

**THE JEAN SHANKS FOUNDATION
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2013**

THE JEAN SHANKS FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|----------------------------|---|
| Trustees | Mr Eric Rothbarth Professor Sir Nicholas Wright Professor Andrew Carr Dr Julian Axe Professor Sir James Underwood Mr Alistair Jones Professor Adrienne Flanagan |
| Charity number | 293108 |
| Principal address | Peppard Cottage Peppard Common Henley on Thames Oxon RG9 5LB |
| Auditors | H W Fisher & Company Acre House 11-15 William Road London NW1 3ER |
| Bankers | Schroder & Co Ltd 100 Wood Street London EC2V 7ER Coutts & Co 440 Strand London WC2R 0QS Lloyds TSB Bank Plc 25 Gresham Street London EC2V 7HN |
| Solicitors | Maurice Turnor Gardner LLP 1 Threadneedle Street London EC2R 8AY |
| Investment advisors | Schroder & Co Ltd 100 Wood Street London EC2V 7ER |

THE JEAN SHANKS FOUNDATION

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THE JEAN SHANKS FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The Trustees present their report and accounts for the year ended 31 March 2013.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Foundation's governing document, applicable law and requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

The Jean Shanks Foundation is registered with the Charity Commissioners (No. 293108) and constituted by a charitable trust deed dated 11 November 1985.

The Trustees who served during the year were:

Mr Eric Rothbarth

Professor Sir Nicholas Wright

Professor Andrew Carr

Dr Julian Axe

Professor Sir James Underwood

Mr Alistair Jones

Professor Adrienne Flanagan

(Appointed 8 June 2012)

The power of appointing new or additional Trustees is vested in the Board of Trustees. The Trustees meet twice yearly to assess grant applications, review current and ongoing projects and to review the Foundation's investment portfolio and agree future funding.

The Trustees are responsible for deciding the overall strategy of the Foundation and monitoring progress. One Trustee (Mr Eric Rothbarth) is delegated by the Board of Trustees to manage the day-to-day operation of the charity as the Managing Trustee.

Objectives and activities

The Foundation's objects are to ensure the advancement and promotion of medical research and education and the dissemination of the results of such research, the establishment and maintenance of scholarships grants and prizes to be awarded to scientists and other people involved in branches of medical and related sciences.

The Foundation funds intercalated year awards to allow medical students the benefit of an extra year's research during their training. It also provides research awards in the general medical field and funds research and other projects where appropriate and in keeping with its aims.

All of the Foundation's objects are recognised by English law to be exclusively charitable.

The Trustees meet regularly with the Foundation's investment advisors to evaluate the performance of its portfolio.

THE JEAN SHANKS FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Achievements and performance

During the year the Foundation's investments performed in line with many other charity portfolios. The Foundation had investment income of £347,736 (2012: £286,177) and gains on investments of £1,526,316 (2012: loss of £182,797). The Foundation had a deficit on income, before gains on investments of £50,659 (2012: before losses of £60,778).

The Trustees have appointed Schroder & Co Limited, an investment bank, to manage the funds and to invest these funds with the aim of generating, on average, a 7% annual return and losses of no more than 15% in any one year.

The Foundation made 27 institutional grants totalling £326,168 (2012: 28 totalling £315,040). The increase was due to a new grant award being made in partnership with the Pathological Society of Great Britain and Ireland as well as one extra MBPhD and a refund of £5,000 from the previous year. The Trustees aim to make grants to more institutions in the future.

The Trustees require a written report annually from each person who receives a grant. The medical school or university reviews the work done. The medical school or recipient will forfeit the following year's grant if no report is submitted or the rules are not adhered to.

The Foundation has made a good start to the current financial year and has weathered the markets well in these volatile times. The Foundation remains conservatively invested.

The Finance Committee met quarterly amongst themselves and have also met with the investment advisors on a regular basis as well as having regular communication amongst themselves and the investment advisors. The investment advisors have also attended the Trustee meetings.

The Foundation is delighted to welcome Professor Adrienne Flanagan who joined in June 2012 as a Trustee.

Financial review

For the year ended 31 March 2013, the results show a net deficit of incoming resources under resources expended of £50,659 (2012: £60,778) and net assets of £19,243,027 (2012: £17,767,370).

The incoming funds were received from the portfolio managed by Messrs Schroders as investment income of £316,326 (2012: £263,346) and bank interest of £31,410 (2012: £22,831). The charity achieved gains on its portfolio amounting to £1,526,316 (2012: losses of £182,797).

The expenditure incurred was for the corporate governance of the Charity amounting to £7,673 (2012: £6,710), investment management charge of £28,600 (2012: £5,719 rebate) and administration and legal and professional fees of £35,954 (2012: £30,924). These costs combined represent 0.38% (2012: 0.18%) of the fund. The increase in the investment management fee is due to the new legislation regarding commissions payable to advisers which now means that the Foundation will pay 0.5% commission on its portfolio valuation annually. The charitable grants made to medical institutions were made as follows:

| | 2013 | 2012 |
|---|----------------|----------------|
| | £ | £ |
| Intercalated grants to medical students contributing to an extra year's study | 165,220 | 179,040 |
| Fellowships allowing up to 3 years' medical research | 83,948 | 70,000 |
| MBPhD awards allowing extra funding for medical research | 62,000 | 41,000 |
| Direct funding | 15,000 | 25,000 |
| | <hr/> | <hr/> |
| | 326,168 | 315,040 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE JEAN SHANKS FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Reserves policy

The Trustees have carefully considered the minimum amount of reserves that they should hold, having taken into account that they wish the Foundation to continue for the long term, the annual commitments that the Foundation has made and wishes to make in the future. The minimum amount of reserves that the Trustees will allow is £4.5 million.

Unrestricted funds at 31 March 2013 were £19,243,027 which is £1,475,657 higher than at 31 March 2012.

Grant making policy

The Foundation continues to support intercalated grants to UK Medical Schools. The Foundation allows one intercalated grant per Medical School which now includes all medical schools in England, Scotland, Wales and Northern Ireland. In addition the Foundation has agreed to support a number of pilot research schemes, MBPhDs and fellowship awards. There is now one grant per medical school and this can be either an intercalated or MBPhD award dependent on the conditions attached to the intercalated grant.

The Foundation will also, in conjunction with the Royal College of Pathologists and the Pathological Society of Great Britain and Ireland, fund fellowships (a three year programme) and up to two annual awards for research (pilot awards).

The Trustees have considered the major risks to which the Foundation may be exposed, and are satisfied that systems are in place to mitigate exposure to these risks.

Investment policy

The Trustees regularly review their investment strategy and have agreed the following guidelines for their investment managers. The objective is to receive an average investment return of 7% per annum in money terms over the longer term. The constraints are that:

1. There is no great need for liquidity but the Foundation will maintain liquid reserves to cover at least one year's grant payments and any commitments for any longer term grants.
2. The portfolio should be managed on a total (capital and income) return basis but with a minimum annual distribution of 4%.
3. The Trustees are looking at a medium term time horizon being 3-7 years.
4. The Trustees employ Messrs Schroders' Investment Management Services, a firm of investment managers, to manage the portfolio.

At 31 March 2013, £1,448,195 (2012: £1,355,322) of the charity's Bank & Cash balance was held by Messrs Schroders' Investment Management Services as part of the investment portfolio. A further £254,833 (2012: £252,596) was held at Coutts in a 90 day notice account and a fixed term deposit at Lloyds TSB of £350,000.

Public Benefit

The sections of this report above entitled "Objectives and Activities of the Charity" and "Review of Activities" sets out The Jean Shanks Foundation objectives and reports on the activity and successes in the period to 31 March 2013 as well as explaining the plans for the current financial year. The Jean Shanks Foundation's work benefits medical practitioners, medical students and medical specialists in carrying further research to further medicine and cures for present and new diseases.

The Trustees have considered this matter and concluded:

1. That the aims of the organisation continue to be charitable;
2. That the aims and the work done give identifiable benefits to the charitable sector and both indirectly and directly to individuals in need;
3. That the benefits are for the public, are not unreasonably restricted in any way and certainly not by ability to pay; and
4. That there is no detriment or harm arising from the aims or activities.

THE JEAN SHANKS FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Plans for the future

The Trustees reviewed and accepted grant applications during the year under review. It is the Trustees' intention to continue to review grant applications in future and make grants where they see fit in line with the grant making policy above. The applications for the medical schools have been received and look very promising. The Foundation will also fund further grants with the Pathological Society of Great Britain & Ireland whereby the two entities will share equally the cost of up to three research related grants at any one time. The Foundation is also planning an Alumni reunion and symposium in October 2013 to gather feedback from its previous awardees.

On behalf of the Board of Trustees

Mr Eric Rothbarth

Trustee

Dated: 5 September 2013

THE JEAN SHANKS FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources of the Foundation for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

THE JEAN SHANKS FOUNDATION

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF THE JEAN SHANKS FOUNDATION

We have audited the accounts of The Jean Shanks Foundation for the year ended 31 March 2013 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. 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 auditors' 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 its 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 explained more fully in the Trustees' Responsibilities Statement on page 5, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 March 2013, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

H W Fisher & Company

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: 18 September 2013

H W Fisher & Company is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE JEAN SHANKS FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|-------------------|-------------------|
| <u>Incoming resources from generated funds</u> | | | |
| Investment income | 2 | 347,736 | 286,177 |
| | | <hr/> | <hr/> |
| <u>Resources expended</u> | 3 | | |
| Costs of generating funds | | | |
| Investment management (fees rebate)/costs | | 28,600 | (5,719) |
| Charitable activities | | | |
| Medical research and education | | 362,122 | 345,964 |
| Governance costs | | 7,673 | 6,710 |
| | | <hr/> | <hr/> |
| Total resources expended | | 398,395 | 346,955 |
| | | <hr/> | <hr/> |
| Net outgoing resources | | (50,659) | (60,778) |
| Other recognised gains and losses | | | |
| Gains/(losses) on investment assets | | 1,526,316 | (182,797) |
| | | <hr/> | <hr/> |
| Net movement in funds | | 1,475,657 | (243,575) |
| | | <hr/> | <hr/> |
| Fund balances at 1 April 2012 | | 17,767,370 | 18,010,945 |
| | | <hr/> | <hr/> |
| Fund balances at 31 March 2013 | | 19,243,027 | 17,767,370 |
| | | <hr/> <hr/> | <hr/> <hr/> |

THE JEAN SHANKS FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2013

| | Notes | 2013 £ | £ | 2012 £ | £ |
|---|-------|-------------------|--------------------------|-------------------|--------------------------|
| Fixed assets | | | | | |
| Investments | 9 | | 17,131,546 | | 16,096,047 |
| Current assets | | | | | |
| Debtors | 10 | 28,783 | | 35,147 | |
| Cash at bank and in hand | | 2,156,885 | | 1,673,524 | |
| | | <u>2,185,668</u> | | <u>1,708,671</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(74,187)</u> | | <u>(37,348)</u> | |
| Net current assets | | | <u>2,111,481</u> | | <u>1,671,323</u> |
| Total assets less current liabilities | | | <u><u>19,243,027</u></u> | | <u><u>17,767,370</u></u> |
| Income funds | | | | | |
| Unrestricted funds | | | | | |
| Unrestricted income funds | | 16,356,307 | | 16,144,460 | |
| Revaluation reserve | | 2,886,720 | | 1,622,910 | |
| | | <u>19,243,027</u> | | <u>17,767,370</u> | |
| | | | <u><u>19,243,027</u></u> | | <u><u>17,767,370</u></u> |

The accounts were approved by the Trustees on 5 September 2013

Mr Eric Rothbarth
Trustee

Professor Andrew Carr
Trustee

THE JEAN SHANKS FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of fixed asset investments.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Charities Act 2011.

1.2 Incoming resources

Income has been recognised gross on the basis of entitlement, certainty and measurement.

Bequests are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

1.3 Resources expended

Resources expended are recognised in the period to which they relate. Resources expended include attributable VAT which cannot be recovered, where incurred, by the charity.

Costs of generating funds are those costs incurred in attracting voluntary income, in particular grant funding and the costs of maintaining the charity's profile within the sector.

Expenditure relating to Medical Research and Education are those elements of expenditure directly incurred in performing these activities.

1.4 Investments

Fixed asset investments are stated at the year end market value.

2 Investment income

| | 2013 | 2012 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Income from listed investments | 316,326 | 263,346 |
| Interest receivable | 31,410 | 22,831 |
| | <hr/> | <hr/> |
| | 347,736 | 286,177 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE JEAN SHANKS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

3 Total resources expended

| | Other costs £ | Grant funding £ | Total 2013 £ | Total 2012 £ |
|---------------------------------------|---------------------|-----------------------|--------------------|--------------------|
| Costs of generating funds | | | | |
| Investment management costs | 28,600 | - | 28,600 | (5,719) |
| Charitable activities | | | | |
| <u>Medical research and education</u> | | | | |
| Activities undertaken directly | 35,954 | - | 35,954 | 30,924 |
| Grant funding of activities | - | 326,168 | 326,168 | 315,040 |
| Total | 35,954 | 326,168 | 362,122 | 345,964 |
| Governance costs | 7,673 | - | 7,673 | 6,710 |
| | <u>72,227</u> | <u>326,168</u> | <u>398,395</u> | <u>346,955</u> |

Auditors' remuneration

| | | |
|---|--------------|--------------|
| Fees payable to the auditor for the audit of the Foundation's annual accounts | <u>7,673</u> | <u>6,710</u> |
|---|--------------|--------------|

4 Activities undertaken directly

| | 2013 £ | 2012 £ |
|--|---------------|---------------|
| Other costs relating to medical research and education comprise: | | |
| Secretarial expenses | 8,103 | 6,630 |
| Office expenses | 5,277 | 1,955 |
| Legal and professional | 22,574 | 22,339 |
| | <u>35,954</u> | <u>30,924</u> |

5 Grants payable

| | 2013 £ | 2012 £ |
|--------------------------------|----------------|----------------|
| Medical research and education | <u>326,168</u> | <u>315,040</u> |

During the year twenty-seven grants were made to institutions (2012: twenty-eight).

THE JEAN SHANKS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

| | 2013 | 2012 |
|---|----------------|----------------|
| | £ | £ |
| Grants to institutions relating to medical research and education comprise: | | |
| University of Birmingham | 9,000 | 9,000 |
| University of Bristol | 9,000 | 9,000 |
| University of Leeds | 9,000 | 9,000 |
| University of Southampton | 9,000 | 9,000 |
| University of Leicester | 9,000 | 2,220 |
| University of Manchester | 9,000 | 9,000 |
| King's College, London | 9,000 | 9,000 |
| Queen Mary, University of London | 9,000 | 9,000 |
| University of Cambridge | 21,000 | 21,000 |
| University of Dundee | 5,500 | 5,500 |
| University of Oxford | 21,000 | 21,000 |
| University of Sheffield | 5,610 | 9,000 |
| University of Hull | - | 9,000 |
| Royal College of Pathologists | 70,001 | 70,000 |
| St George's, University of London | 9,000 | 9,000 |
| University of Cardiff | 9,000 | 9,000 |
| University of East Anglia | 7,500 | 9,000 |
| University of Liverpool | 9,000 | 9,000 |
| University of Nottingham | 20,000 | 20,000 |
| Keele University | 4,110 | 9,000 |
| Brighton and Sussex Medical School | 9,000 | 9,000 |
| University of Newcastle | 9,000 | 9,000 |
| Queen's University Belfast | 9,000 | 9,000 |
| Imperial College | - | (21,000) |
| Academy of Medical Sciences | 20,000 | 20,000 |
| University of Glasgow | 5,500 | 5,500 |
| University of Edinburgh | 5,500 | 7,320 |
| University of Aberdeen | 5,500 | 5,500 |
| Chernobyl related research | (5,000) | 5,000 |
| Pathological Society of Great Britain & Ireland | 13,947 | - |
| | 326,168 | 315,040 |

6 Governance costs

| | 2013 | 2012 |
|----------------------------------|--------------|--------------|
| | £ | £ |
| Other governance costs comprise: | | |
| Accountancy and audit costs | 7,673 | 6,710 |
| | 7,673 | 6,710 |

Governance costs include payments to the auditors for audit fees and preparation of the statutory accounts of £7,673 (2012: £6,710), and under provisions in respect of previous years.

THE JEAN SHANKS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year save for Mr Eric Rothbarth who was paid a fee of £18,000, excluding VAT (2012: £18,000) for his services managing the Foundation on a day to day basis. Four trustees (2012: five) were reimbursed a total of £3,409 (2012: £2,518) travel and office expenses.

8 Employees

There were no employees during the year.

9 Fixed asset investments

| | £ |
|--------------------------------------|-------------------|
| Market value at 1 April 2012 | 16,096,047 |
| Disposals at opening book value | (2,781,823) |
| Acquisitions at cost | 2,306,060 |
| Change in value in the year | 1,511,262 |
| Market value at 31 March 2013 | 17,131,546 |
| Historical cost: | |
| At 31 March 2013 | 14,244,826 |
| At 31 March 2012 | 14,473,137 |

10 Debtors

| | 2013 | 2012 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Other debtors | - | 154 |
| Prepayments and accrued income | 28,783 | 34,993 |
| | <u>28,783</u> | <u>35,147</u> |

THE JEAN SHANKS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

| 11 Creditors: amounts falling due within one year | 2013 | 2012 |
|---|---------------|---------------|
| | £ | £ |
| Other creditors | - | 3,033 |
| Accruals | 74,187 | 34,315 |
| | <hr/> | <hr/> |
| | 74,187 | 37,348 |
| | <hr/> <hr/> | <hr/> <hr/> |

12 Related parties

At 31 March 2013 Mr Eric Rothbarth was owed £21,600 (2012: £24,633) by the Foundation.

Mr Eric Rothbarth's wife, Mrs Lynda Rothbarth, was commissioned by the Foundation to develop and maintain its website in the year to 31 March 2013. During the year she was paid £720 including VAT (2012: £720 including VAT) for this service. This transaction is wholly at arms-length.