financial Year 1 August 2006 – 31 July 2007:

BRT: Unrestricted Funds -

- Funded a total of 10 PhD students in research areas covering motor neurone disease, Parkinson's disease, Alzheimer's disease, multiple sclerosis, dystonia, autism, stroke, and brain tumours.
- Funded research projects for brain tumours and consumable costs for a MRC Capacity Building Studentship
- Increased Events income by 43% to £95,000.

BRT: Restricted Funds -

- Attracted income from other charitable trusts to fund individual research projects in areas including brain tumours (Colin Oliphant Charitable Trust), Parkinson's disease (Rosetrees Trust), and Alzheimer's disease (MacRoberts Trust, Biological Trust, Morgan Crucible Company plc, Astor Foundation and Rosetrees Trust).
- Raised money for equipment to support research into brain tumours (Nanodrop Spectrophotometer and Stretton Scanner)
- Received funding from other charitable trusts for four PhD studentships in areas such as spinal research (Sir Siegmund Warburg Voluntary Settlement); trans-cranial magnetic stimulation as a treatment for Parkinson's disease (J. Jacob Astor Charitable Trust); stroke (Cooper Charitable Trust, D. J. Fielding Medical Research Trust and others) and Motor Neurone Disease (Stone Malabar Charitable Trust).
- Raised an additional sum of £73,000 towards a Research Fellowship in Neuro-oncology (Brain Tumours) bringing the total raised to over £460,000.
- Parkinson's Appeal secured pledges of £1.1 million for funding the Unit of Functional Neurosurgery in 2007-12.

BRT: Endowment Funds –

- **Watts:** Supported Dr Linda Greensmith and her team's five year research programme into the causes of motor neurone disease. Their research included work on a novel agent that protects motor neurones and which is now in clinical trials in ALS patients in the USA. The drug being tested was cited by the editors of R&D Directions to be among "the best and brightest of the future's new medicines" from the thousands of drugs currently in development worldwide to slow the progression of motor neurone disease. On-going work is aimed at improving the understanding of the mechanism of action of this novel drug in order to optimize its neuroprotective effects.
- **Marks:** Supported continuing research into the underlying mechanisms causing diseases such as Alzheimer's, dementia, Parkinson's and other movement disorders. This work has been given an added boost by the recent appointment of Professor John Hardy to the Chair of Molecular Biology of Neurological Diseases at the Institute. Professor Hardy is an international leader in understanding the genetic causes of different brain disorders.
- **Sobell:** Supported continuing research into motor neuroscience and movement disorders including Parkinson's disease, dystonia and stroke. A new research programme in the Department is aimed at how to measure functional recovering after spinal injury repair.
- **Muller:** Supported purchase of a new 3T scanner for the Leopold Muller Functional Imaging Laboratory and running costs for the Wellcome Department of Imaging Neuroscience, now upgraded to the Wellcome Centre for Neuroimaging. The main area of research in the Department's Functional Imaging Laboratory (FIL) involves non-invasive human brain imaging, including work on speech, memory, learning attention and emotion in both patients and volunteers. Contributed £100,000 towards a Strategic Award for the new Centre, with the main funding coming from the Wellcome Trust.
- **Kinross:** Supported Professor Ray Dolan's 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. Prof. Dolan directs the Wellcome Centre for Neuroimaging and holds a Wellcome Trust Programme Grant. Recently, he was the recipient of Germany's prestigious Max Planck Research Prize for 2007.
- **Neurosurgery:** Supported research in neurosurgery including neuro-oncology, surgery for strokes, serious head injury and Parkinson's disease.

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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 committees for finance/investments and strategic development 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, a Fundraising Co-ordinator and a Fundraising Assistant. 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 IoN 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.

Financial Review: The BRT's total funds increased to £23,586,000 from £21,870,000 in 2006 mainly due to increased donation income and also gains in investment assets. Investment income was £727,000 in 2007 as compared to £954,000 in 2006. Investment management costs were £85,000 for 2007 as compared with £92,000 in 2006. During the year, a further investment was made into hedge funds. Overall, the hedge funds investment increased in value by 8.75%.

Investment Policy:

- In 2004-05, BRT's Trustees made a strategic decision to enter into a medium-term annual research funding commitment to the IoN of £1.1 million per annum, rising with CPI. At the end of this financial year, the Trustees agreed to increase the annual commitment to £1.4 million. To enable the BRT to carry out this strategy, and given the long-term nature of its commitments to the IoN, the Trust's policy is to maintain the real value of the capital and income. This policy is implemented by Sarasin Chiswell, the Trust's investment managers, using a diversified portfolio of gilts, corporate bonds, UK equities, property funds, cash deposits and hedge funds. The BRT's investment committee meets regularly with Sarasin Chiswell to discuss and monitor performance.
- 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
- A further diversification of the portfolio was carried out in 2006-07 with investments into overseas equities and property funds, and an additional investment into euro hedge funds.

Reserves Policy: In 1971, the initial capital to provide income for research came from fundraising. As costs of research increase, there is a need for more capital to produce income. Therefore, in developing its Reserves Policy, the Trustees consider that of the BRT's Unrestricted Funds, an amount of £579,000, which is the three-year potential commitment to the IoN referred to in Note 11 should be treated as a Designated Fund for the purpose of the accounts. In addition, an amount of £7,044,000 should remain in the BRT's Unrestricted Funds for investment. The balance of the Unrestricted Funds (£520,000) is therefore considered available for the BRT's general purposes.

Risk Assessment: The BRT undertakes an annual Risk Assessment and monitors carefully those areas perceived to be a risk to the charity. The major risk 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.

Plans for the Future:

- 2007-08: Increase expenditure on research at the IoN by funding more pilot projects and equipment needs.
Continue to nurture the database resulting from the direct marketing campaign.
Encourage more individuals to hold their own fundraising events to benefit the BRT.
Identify high net-worth individuals for possible legacy income
Work more closely with The National Hospital Development Foundation, a Queen Square-based charity that supports infra-structure and research at The National Hospital which has research and clinical links with the Institute of Neurology.
Raise money for Spinal Injury and Motor Neurone Disease.

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FOR THE YEAR ENDED 31ST JULY 2007

Name & Registration Number
Address

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

President:
Vice President

Sir John Read FCA
Mr S. J. David Corsan FCA

Trustees:

Mr Neil L. Payne FCA, Chairman
Mr Yves Bonavero MA (Oxon)
Professor Alastair Compston PhD, FRCP, FMedSci
Mr Stanley Fink
Mr E. Michael Garston LL.B
Mrs Frances Heaton BA, LL.B
Professor J. Julian B. Jack PhD, FRS
Professor David Landon BSc, MB, BS
Mr Anthony J. Mehew FCA
Sir Rob Margetts CBE

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

Mrs Suzanne D. Gibbons BA
Mrs Jenny Cooper MA
Mr Nick Cantwell BA
Mr Leigh Gibson (from November, 2006)

Professional Advisors

Auditors

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

Solicitors

Blake Laphorne Tarlo Lyons
Harbour Court
Compass Road
Portsmouth PO6 4ST

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

Scientific Advisory Panel

Chairman: Professor Julian Jack PhD, FRCP, FMedSci, FRS

Professor Gillian Bates PhD, FMedSci, FRS
Professor of Neurogenetics
King's College London School of Medicine

Professor James Fawcett PhD, FRCP, FMedSci
Centre for Brain Repair
University of Cambridge

Professor Patrick Chinnery PhD, MRCP, FRCP
Professor of Neurogenetics
University of Newcastle upon Tyne

Professor Nick Rawlins DPhil, FMedSci
Professor of Behavioural Neuroscience
Oxford University

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FOR THE YEAR ENDED 31ST JULY 2007

Statement of Trustees' Responsibilities:

The Trustees present the accounts for the year ended 31 July 2007 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.

Neil L. Payne (Chairman)

1 November 2007

THE BRAIN RESEARCH TRUST

AUDITORS' REPORT

FOR THE YEAR ENDED 31ST JULY 2007

We have audited the financial statements of The Brain Research Trust for the year ended 31 July 2007 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 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 the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as 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 International Standards on Auditing (UK and Ireland).

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, if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 July 2007 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
Registered Auditors
1 November 2007

Fairfax House
15 Fulwood Place
London WC1V 6AY

THE BRAIN RESEARCH TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST JULY 2007

	Note	Unrestricted Fund £'000	Restricted Fund £'000	Endowment Fund £'000	Total 2007 £'000	Total 2006 £'000
Incoming Resources						
Incoming resources from generated funds:						
<i>Voluntary income</i>						
Donations received	2	1,249	228	215	1,692	1,353
Investment income	3	248	479	-	727	954
Total incoming resources		1,497	707	215	2,419	2,307
Resources Expended						
Costs of generating funds:						
Investment management costs	4	28	57	-	85	92
Other fundraising costs	4	636	24	-	660	242
Costs of generating funds	4	664	81	-	745	334
Charitable activities:						
Research grants to the Institute of Neurology	12	419	520	337	1,276	1,530
Grant support costs	4	55	-	-	55	37
		474	520	337	1,331	1,567
Governance costs	4	18	-	-	18	28
Total resources expended		1,156	601	337	2,094	1,929
Net incoming/(outgoing) resources before other gains and losses		341	106	(122)	325	378
Other recognised gains and losses:						
Realised and unrealised gains on investment assets	13	423	100	868	1,391	1,372
Net movement in funds		764	206	746	1,716	1,750
Reconciliation of funds						
Total funds brought forward		7,379	2,435	12,056	21,870	20,120
Total funds carried forward	14	8,143	2,641	12,802	23,586	21,870

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

The notes on pages 11 to 17 form part of these accounts.

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BALANCE SHEET

AS AT 31ST JULY 2007

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	7		-		-
Investments	8		22,640		21,367
			-----		-----
Total fixed assets			22,640		21,367
Current assets					
Sundry debtors	9	63		134	
Cash at bank and in hand		1,628		1,127	
Total current assets		1,691		1,261	
Liabilities					
Creditors falling due within one year	10	(745)		(758)	
Net current assets			946		503
Net assets			<u>23,586</u>		<u>21,870</u>
The funds of the charity:					
Unrestricted Funds					
Investment Fund	13	7,044		6,147	
Grants Fund	13	579		667	
Main Fund	13	520		565	
			8,143		7,379
Restricted Funds					
Neurosurgery Income Fund	13	1,379		1,288	
Parkinson Income Fund	13	361		335	
Kinross Income Fund	13	434		422	
Watts Income Fund	13	85		150	
Brain Tumour Fund	13	329		186	
Other restricted funds	13	53		54	
			2,641		2,435
Endowment Funds					
Kinross Endowment Fund	13	3,193		2,997	
Marks Endowment Fund	13	1,456		1,242	
Muller Endowment Fund	13	4,520		4,361	
Sobell Endowment Fund	13	1,859		1,789	
Watts Endowment Fund	13	1,774		1,667	
			<u>12,802</u>		<u>12,056</u>
			23,586		21,870

Approved by the Board of Trustees on 1 November 2007 and signed on its behalf by:

)
) Trustees
)

The notes on pages 11 to 17 form part of these accounts.

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JULY 2007

	2007	2006
	£'000	£'000
Reconciliation of net incoming resources to net cash outflow from operating activities		
Net incoming resources	325	378
Investment income	(727)	(954)
Change in debtors, excluding investment income and sale of investment assets	2	(4)
Change in creditors, excluding purchase of investment assets	(15)	340
Net cash outflow from operating activities	(415)	(240)
Return on investments		
Dividends received	378	610
Interest received on investments	319	269
Bank deposit interest	100	84
Net cash inflow from returns on investments	797	963
Capital expenditure and financial investments		
Purchase of investments	(9,283)	(9,914)
Sale of investments	9,479	9,874
Net cash inflow/(outflow) from capital expenditure and financial investments	196	(40)
Increase in cash and cash equivalents	578	683
Cash and cash equivalents		
At 1st August 2006	2,689	2,006
Net cash inflow for the year	578	683
At 31st July 2007	3,267	2,689
Made up of:		
Cash at bank and in hand	1,628	1,127
Cash held as part of investment portfolio	1,639	1,562
	3,267	2,689

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2007

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 2005 issued in March 2005, and with applicable Accounting Standards.

The Brain Research Trust consists of ten funds as follows:

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

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

(b) 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 2007

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 2007 £'000	Total 2006 £'000
Single donations, including trusts	115	228	215	558	608
Income from events	95	-	-	95	67
Income from direct mailing	501	-	-	501	17
Legacies	538	-	-	538	661
	1,249	228	215	1,692	1,353

3. INVESTMENT INCOME

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000	Total 2006 £'000
Dividends and interest on investments	188	439	-	627	870
Deposit account interest	60	40	-	100	84
	248	479	-	727	954

4. RESOURCES EXPENDED

	Cost of Generating Funds £'000	Grant Support Costs £'000	Governance Costs £'000	Total 2007 £'000	Total 2006 £'000
Salaries	66	20	6	92	77
Premises costs	12	9	2	23	23
Office costs	11	9	2	22	21
Investment management	85	-	-	85	92
Donor mailings	481	-	-	481	17
Fundraising consultancy	50	-	-	50	51
Challenge events	14	-	-	14	52
Other	26	17	8	51	66
	745	55	18	818	399
2006	334	37	28	399	

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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2007

5. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2007 £'000	2006 £'000
Audit fees	8	7

The auditors received no fees other than the audit fees stated above (2006: £nil).

The trustees did not receive any remuneration during the year (2006: £nil); one trustee was reimbursed £26 for travel expenses (2006: £nil)

6. (a) SALARIES AND EMPLOYMENT COSTS

	2007 £'000	2006 £'000
Salaries	81	68
Pension costs	6	7
Social Security costs	5	2
	92	77

Average number of employees: 3 (2006: 2)

No employees received remuneration exceeding £60,000 during the year (2006: nil)

(b) PENSIONS

The company contributed to the personal pension scheme of one employee during the year. The employer's contributions are charged to the Statement of Financial Activities as they fall due. The charge for the current year amounted to £6,000 (2006: £7,000)

7. FIXED ASSETS

	Office Equipment £'000
Cost	
As at 31st July 2006	11
Additions in period	-
Disposals in period	-
As at 31st July 2007	11
Depreciation	
As at 31st July 2006	11
Disposals in period	-
As at 31st July 2007	11
Net book value at 31st July 2007	-
Net book value at 31st July 2006	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2007

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 £2,738,000 (2006: £1,403,000).

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000	Total 2006 £'000
Market value at 31st July 2006	4,823	580	9,943	15,346	13,511
Additions	2,431	292	5,006	7,729	8,834
Disposals at cost	(2,059)	(247)	(4,240)	(6,546)	(7,427)
Increase/(decrease) in unrealised gains	102	13	208	323	428
Market value at 31st July 2007	5,297	638	10,917	16,852	15,346
Cost at 31st July 2007	4,551	727	9,389	14,667	13,484
Cost at 31st July 2006	4,179	682	8,623	13,484	

(b) Fixed Interest Securities

Fixed interest securities are quoted on a recognised Stock Exchange

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2007 £'000	Total 2006 £'000
Market value at 31st July 2006	1,332	296	2,772	4,400	4,882
Additions	468	105	981	1,554	1,080
Disposals at cost	(538)	(120)	(1,126)	(1,784)	(1,430)
Increase/(decrease) in unrealised gains	(10)	(2)	(20)	(32)	(132)
Market value at 31st July 2007	1,252	279	2,607	4,138	4,400
Cost at 31st July 2007	1,315	292	2,733	4,340	4,570
Cost at 31st July 2006	1,385	307	2,878	4,570	

The total investment holding as shown in the balance sheet included unrealised investments gains /(losses) of £2,182,000 [2006: £1,862,000] on equities and £(202,000) [2006: £(170,000)] on Fixed Interest Securities, a net total of £1,980,000 [2006: 1,692,000].

	2007 £'000	2006 £'000
(c) Cash held for investment purposes	1,639	1,562
(d) Unsettled investment transactions	11	59
(e) Total market value (including cash)	22,640	21,367

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2007

9. SUNDRY DEBTORS	2007 £'000	2006 £'000
Accrued interest	47	117
Income tax recoverable	-	3
Prepayments	16	14
	63	134

10. SUNDRY CREDITORS	2007 £'000	2006 £'000
Trade creditors	6	33
Grants payable	658	663
Accruals	81	62
	745	758

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 2007 are as follows:

	2007 £'000	2006 £'000
Within one year	301	325
Within two years	184	230
Within two to three years	94	112
	579	667

12. GRANTS PAYABLE

During the year grants totalling £1,276,000 (2006: £1,530,000) 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:

	2007 £'000	2006 £'000
Main Fund	419	259
Neurosurgery Fund	26	70
Kinross Fund	125	124
Marks Fund	49	97
Muller Fund	333	599
Sobell Fund	158	157
Watts Fund	111	103
Other restricted funds	55	121
	1,276	1,530

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2007

13. STATEMENT OF FUNDS

UNRESTRICTED FUNDS

	At 31 July 2006 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2007 £'000
Main Fund	565	1,497	-	(737)	423	(1,228)	520
Investment Fund	6,147	-	-	-	-	897	7,044
Grants Fund	667	-	(419)	-	-	331	579
Total unrestricted funds	7,379	1,497	(419)	(737)	423	-	8,143

RESTRICTED FUNDS

	At 31 July 2006 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2007 £'000
Neurosurgery Income Fund	1,288	40	(26)	(5)	82	-	1,379
Parkinson Fund	335	59	(8)	(25)	-	-	361
Kinross Income Fund	422	134	(125)	(15)	18	-	434
Marks Income Fund	-	39	(34)	(5)	-	-	-
Muller Income Fund	-	138	(120)	(18)	-	-	-
Sobell Income Fund	-	56	(49)	(7)	-	-	-
Watts Income Fund	150	52	(111)	(6)	-	-	85
Brain Tumour Fund	186	143	-	-	-	-	329
Other Funds	54	46	(47)	-	-	-	53
Total restricted funds	2,435	707	(520)	(81)	100	-	2,641

ENDOWMENT FUNDS

	At 31 July 2006 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2007 £'000
Kinross Fund	2,997	-	-	-	196	-	3,193
Marks Fund	1,242	150	(15)	-	79	-	1,456
Muller Fund	4,361	-	(213)	-	372	-	4,520
Sobell Fund	1,789	65	(109)	-	114	-	1,859
Watts Fund	1,667	-	-	-	107	-	1,774
Total endowment funds	12,056	215	(337)	-	868	-	12,802

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

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 2007**

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31ST JULY 2007

	Investments £'000	Net Current Assets £'000	Total 2007 £'000	Total 2006 £'000
Unrestricted Funds	7,623	520	8,143	7,379
Neurosurgery Fund	1,354	25	1,379	1,288
Parkinson Fund	337	24	361	335
Kinross Fund	3,465	162	3,627	3,419
Marks Fund	1,306	150	1,456	1,242
Muller Fund	4,628	(108)	4,520	4,361
Sobell Fund	1,879	(20)	1,859	1,789
Watts Fund	1,750	109	1,859	1,817
Brain Tumour Fund	298	31	329	186
Other Restricted Funds	-	53	53	54
	22,640	946	23,586	21,870