

THE BRAIN RESEARCH TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY 2008

Registered Charity Number: 263064

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2008

CHAIRMAN'S STATEMENT:

The Brain Research Trust (BRT) promotes and supports basic and clinical scientific research into the causes, treatment and prevention of neurological diseases. Donations from the BRT fund research in this field undertaken at UCL's Institute of Neurology (IoN), Queen Square, London. The IoN is a world-class research institution and received a 5*A, the highest rating possible, in HEFEC's Research Assessment Exercise carried out in 2001.

The Trustees are delighted that during 2007-08, the BRT was able to continue its strong support for the IoN's innovative research programme. Projects costing almost £1.6 million were funded in areas including Alzheimer's Disease, Brain Tumours, Motor Neurone Disease, Parkinson's Disease, Stroke, Epilepsy and Multiple Sclerosis.

Achievements and Performance During the Year: (See page 19 for a complete summary of projects funded in 2007-08.)

- Alzheimer's Disease: Support for Professor John Hardy's large-scale project to identify what genetic risk factors underpin typical Alzheimer's disease, typical Parkinson's disease and other neurological illnesses. (Marks Fund)
- Brain Tumours: The investigation by Dr Nico Henriquez, the Brain Tumour Fellow, into whether neural stem cells can cause brain cancer and whether there is a 'fingerprint' that defines a certain type of tumour. (Main Fund Restricted) The analysis by Professor R. Jager of conventional and advanced Magnetic Resonance Techniques in the Assessment of Primary Brain Tumours. (Main Fund Unrestricted).
- Epilepsy, Multiple Sclerosis, Alzheimers: The up-grade of the electron microscopy unit for the study of brain tissue (Main Fund Unrestricted).
- Motor Neurone Disease: The investigation by Dr Linda Greensmith of effective drug models for motor neurone disease (Watts Fund).
- Parkinson's, Dystonia, Tourette's Syndrome, Cluster Headaches: The appointment of Dr. Tom Foltynie as a neurologist for the Unit of Functional Neurosurgery (Parkinson's Fund).
- Stroke: The completion of a PhD study into the effects of subarachnoid haemorrhage by Dr Rasheed Afinowi (Main Fund Restricted)
- Cognitive Neurology: The research programme of Professor Ray Dolan into decision-making and emotion. Professor Dolan's work is widely cited and he remains among the top five most cited scientists in the world in the field of neuroscience and behaviour (Kinross Fund).

In December, 2007, the BRT Trustees invited the IoN to apply for research grants. Twenty-six applications were submitted and in January 2008, based upon the rank order determined by the BRT's Scientific Advisory Panel, the Trustees awarded 11 research and equipment grants totalling almost £500,000. Areas of research include Motor Neurone Disease, Brain Tumours, Epilepsy, Ataxia, Dementia, Spinal Cord Repair, Movement Disorders, Guillain-Barré syndrome, gene function and immunological detection equipment

In February 2008, more than 90 students applied for BRT's Prize PhD Studentships. Out of this outstandingly well-qualified field, three talented students were awarded three-year studentships for research into Epilepsy with Professor Dimitri Kullmann, Brain Tumours with Professor Sebastian Brandner and Multiple Sclerosis with Professor Ken Smith. These studentships will cost approximately £274,000 over three years.

The BRT's funding of the IoN's exceptional research programme comes mainly from legacies and donations, supplemented by the income from the BRT's investment portfolio. Thanks substantially to a direct mailing programme organised by the BRT, our donations from individuals and trusts, at more than £1,123,000, were at an all time high. The Trustees would like to express their deep gratitude to all the individuals and organisations that supported the BRT during the year. It is thanks to these donations that we are able to continue our strong support for the vital research programme carried out at UCL's Institute of Neurology, Queen Square.

Neil L. Payne

Chairman, Board of Trustees
23 October 2008

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2008

THE BRAIN RESEARCH TRUST'S TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

Principal Activities and Objectives of the Charity:

Established in 1971, the objective of The Brain Research Trust, as stated in its Trust Deed, is to fund both basic and clinical scientific research into neurological diseases carried out at UCL's Institute of Neurology, Queen Square, in order to understand how these diseases happen and to effect treatments and cures.

The strategy adopted to carry out these objectives is to fund research projects, pilot programmes, equipment grants, PhD studentships and to support six endowed departments. The Trustees understand that neurological research is a long-term process but consider that the knowledge gained by each research project funded is a step towards understanding how these diseases happen and how to treat them. Every researcher is asked to produce a report at the end of their project that includes a list of papers published as a result of the work funded by the BRT. We consider this information is a valuable addition to the general pool of knowledge about a particular disease and can help to illuminate further its study. During this year, BRT researchers published 157 papers and contributed to chapters in 22 books on a variety of neurological subjects.

Poster presentations are another way of disseminating information about a research area. Five second and third year BRT PhD students were responsible for poster presentations at symposiums both in the UK and abroad. Other distinctions for our PhDs include the nomination of Demis Hassibis by the American Association for the Advancement of Science magazine **Science** for his work on imagination and memory. This was deemed one of the top ten scientific breakthroughs during the year. Christian Kaul, whose PhD project is on epilepsy, was awarded the Bogue Fellowship which will enable him to spend time at McGill University in Canada designing and testing an experiment as part of his PhD research. The American Headache Society gave Annabelle Charbit, who is researching the causes of migraine, its 'Annual Scholarship Award for Excellence' in June 2008. Other prizes for BRT-sponsored researchers include the prestigious Max Planck Award given to Professor Ray Dolan for his work in neuropsychiatry, focusing on how humans make decisions - one of the most complex and perplexing problems in psychology.

Structure, Governance and Management:

- Board of Trustees currently comprising 10 members
- The Board meets five times a year
- Committees of the Board include an Investment Committee to monitor investments and a Development Committee to oversee the BRT's strategic development
- Day-to-day running of the BRT carried out by the Secretary assisted by a staff of two and a consultant.
- Scientific Advisory Panel meets once a year to evaluate and rank grant applications to enable the Trustees to award research and equipment grants.

Appointment of Trustees:

- Trustees are recruited via invitation and are selected based on their ability to contribute business, scientific, investment, legal and financial skills.
- Trustees serve a three year term and can be re-elected

Specific Powers of the Trustees:

- The Trustees have the power to award research grants and to invest monies not immediately required
- An investment manager, Sarasin & Partners LLP, undertake the management of the BRT's investment portfolio (other than the investment in hedge funds) under the supervision of the BRT's Investment Committee.

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. The Trustees have taken steps to mitigate these risks.

Public Benefit: Research carried out at UCL's Institute of Neurology is deemed to meet the Charity Commission's test for Public Benefit in as much as the general benefit to the public of research into neurological diseases is clear. In addition, although there may only be a small percentage of the population that suffers from a particular disease, the results of the IoN's research are not restricted by gender, ethnicity, religion or ability to pay and in that respect benefits the public at large.

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2008

Results and Review of the Year:

	2008 (£000)	2007 (£000)
• Total incoming resources	2,419	2,419
• Direct costs of generating funds	<u>393</u>	<u>745</u>
	2,026	1,674
• Charitable Expenditure	(1,639)	(1,331)
• Change in investment values	(1,675)	1,391
• Net Movement in Funds	(1,296)	1,716

The figures are explained in more detail in the accounts and show that despite the volatile stock market and general uncertainty which that has created, the BRT has had another successful year, enabling the Trustees to fund PhD studentships costing £260,000 and £1,326,340 for research and equipment grants. (See page 19)

Investment income increased by more than £100,000 on last year. However, the extreme volatility in the stock markets coinciding with the end of the BRT's financial year, resulted in the overall value of the BRT's portfolio decreasing by just over £1 million to £21,029, 000 compared to £22,640,000 in 2007.

- Investment manager: Sarasin & Partners LLP
- Investment Policy: To maintain the real value of the capital and income. Performance is measured 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. The BRT's portfolio remains diversified and is invested into gilts, corporate bonds, UK equities, property funds, cash deposits and 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 £943,000 representing the three-year 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 £6,719,000 should remain in the BRT's Unrestricted Funds for investment.

Financial Review:

	2008 (£000)	2007 (£000)
• Unrestricted income received (including legacies)	672	1,249
• Restricted income received	765	228
• Endowment income received	129	215
• Investment Income	853	727
• Unrestricted expenditure	400	419
• Restricted expenditure	805	520
• Endowment expenditure	381	337
• Investment Fees	88	85

Donations increased dramatically during the year from £558,000 in 2007 to £1,123,000 in 2008. Income from Payroll giving and In Memoriam donations was also up on last year. Part of this increase is due to the income resulting from the BRT's own direct mailing effort. From May, 2006 until December, 2007, the BRT Trustees engaged the services of a professional fundraiser who undertook a direct marketing campaign to raise both awareness and income. At the end of December, 2007, the BRT Trustees decided to use the newly created database of approximately 30,000 donors for its own donor mailing programme. Two mailings were undertaken in 2008: one in January and one in July, and resulted in income of more than £60,000 in total. Together with the residual balance of £45,000 from the previous direct mailing exercise, the total income from mailings as a whole was thus in excess of £100,000. The balance of the £1,123,000 income is from individual donations, donations from charitable trusts and standing orders ó an area that received a significant boost as sign-ups increased by 18% during the year.

Legacies showed a slight decline on the previous year and the BRT is planning a campaign to raise more awareness of the benefits a legacy can bring to an area like neurological research.

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TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2008

Trust fundraising continues to be the single largest source of income (after legacies) and resulted in a total of £296,461 in donations, a slight decrease on last year. We are very grateful to all the Trusts that maintained their support for the Institute of Neurology's research efforts.

Another boost to BRT funds came from the conclusion of the very successful Parkinson's Appeal with the 'Meeting of Minds', an auction of modern art held at Christies in October, 2007. The Appeal was chaired by Mrs Lyn Rothmann and has raised £3.5 million in total over six years to support the Unit of Functional Neurosurgery for Deep Brain Stimulation operations. Since the Unit's inception in 2002, more than 167 of these operations have been successfully carried out to help alleviate the symptoms of Parkinson's disease, dystonia, and epilepsy.

The BRT's staff continues to provide the leadership and backup needed to enable the successful fundraising programme to take place. Yasmin Ahamed replaced Leigh Gibson in June, 2008 as Fundraising Assistant; otherwise, the staff consists of Suzanne Gibbons as Secretary and Nick Cantwell as Fundraising Co-ordinator responsible for Events and the Mailing programme, supported by Jenny Cooper as Fundraising Consultant with overall responsibility for Trust Fundraising. Volunteers have played a large part in the successful processing of the results of our direct mailing programme and the Trustees would like to thank them and the staff for their continued good efforts.

In addition to funding individual research grants and PhD studentships, the BRT supports five endowed departments at UCL's Institute of Neurology. Research carried out in these departments focuses on Alzheimer's disease (Marks Fund), Motor Neurone Disease (Watts Fund), movement disorders including spinal repair (Sobell Fund), cognitive neurology including neuropsychiatry (Kinross Fund), and infra-structure support for the Functional Imaging Laboratory. The Trust's two restricted funds support neurosurgery, particularly research into brain tumours (Neurosurgery Fund), and Parkinson's disease (Parkinson's Fund).

After discussion with the Trustees of The Mary Kinross Charitable Trust in July, 2008, it was mutually agreed that the Kinross Fund should be returned to The Mary Kinross Charitable Trust. The Fund, valued at £3,382,000 at 31 July 2008, was transferred in September 2008.

Plans for the Future:

- To continue the on-going support for research activities at UCL's Institute of Neurology
- To maximise income from the database through a programme of direct mailing.
- To encourage donors to organise their own events such as coffee mornings or birthday/anniversary celebrations in order to increase this stream of income.
- To develop a comprehensive legacy marketing programme

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2008

Name & Registration Number	The Brain Research Trust (263064)			
Address	15, Southampton Place London WC1A 2AJ			
President:	Sir John Read FCA			
Vice President	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 OBE, LL.B Mrs Frances Heaton BA, LL.B Professor J. Julian B. Jack PhD, FRS Professor David Landon BSc, MB, BS Sir Rob Margetts CBE Mr Anthony J. Mehew FCA			
Secretary:	Mrs Suzanne D. Gibbons BA			
Fundraising Consultant:	Mrs Jenny Cooper MA			
Fundraising Co-ordinator:	Mr Nick Cantwell BA			
Fundraising Assistant:	Mr Leigh Gibson (to March, 2008) Miss Yasmin Ahammed BA (from June 2008)			
Professional Advisors				
Accountant	S. D. Knee Chartered Accountants (from July 2008)			
Auditors	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY	Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH	Blake Lapthorne Harbour Court Compass Road Portsmouth PO6 4ST
Investment Managers	Sarasin & Partners LLP 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
Professor of Neurogenetics
Department of Medical & Molecular Genetics
King's College London School of Medicine
8th floor, Guy's Tower, Guy's Hospital
London SE1 9RT

Professor James Fawcett
Centre for Brain Repair
University of Cambridge
Robinson Way
Cambridge CB2 2PY

Professor Patrick Chinnery
Professor of Neurogenetics
Mitochondrial Research Group
The Medical School
University of Newcastle upon Tyne
Newcastle upon Tyne NE2 4HH

Professor Nick Rawlins
Professor of Behavioural Neuroscience
Department of Experimental Psychology
South Parks Road
Oxford OX1 3UD

THE BRAIN RESEARCH TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2008

Statement of Trustees' Responsibilities:

The Trustees present the accounts for the year ended 31 July 2008 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, Board of Trustees

23 October 2008

THE BRAIN RESEARCH TRUST

AUDITORS REPORT

FOR THE YEAR ENDED 31 JULY 2008

We have audited the financial statements of The Brain Research Trust for the year ended 31 July 2008 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 2008 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

Fairfax House
15 Fulwood Place
London WC1V 6AY

THE BRAIN RESEARCH TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JULY 2008

	Note	Main Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming Resources						
Incoming resources from generated funds:						
<i>Voluntary income</i>						
Donations received	2	672	765	129	1,566	1,692
Investment income	3	308	545	-	853	727
Total incoming resources		980	1,310	129	2,419	2,419
Resources Expended						
Costs of generating funds:						
Investment management costs	4	29	59	-	88	85
Other fundraising costs	4	243	62	-	305	660
Costs of generating funds	4	272	121	-	393	745
Charitable activities:						
Research grants to the Institute of Neurology	12	448	757	381	1,586	1,276
Grant support costs	4	53	-	-	53	55
		501	757	381	1,639	1,331
Governance costs	4	8	-	-	8	18
Total resources expended		781	878	381	2,040	2,094
Net incoming resources before other gains and losses		199	432	(252)	379	325
Other recognised gains and losses:						
Realised and unrealised gains on investment assets	13	(632)	(84)	(959)	(1,675)	1,391
Transfers between funds	13	(48)	48	-	-	-
Net movement in funds		(481)	396	(1,211)	(1,296)	1,716
Reconciliation of funds						
Total funds brought forward		8,143	2,641	12,802	23,586	21,870
Total funds carried forward	14	7,662	3,037	11,591	22,290	23,586

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

The notes on pages 12 to 18 form part of these accounts.

THE BRAIN RESEARCH TRUST

BALANCE SHEET

AS AT 31ST JULY 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	7		-		-
Investments	8		21,029		22,640
Total fixed assets			21,029		22,640
Current assets					
Sundry debtors	9	81		63	
Cash at bank and in hand		1,791		1,628	
Total current assets		1,872		1,691	
Liabilities					
Creditors falling due within one year	10	(611)		(745)	
Net current assets			1,261		946
Net assets			22,290		23,586
The Funds of the charity:					
Unrestricted Funds					
Investment Fund	13	6,719		7,044	
Grants Fund	13	943		579	
Main Fund	13	-		520	
			7,662		8,143
Restricted Funds					
Neurosurgery Fund	13	1,349		1,379	
Parkinson's Fund	13	876		361	
Kinross Income Fund	13	443		434	
Marks Income Fund	13	37		-	
Watts Income Fund	13	17		85	
Brain Tumour Fund	13	315		329	
Other restricted funds	13	-		53	
			3,037		2,641
Endowment Funds					
Kinross Endowment Fund	13	2,939		3,193	
Marks Endowment Fund	13	1,471		1,456	
Muller Endowment Fund	13	3,862		4,520	
Sobell Endowment Fund	13	1,654		1,859	
Watts Endowment Fund	13	1,665		1,774	
			11,591		12,802
			22,290		23,586

Approved by the Board of Trustees on 23 October 2008 and signed on its behalf by:

)
) Trustees
)
)

The notes on pages 12 to 18 form part of these accounts.

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2008

	2008	2007
	£'000	£'000
Reconciliation of net incoming resources to net cash outflow from operating activities		
Net incoming resources	379	325
Investment income	(853)	(727)
Change in debtors, excluding investment income and sale of investment assets	(17)	2
Change in creditors, excluding purchase of investment assets	(134)	(15)
Net cash outflow from operating activities	<u>(625)</u>	<u>(415)</u>
Return on investments		
Dividends received	661	378
Interest received on investments	55	319
Bank deposit interest	141	100
Net cash inflow from returns on investments	<u>857</u>	<u>797</u>
Capital expenditure and financial investments		
Purchase of investments	(4,667)	(9,283)
Sale of investments	4,936	9,479
Net cash inflow from capital expenditure and financial investments	<u>269</u>	<u>196</u>
Increase in cash and cash equivalents	<u>501</u>	<u>578</u>
Cash and cash equivalents		
At 1st August 2007	3,267	2,689
Net cash inflow for the year	501	578
At 31st July 2008	<u>3,768</u>	<u>3,267</u>
Made up of:		
Cash at bank and in hand	1,791	1,628
Cash held as part of investment portfolio	1,977	1,639
	<u>3,768</u>	<u>3,267</u>

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2008

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 6 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 2008

1. ACCOUNTING POLICIES (continued)

(h) 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.

(i) Pensions

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

2. DONATIONS RECEIVED

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000	Total 2007 £'000
Single donations, including trusts and donor mailings	229	765	129	1,123	558
Income from events	78	-	-	78	95
Income from direct mailing	45	-	-	45	501
Legacies	320	-	-	320	538
	672	765	129	1,566	1,692

3. INVESTMENT INCOME

	Unrestricted Fund £'000s	Restricted Funds £'000s	Endowment Funds £'000s	Total 2008 £'000s	Total 2007 £'000s
Dividends and interest on investments	213	500	-	713	627
Deposit account interest	95	45	-	140	100
	308	545	-	853	727

4. RESOURCES EXPENDED

	Cost of Generating Funds £'000	Grant Support Costs £'000	Governance Costs £'000	Total 2008 £'000	Total 2007 £'000
Salaries	97	-	-	97	92
Premises costs	12	19	-	31	23
Office costs	11	19	-	30	22
Investment management	88	-	-	88	85
Direct mailings	-	-	-	-	481
Donor mailings	11	-	-	11	-
Fundraising consultancy	91	-	-	91	50
Challenge events	40	-	-	40	14
Other	43	15	8	66	51
	393	53	8	454	818
2007	745	55	18	818	

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2008

5. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2008 £'000	2007 £'000
Audit fees	8	8

The auditors received no fees other than the audit fees stated above (2007: nil).

The trustees did not receive any remuneration during the year (2007: nil), neither were they reimbursed for any expenses (2007: nil)

6. (a) SALARIES AND EMPLOYMENT COSTS

	2008 £'000	2007 £'000
Salaries	83	81
Pension costs	6	6
Social Security costs	9	5
	98	92

Average number of employees: 3 (2007: 2)

No employees received remuneration exceeding £60,000 during the year (2007: nil)

(b) PENSIONS

The company contributed to the personal pension schemes of two employees during the year. The employer's contributions are charged to the Statement of Financial Activities as they fall due. The charge for the current year amounted to £6,000 (2007: £6,000)

7. FIXED ASSETS

	Office Equipment £'000
Cost	
As at 31st July 2007	11
Additions in period	-
Disposals in period	-
As at 31st July 2008	11
Depreciation	
As at 31st July 2007	11
Disposals in period	-
As at 31st July 2008	11
Net book value at 31st July 2008	-
Net book value at 31st July 2007	-

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2008

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 £2,836,822 (2007: £2,738,000).

	Unrestricted Fund £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2008 £'000	Total 2007 £'000
Market value at 31st July 2007	5,297	638	10,917	16,852	15,346
Additions	1,091	131	2,249	3,471	7,729
Disposals at cost	(1,187)	(143)	(2,446)	(3,776)	(6,546)
Increase/(decrease) in unrealised gains	(516)	(62)	(1,064)	(1,642)	323
Market value at 31st July 2008	4,685	564	9,656	14,905	16,852
Cost at 31st July 2008	4,423	706	9,125	14,254	14,667
Cost at 31st July 2007	4,551	727	9,389	14,667	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 2008 £'000	Total 2007 £'000
Market value at 31st July 2007	1,252	279	2,607	4,138	4,400
Additions	362	81	753	1,196	1,554
Disposals at cost	(334)	(74)	(695)	(1,103)	(1,784)
Increase/(decrease) in unrealised gains	(25)	(6)	(53)	(84)	(32)
Market value at 31st July 2008	1,255	280	2,612	4,147	4,138
Cost at 31st July 2008	1,338	297	2,782	4,417	4,340
Cost at 31st July 2007	1,315	292	2,733	4,340	4,570

The total investment holding as shown in the balance sheet included unrealised investments gains /(losses) of £651,000 [2007: £2,182,000] on equities and £(270,000) [2007: £(202,000)] on Fixed Interest Securities, a net total of £381,000 [2007: £1,980,000].

	2008 £'000	2007 £'000
(c) Cash held for investment purposes	1,977	1,639
(d) Unsettled investment transactions	-	11
(e) Total market value (including cash)	21,029	22,640

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2008

9. SUNDRY DEBTORS	2008 £'000	2007 £'000
Accrued interest	48	47
Sundry debtors	23	-
Prepayments	10	16
	81	63
10. SUNDRY CREDITORS		
Trade creditors	3	6
Grants payable	535	658
Accruals	73	81
	611	745

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 2008, are as follows:

	2008 £'000	2007 £'000
Within one year	661	301
Within two years	185	184
Within two to three years	97	94
	943	579

12. GRANTS PAYABLE

During the year grants totalling £1,586,339 (2007: £1,276,000) 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:

	2008 £'000	2007 £'000
Main Fund	742	419
Neurosurgery Fund	22	26
Kinross Fund	124	125
Marks Fund	8	49
Muller Fund	381	333
Sobell Fund	167	158
Watts Fund	117	111
Other restricted funds	25	55
	1,586	1,276

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2008

13. STATEMENT OF FUNDS

UNRESTRICTED FUNDS

	At 31 July 2007 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2008 £'000
Main Fund	520	980	-	(333)	(632)	(535)	-
Investment Fund	7,044	-	-	-	-	(325)	6,719
Grants Fund	579	-	(448)	-	-	812	943
Total unrestricted funds	8,143	980	(448)	(333)	(632)	(48)	7,662

RESTRICTED FUNDS

	At 31 July 2007 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2008 £'000
Neurosurgery Fund	1,379	81	(22)	(5)	(84)	-	1,349
Parkinson's Fund	361	603	(25)	(63)	-	-	876
Kinross Income Fund	434	149	(124)	(16)	-	-	443
Marks Income Fund	-	42	-	(5)	-	-	37
Muller Income Fund	-	140	(122)	(18)	-	-	-
Sobell Income Fund	-	60	(53)	(7)	-	-	-
Watts Income Fund	85	56	(117)	(7)	-	-	17
Brain Tumour Fund	329	113	(127)	-	-	-	315
Other Funds	53	66	(167)	-	-	48	-
Total restricted funds	2,641	1,310	(757)	(121)	(84)	48	3,037

ENDOWMENT FUNDS

	At 31 July 2007 £'000	Income £'000	Grants Payable £'000	Other Expenditure £'000	Investment Gains/ (Losses) £'000	Transfers £'000	At 31 July 2008 £'000
Kinross Fund	3,193	-	-	-	(254)	-	2,939
Marks Fund	1,456	104	(8)	-	(81)	-	1,471
Muller Fund	4,520	-	(259)	-	(399)	-	3,862
Sobell Fund	1,859	25	(114)	-	(116)	-	1,654
Watts Fund	1,774	-	-	-	(109)	-	1,665
Total endowment funds	12,802	129	(381)	-	(959)	-	11,591

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 2008

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31ST JULY 2008

	Investments £'000	Net Current Assets £'000	Total 2008 £'000	Total 2007 £'000
Unrestricted Funds	7,028	634	7,662	8,143
Neurosurgery Fund	1,246	103	1,349	1,379
Parkinson's Fund	872	4	876	361
Kinross Fund	3,118	264	3,382	3,627
Marks Fund	1,202	306	1,508	1,456
Muller Fund	3,916	(54)	3,862	4,520
Sobell Fund	1,730	(76)	1,654	1,859
Watts	1,611	71	1,682	1,859
Brain Tumour	306	9	315	329
Other Restricted Funds	-	-	-	53
	21,029	1,261	22,290	23,586

15. POST BALANCE SHEET EVENT

Since the year end, the endowed Kinross Fund valued at £3,382,000 as at 31 July 2008 was transferred back to The Mary Kinross Charitable Trust in September 2008. See Trustees' Report for more details.

THE BRAIN RESEARCH TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST JULY 2008

PROJECTS FUNDED 2007-08	
Description	Disease
	£
Research Grants (Main Fund Unrestricted)	
Advanced MR techniques in the assessment and prediction of treatment effects in Primary and Secondary Brain Tumours	Brain Tumours 3,532
MRC Capacity Building Studentship	Alzheimers 777
Upgrade of electron microscopy Unit with EM and digital imaging	Parkinson's, MND, spinal cord repair 49,650
Movement Disorder Archive	Parkinson's, Huntingdon's 3,030
Connectivity of Thoracic motoneurons in spinal cord repair	Spinal Cord repair 15,446
Peripheral Markers of Neuronal Excitability in CNS Channelopathies	Epilepsy, Ataxia 2,650
Cortical Mechanisms of sequence learning	Parkinson's, schizophrenia 32,796
Li-Cor Odyssey Infrared Imaging System	Alzheimers, Parkinson's, PSP, MS 55,829
Nano-Diffusion in the Brain Extracellular Space	Epilepsy 13,988
The Pathogenicity of Skeletal Muscle Channelopathies	Neuro-muscular diseases 8,582
Symposium: Spinal Injury	Spinal Cord repair 1,000
Symposium: Movement Disorders	Parkinson's, dystonia 1,000
<u>Research sub-total</u>	<u>188,280</u>
PhD Studentships (Main Fund Unrestricted)	
The social modulation of emotion	Social phobias, autism, Williams syndrome 1,939
The Influence of dopamine in trigeminal nociceptive neurotransmission and migraine	Migraine 18,971
Understanding cellular mechanisms in prion-mediated neurodegeneration.	vCJD 35,430
Role of metabotropic glutamate receptors in controlling microglial activation and neurotoxicity in neuro-inflammatory diseases	MS, Alzheimer's disease 5,329
How are memories made?	Hypoxia, dementia, epilepsy 38,517
Understanding cognitive dysfunction and localizing the epileptogenic zone	Epilepsy, memory disorders 24,554
Misregulation of alternative splicing in neurological disorders: Predictions for Treatments	ALS, Parkinson's, epilepsy 32,370
The effects of attentional and working memory load on feature processing in the human brain	Stroke 23,978
Mutations in P/Q-type calcium channels and molecular mechanism of migraine	Migraine, ataxia, epilepsy 22,330
Counterfactual thinking and behavioural regulation	Frontal dementias, Parkinson's, depression 23,930
Intracellular trafficking of the abnormal prion protein (PrP ^{Sc}) and the subcellular compartments where PrP ^{Sc} mediated neurotoxicity occurs	Prion disease, neuro-degenerative disease 31,859
PhD advertisement	793
<u>PhD sub-total</u>	<u>260,000</u>
Charitable Trusts + Main Fund Restricted	
Dr Nicola Potter - (Colin Oliphant C. T., Rosetrees Trust)	Brain Tumours 48,746
Dr Rasheed Afinowi - (Cooper C.T, D. J. Fielding Medical Research Trust, Violet Richards)	Stroke 29,020
Susanne Schneider (J. Jacob Astor Charitable Trust)-Trans-cranial magnetic stimulation	Parkinson's Disease 16,367
Emen Edet Amana - Stone Malabar Charitable Trust	Motor Neurone Disease 31,238
Dr Jenny Pocock - Rosetrees Charitable Trust	Multiple Sclerosis 3,702
Dr Linda Greensmith - Rosetrees Charitable Trust	Motor Neurone Disease 5,000
Senior Research Fellow in Molecular Neuroscience	Alzheimers 33,432
Brain Tumour Fellowship	Brain Tumours 127,002
<u>Trusts sub-total</u>	<u>294,507</u>
Other research support to the Institute (Endowment & Restricted Funds)	
Miriam Marks Department of Neurochemistry: for research into the blood-brain barrier, cell signaling and oxidative stress	Neurochemistry 8,123
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 166,665
Graham Watts Laboratory: for research into the mechanisms underlying motoneurone disease	Motor Neurone Disease 116,832
Mary Kinross Charitable Trust: Wellcome Trust Centre of Neuroimaging	Neuropsychiatry 124,323
Leopold Muller Functional Imaging Laboratory	Cognitive Neurology 381,000
University Department of Neurosurgery: Dr Tracy Warr	Brain Tumours 21,700
Unit of Functional Neurosurgery - Deep Brain Stimulation Operations	Parkinson's Disease 24,910
<u>Other research sub-total</u>	<u>843,553</u>
Grand Total	£1,586,340