Leading science for better health

MRC Medical Research Council

Medical Research Council
Annual report and accounts 2014/15

Medical Research Council

Annual Report and Accounts 2014/2015

Presented to Parliament pursuant to Paragraph 2 (2) and 3 (3) of Schedule 1 of the Science and Technology Act 1965.
Ordered by the House of Commons to be printed on 2 July 2015

HC166

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This publication is available at **https://www.gov.uk/government/publications**

Print ISBN 9781474119313
Web ISBN 9781474119320

ID 20051501 07/15

Printed on paper containing 75% recycled fibre content minimum

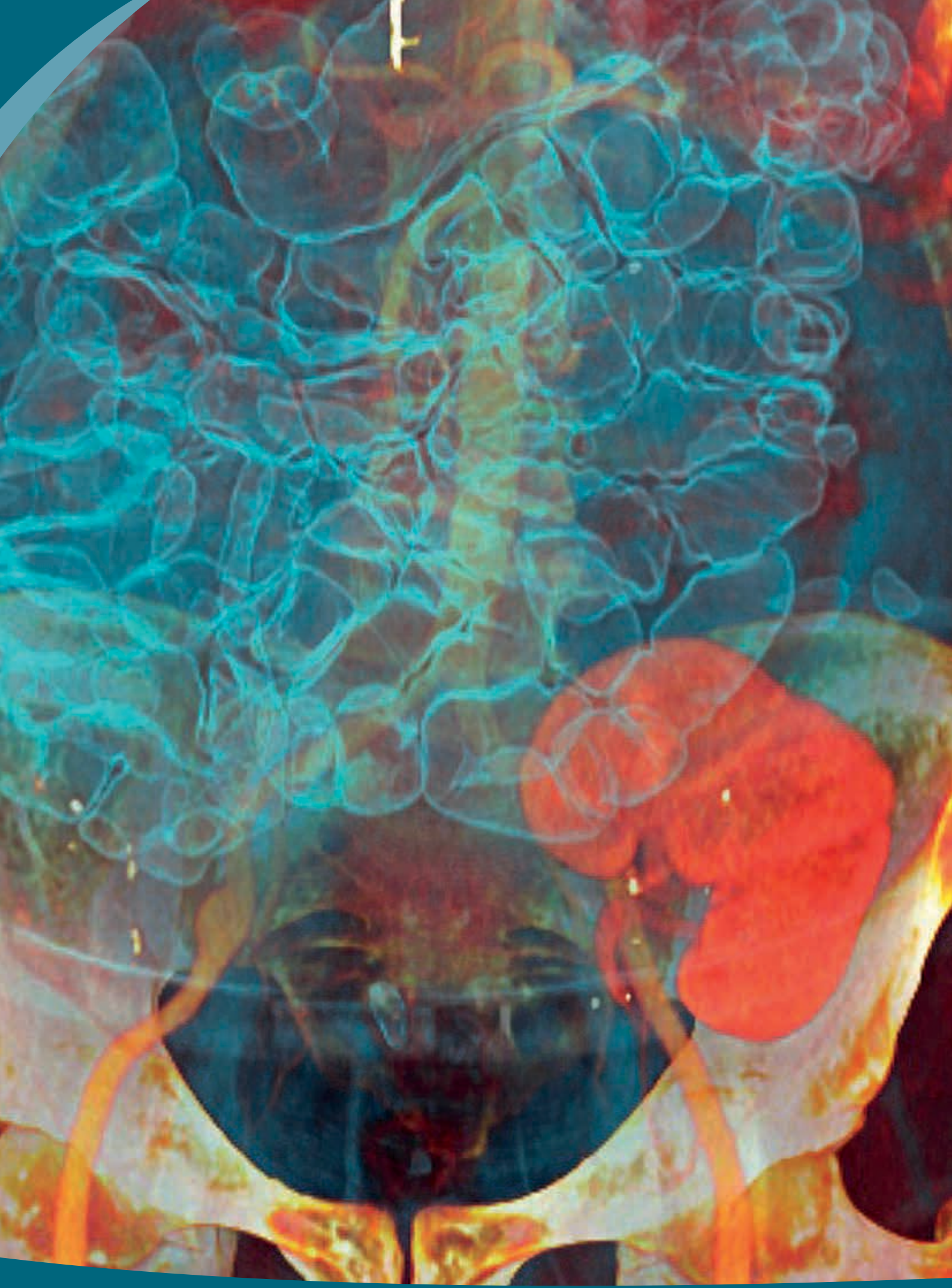
Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

This annual report to Parliament describes our progress in meeting our aims and objectives between 1 April 2014 and 31 March 2015, highlighting key initiatives and partnerships. Each year's scientific achievements are described in more detail in our online annual review and other publications available from the MRC website at **www.mrc.ac.uk/news-events/publications/**

Strategic report

IMAGE: Transplanted kidney, CT scan
Coloured 3-D computed tomography (CT) scan of the chest and abdomen of a kidney transplant patient. Transplantation replaces a failed or failing kidney with a donor kidney which must be grafted on to a different blood supply since the diseased kidney is not removed. The demand for donor kidneys is far higher than the number available. In 2010/11 in the UK there were almost 3,000 kidney transplants, but this still left just under 7,000 people on the waiting list for a healthy kidney. The MRC Centre for Transplantation at Kings College London is at the forefront of research that is extending the ability to store donor organs in a healthy state, and reduce the rejection of donated organs. This includes the development of Mirococept, a drug designed to extend the life of transplanted kidneys, currently being evaluated in a clinical trial.



Foreword from the Chair

2014/15 has been another year of achievement for the MRC and the scientists we support. Here at the MRC we work hard to demonstrate the impact of the research we fund and the importance of the strategic direction and influence that we bring to the UK science base. There is no more important time for doing this than when the Government is conducting a full spending review. Our last resource allocation – for day-to-day spending on science in the 2015/16 financial year – was helpfully slightly more than we anticipated, and we received a capital allocation some 16 per cent higher than the previous year. These increases were both very welcome.

Many challenges to maintaining the strength of medical research in the UK remain, but I am hopeful that the Government will recognise the importance of government support for medical research to the health and wealth of the nation. We are working closely with Research Councils UK (RCUK) and other science organisations to ensure that our funding in the next few years reflects our contribution.

At the end of 2014/15 we closed our oldest research institute, the MRC National Institute for Medical Research (NIMR), founded in 1914. Much of NIMR's research and many of its scientists are going on to form part of the Francis Crick Institute (the Crick), of which the MRC is a founding partner. As the new Crick building in King's Cross, London will not be handed over until November 2015, researchers will remain on the NIMR site at Mill Hill while becoming formally part of the Crick Institute. Work on the Francis Crick Institute building has continued with great efficiency during 2014/15 (see page 21) and MRC Council members were honoured to tour the building in March 2015. I greatly look forward to seeing what researchers can achieve at the Crick in the future.

In 2014 the Department for Business, Innovation and Skills (BIS) published the findings of the Triennial Review of the Research Councils. The review, which examined the form, function and governance of the UK's seven research councils, recognised that the councils were working from a position of strength and that the current number and structure of the research councils was correct. In December 2014 BIS announced a further review of the research councils, led by Sir Paul Nurse, which is examining how the research councils can evolve to support research in the UK in the most effective ways. We are engaging with Sir Paul as he seeks to support the Government's strategy for science and innovation, and are encouraging our partners to do the same.

Businesses in the life sciences sector are key partners in our mission to improve the health and wealth of the UK. Encouraging academic and industry researchers to work together, and supporting translational research, are priorities for the MRC. In August 2014 we launched our new Proximity to Discovery – Industry Engagement Fund (see page 16) which aims to encourage creative approaches to building relationships and enabling collaborative exchanges between academia and industry.

I look forward to seeing what these partnerships bring, and indeed, what the coming year brings for the MRC and the scientists we fund.

Donald Brydon CBE

Foreword from the Chief Executive

A major theme for the MRC during 2014/15 has been the importance of working in partnership with other organisations, including the other research councils, the UK health departments, Innovate UK, medical research charities, the National Institute for Health Research, and higher education institutions.

A project that exemplifies this partnership working model is the Clinical Research Infrastructure Initiative, the recipients of which we announced in October 2014. This £230m initiative is seeing innovative technologies for stratified and experimental medicine, dementias research and single cell functional genomics be installed at 18 higher education institutions and consortia which shared a total of £171m from the MRC, the Department of Health via the MRC, the devolved administrations, the British Heart Foundation and Arthritis Research UK. Future strategic alignment is expected from the Wellcome Trust and Cancer Research UK, the research councils and the Scottish Chief Scientist Office. You can read more about this ambitious initiative on page 20.

Partnership is also at the heart of our Proximity to Discovery – Industry Engagement Fund, which the Chairman has mentioned in his foreword. In this case we're encouraging academic scientists to engage with companies to establish collaborations at the very earliest stages and participate in people exchanges. I was pleased to see 16 universities sharing £3m of funding in March 2015. I will watch with interest to see the fruits of these creative collaborations.

The need for partnership working is no more evident than in efforts to harness the huge potential of healthcare, socioeconomic and biological data. We have made great strides in recent years with the introduction of the cross-funder Farr Institute of Health Informatics Research, as well as our investments in medical bioinformatics and 'omics' technologies. But there is a risk of a fragmented landscape when so many initiatives and partners are involved, so I've been particularly proud this year that the MRC has led coordination across UK investments and strengthened alignment with partners to ensure that the nation gets the best from big data research.

Our stratified medicine research consortia, which increased to 13 in 2014/15, rely on partnership working between the 32 academic and 51 industry organisations of which they are comprised. In 2014/15 we looked beyond the research that the consortia are doing to find ways to stratify and treat disease to how these interventions will reach patients. This means ensuring that there are robust ways and means to develop and adopt new diagnostic tests and therapies. In 2014/15 we undertook a review of molecular pathology, which we followed up with a joint £17.5m call with the Engineering and Physical Sciences Research Council to establish up to eight multidisciplinary nodes for the discovery and development of molecular diagnostic tests. Read more on page 17.

Another significant achievement during 2014/15 has been a review of non-clinical research careers as part of our role in training future research leaders. Based on this review we produced a research career framework onto which non-clinical career stages have been mapped to help clarify the career options available to people at any stage of a biomedical research career. You can find out more about the framework and our fresh approach to supporting careers, including the removal of time bound eligibility criteria from fellowship schemes, on page 20.

We now have 16 university units across the Universities of Bristol, Cambridge, Dundee, Edinburgh, Glasgow, Oxford, Southampton and UCL. In 2014/15 we put in place measures to assess the impact of moving to this more flexible funding model. In February and March of 2015, I visited each university unit and met the unit director and the university vice-chancellor to discuss the transfers. I was pleased to see that the units are bedding in well and that early indications suggest that the moves have been positive. Plans are in place to transfer more units in the coming years, and I am sure that they too will reap the rewards of this effective way for us to fund science.

Sir John Savill

Our purpose

The MRC is a publicly-funded organisation dedicated to improving human health. We support world-class research across the entire spectrum of medical sciences, from fundamental laboratory-based science to clinical trials, in all major disease areas. We fund research in universities, hospitals and in our own research units and institutes across the UK and in Africa.

We work closely with key stakeholders and other research funders in the UK and internationally to deliver our mission, prioritising basic and clinical research that is likely to make a real difference to human health – by preventing disease, changing medical practice and enabling development of new treatments and medical devices.

Our stakeholders include the UK's health departments and other government departments and agencies, the six other research councils, Innovate UK, industry, the academic and charity sectors, and, of course, the public.

Established in 1913 and incorporated by Royal Charter in 1920, the MRC's mission is to:

- Encourage and support research to improve human health.
- Produce skilled researchers.
- Advance and disseminate knowledge and technology to improve the quality of life and economic competitiveness of the UK.
- Promote dialogue with the public about medical research.

The MRC's Council

The MRC's Council directs and oversees corporate policy and scientific strategy, ensures the organisation is managed effectively and makes major policy and spending decisions. Council members share collective responsibility for its actions and performance. Responsibility for implementing the Council's strategy and decisions is delegated to the Chief Executive. The Governance Statement in the accounts (page 67) provides information about Council's membership, performance and attendance. Information about the Council's subcommittees is also contained within the Governance Statement.

The MRC receives its core funding allocation from the Department for Business, Innovation and Skills (BIS), in line with the Government's spending review cycle. We receive additional funding from other partners to take forward collaborative projects and joint initiatives which increase the impact of our work and the public funding we receive.

Our allocation from Government for 2014/15 was agreed under the 2010 Spending Review. T*he MRC Delivery Plan 2011/12–2014/15* details the MRC's spending priorities and intended activities for the spending review period. It describes how the MRC will use its resources to achieve its mission and contribute towards the Government's objectives for the science budget.

Progress is reported to Council and, via biannual meetings, to BIS. A summary of this progress is included in the subsequent annual delivery plan reporting framework document, which also sets out which areas of the MRC's activity will be reported on in detail over the next year. The delivery plan reporting framework for 2014/15 is available on the MRC website at **www.mrc.ac.uk/news-events/publications/delivery-plan-reporting-framework-2014-15/**

The MRC also reports annually on the outputs, outcomes and impact of MRC research. Further information on these reports is available at **www.mrc.ac.uk/research/achievements/**

In 2014/15 the MRC's gross research expenditure, funded by our BIS budgetary allocation and contributions from other bodies, was £771.8m compared to £845.3m in 2013/14. The support for world-class medical research to improve human health and enhance the economic competitiveness of the UK included:

- £366.7m on grants to researchers in universities, medical schools and research institutes.
- £240.3m on programmes within the MRC's own units and institutes including £7.2m on studentships.
- £84.2m on programmes within university units.
- £63.9m on studentships and fellowships in universities, medical schools and research institutes; there were approximately 1500 postgraduate students and 391 fellows (including Clinical Research Training fellows) in March 2015.
- £16.6m for international subscriptions.

See page 28 for key facts and figures relating to the MRC's research spending in 2014/15.

To address important scientific opportunities and health needs, and when stand-alone grant support is insufficient, the three main support mechanisms used by the MRC are:

1. **Institutes** – long-term flexible multidisciplinary investments.
2. **Units** – more focused investments established for as long as needed to support a scientific need and/or deliver a research vision.
3. **Centres** – investments which build on existing MRC and other support to add value and help establish a centre of excellence.

All three are mission-focused and carry out ground-breaking research including innovative methodology and technology development. Developing strategically driven initiatives, led by an expert scientific director, can help promote novel, high risk approaches, cooperative research programmes, or the development of shared infrastructure.

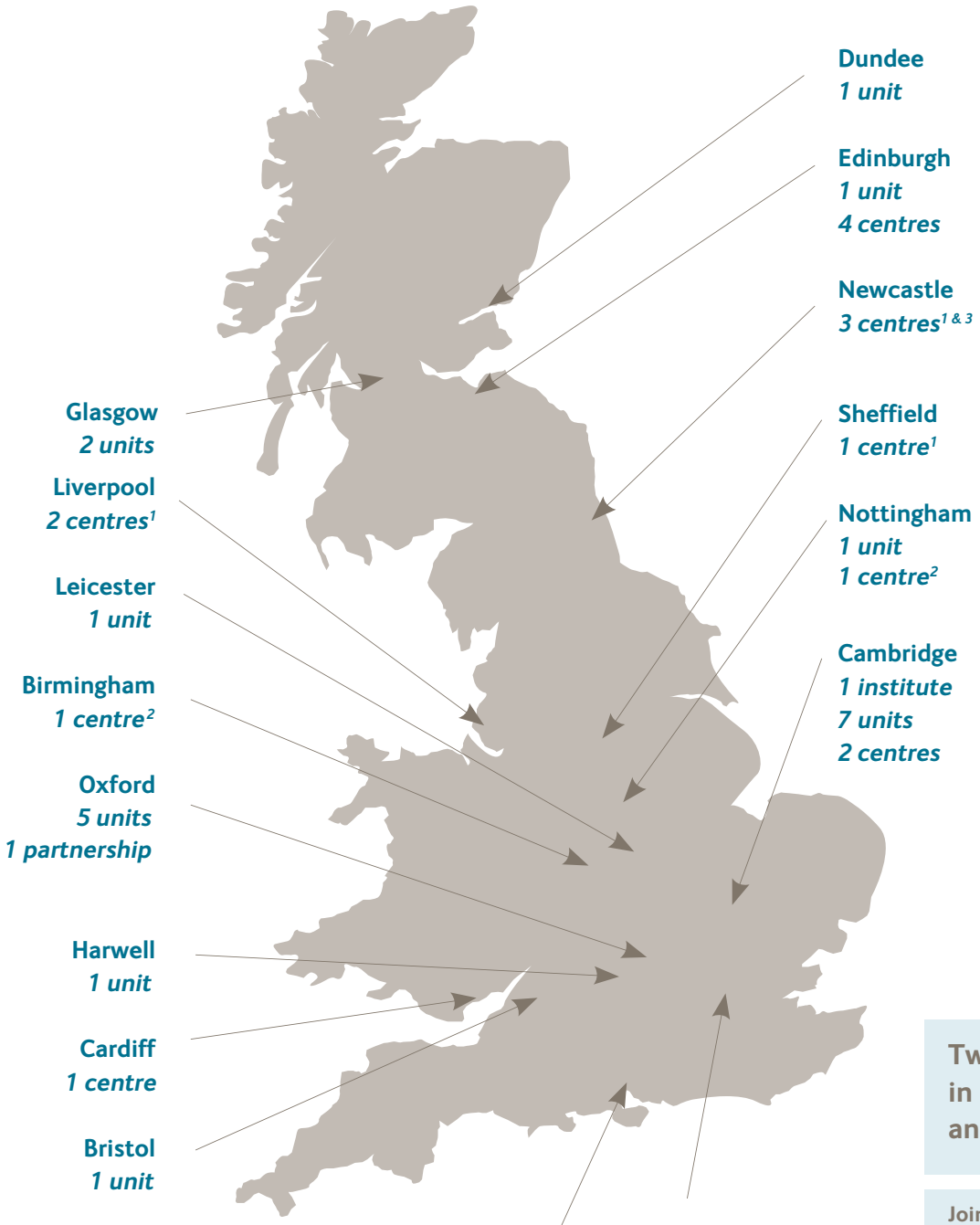
At 31 March 2015, the MRC's large-scale investments included three institutes[1], 27 units (including 16 MRC university units and two research units in Africa) and 21 centres plus the CRUK/MRC Oxford Institute for Radiation Oncology. All institutes, units and centres are reviewed every five years.

In addition, the MRC has a portfolio of strategic partnerships and hubs including five UKCRC Public Health Research Centres, the Scottish Collaboration for Public Health Research and Policy, the Research Complex at Harwell, six methodology hubs, four high-throughput hubs and the Farr Institute for Health Informatics Research.

The changes to the quinquennial review (QQR) process for units and institutes approved by MRC Council in October 2013 were implemented for all reviews that took place in 2014/15. See page 22 for a summary of significant activities during 2014/15 relating to our large-scale research investments.

1. Including the NIMR which closed on 31 March 2015

Figure 1: The MRC's large-scale research investments as at 31 March 2015



Two MRC units in The Gambia and Uganda

Joint centres
1. Liverpool, Newcastle and Sheffield
2. Birmingham and Nottingham
3. UCL and Newcastle

Our strategy

In 2013 we published a refreshed strategic plan, Research Changes Lives 2014-2019, which continues our strategic direction, building on our strengths and achievements and also taking into account new scientific opportunities to secure tangible impact from MRC research.

MRC strategic aims:

- **Picking research that delivers:** setting research priorities which are most likely to deliver improved health outcomes (see page 13).
- **Research to people:** bringing the benefits of excellent research to all sections of society (see page 15).
- **Going global:** accelerating progress in international health research (see page 18).
- **Supporting scientists:** sustaining a robust and flourishing environment for world-class medical research (see page 20)

Report on key activities

The MRC spends hundreds of millions of pounds directly on research every year. However, we also work in leading policies around research practice, facilitating vital multidisciplinary and cross-sector collaboration, communicating the importance of medical research to a variety of audiences, and establishing the kinds of research environments that allow scientists to flourish.

To capture all our activities in the year 2014/15 would be impractical; what follows are a number of highlights that we think best capture our progress in each of the four areas of the MRC strategic plan for 2014-2019, *Research Changes Lives*.

Picking research that delivers

Research Changes Lives 2014 – 2019 sets out our research priorities under two themes: Resilience, repair and replacement, and Living a long and healthy life. We aim to speed up the exploitation of the best ideas in these areas, from fundamental discovery science to therapeutic interventions. In 2014/15, the MRC continued to support world-class scientists working in fields relevant to these themes.

Broad priority areas within these themes include research into the causes and prevention of neurodegenerative diseases; tackling addiction, and the promotion of mental health; regenerative medicine; investigating the genetic basis of disease; ageing research, including the impact of lifestyles and the environment; and studying how the body protects itself from disease.

Regenerative medicine is an emerging multidisciplinary field of research that holds promise for treating a range of conditions by repairing, replacing or regenerating cells. In 2014/15 the MRC continued to pursue our strategic aim of translating knowledge in regenerative medicine into treatments.

Much of our work in regenerative medicine is done in partnership – including with UK bioindustry – to create a national programme of knowledge, technology and skills to keep the UK at the leading edge of the field. The MRC-led *Strategy for UK Regenerative Medicine*, published in 2012, guides work in this area.

A key component is the £25m **UK Regenerative Medicine Platform (UKRMP)**, a collaboration between the MRC, the Biotechnology and Biological Sciences Research Council (BBSRC) and the Engineering and Physical Sciences Research Council (EPSRC). The UKRMP published its first annual report in October 2014, detailing its progress in relation to the wider UK regenerative medicine landscape.

In 2014/15 the platform's final research hub, in the area of immunomodulation, was established with £2.3m in funding. A total of £20m has now been committed on the five cross-institutional research hubs, each addressing a key knowledge or technology area needed to support the development of new treatments.

In April 2014 the UKRMP announced a total of £7.1m of funding to five research consortia in areas with therapeutic potential, including arthritis, blindness, fractures and liver disease. Three of these awards were made in partnership with Arthritis Research UK and the Dutch funder Reumafonds.

Another key partner in our regenerative medicine work is the Wellcome Trust. In November 2012 we announced the **Human Induced Pluripotent Stem Cells Initiative**, a £13m joint scheme led by the Wellcome Trust (to which the MRC contributed £4m). This will create a catalogue of approximately 800 high-quality adult stem cell lines for use in fundamental research and disease modelling. Second-stage funding for the initiative was released in 2014/15.

Other significant regenerative medicine investments in 2014/15 included a £3m Innovate UK/MRC Biomedical Catalyst award to scientists at the **MRC Centre for Regenerative Medicine** to carry out the world's first clinical trial using macrophage cell therapy to treat liver cirrhosis. This proposed new treatment aims to exploit the liver's natural ability to repair itself, and avoid liver transplants for people with cirrhosis.

Regenerative medicine treatments will rely on reliable mass production of cells. Also in 2014/15 we awarded an academic-industry partnership £1.3m to develop novel automation technology for stem cell manufacture. The partnership involves a number of higher education institutions, led by the University of Manchester, and Tokyo Electron Ltd, a Japanese company which has established a UK presence to undertake this work.

Age-related neurodegenerative diseases are a major research priority for the MRC, presenting as they do one of the biggest medical and societal challenges for many nations. The dementias are responsible for the greatest burden of disease, with Alzheimer's disease accounting for around three-quarters of dementia sufferers in the UK.

In 2014/15 we continued to work with Government departments, research funders and medical research charities to shape and coordinate the UK's dementias research agenda. We are on track to meet our target of doubling MRC spend on dementias research from £16.6m in 2010/11 to £33.2m by 2015/16, part of our response to the **Prime Minister's 'Challenge on Dementia'** launched in March 2012.

In June 2014 we launched the £53m **Dementias Platform UK (DPUK)**, a public-private partnership involving nine universities and six companies which brings together a number of patient and population cohorts – comprised of two million people – to provide researchers with the power to detect pre-symptomatic and early-stage disease, and look at

dementias in the context of the whole body. This will provide new understanding of disease progression, opportunities for the development of treatments for symptoms, and, ultimately, therapies to modify progress of the disease. The platform has been developed with large pharmaceutical companies and small- and medium-sized enterprises, with £4m of the funding received from industry.

Our Clinical Research Infrastructure Initiative, the awardees of which were announced in October 2014 (see page 20), also contributed to DPUK. Awards totaling £37m will create PET/MRI scanning, informatics and induced pluripotent stem cell (iPSC) networks. Separate awards under the scheme were also made for a powerful £7m dementias-dedicated MRI scanner at the University of Cambridge and a £1.2m upgrade to an MRI scanner at University College London.

UK Biobank, a 500,000-person cohort study, lies at the heart of DPUK. In 2014 it commenced a pilot study carrying out brain and body imaging of 8,000 participants, and genotyping of all 500,000 members. The results of this work will provide unique and valuable data for dementia research.

At the European and global level, 2014/15 saw the MRC's continued involvement in two major international neurodegeneration collaborations: the **EU Joint Programme in Neurodegenerative Disease Research (JPND)** and the **International Network of Centres of Excellence in Neurodegeneration (COEN**). In 2014 we designed and led a joint JPND call for working groups to use existing cohort study data in neurodegenerative disease research, making 10 awards. JPND also secured an EU Horizon 2020 grant to underpin a £30m call in January 2015 for research on neurodegenerative disease risk factors, advancing experimental models and cohort study approaches. COEN also agreed to launch its second round of funding in mid-2015.

Another consequence of an ageing population is an ageing workforce. One theme of the new £1.4m **Arthritis Research UK/MRC Centre for Musculoskeletal Health and Work,** which was announced in November 2014, will be research into the three main musculoskeletal causes of work disability – back, neck and arm pain, osteoarthritis and inflammatory arthritis – and their impact on older people in the work place. These causes will also be explored in the wider work of the centre, with the aim of finding cost-effective ways of reducing the impact of conditions that affect the muscles, joints and bones on people's employment and productivity, with benefits for patients, employers and society as a whole.

Research to people

The second aim of *Research Changes Lives* is bringing research to people. This encompasses the translation of research from laboratory to healthcare settings as well as communication about research. It also ensures that the right regulations, ethics, governance and relationships with decision-makers are in place to safeguard the trust of the public and realise the full benefits of research for people and the economy.

One aspect of this is accelerating the movement of research from discovery to commercialisation with the **Innovate UK/ MRC Biomedical Catalyst**. The programme links up the activities of the MRC and Innovate UK (formerly the Technology Strategy Board) to provide a continuous set of support for both academic and industry scientists, from early-stage feasibility testing or establishing proof of concept, to later stage demonstration of clinical effectiveness.

In 2013 the Government announced that Innovate UK funding for the Biomedical Catalyst would be extended beyond its initial three years, boosting the total budget from £180m to £240m. The first awards under the scheme were made in August 2012, followed by a further six rounds, with the MRC providing funds to academic researchers and Innovate

UK awarding funds to small- and medium sized enterprises. Within the Biomedical Catalyst, the Confidence in Concept scheme provides funding directly to universities for early translational projects to generate the data required to support an application to a more substantive translational scheme. Collectively the Biomedical Catalyst scheme delivers a continuity of funding across academically and commercially led research, enabling the pull through of academic research into a commercial setting. As of 31 March 2015, the Biomedical Catalyst had made 293 awards. Since 2011, when it was announced, a total of £234m grant funding has been invested, split equally between the MRC and Innovate UK. So far, grant funding has leveraged in excess of £117m in matched funding and at least £120m in post-award investment.

2014/15 was a significant year for progressing our partnerships with pharmaceutical companies to provide UK academic researchers access to deprioritised compounds. We launched the landmark £8m **MRC/AstraZeneca Mechanisms of Disease Initiative** in 2011 as part of the Government's Life Sciences Strategy. Under this new type of collaboration, we funded academic researchers to make use of 22 deprioritised AstraZeneca compounds to investigate disease mechanisms and explore repurposing the compounds for new disease areas. Following on from the success of this initiative, in December 2014 we announced that we are now working with seven companies – AstraZeneca, GlaxoSmithKline, Janssen Research & Development LLC, Lilly, Pfizer, Takeda and UCB – to offer researchers access to **68 clinical and preclinical compounds** originally developed for a broad range of indications from schizophrenia, Alzheimer's disease and allergic rhinitis to chronic obstructive pulmonary disease, rheumatoid arthritis, diabetes and oncology. Flexibility is a key feature of the partnership, with more partners able to join in the future and existing partners able to add compounds to the pool, adding to the virtual library.

Supporting researchers to collaborate with industry is an integral part of our translational research strategy. In 2014/15 we continued to implement innovative ways of working with industry partners to support this goal.

Academic researchers and industry will also be brought closer together under our new **Proximity to Discovery – Industry Engagement Fund**, launched in August 2014. These flexible awards of up to £250,000 can be used to support activities that promote the value of academic-industry partnership and facilitate and enhance understanding. These might include short-term exchanges of people to enhance skills, knowledge and understanding, or enabling universities to highlight opportunities to potential industrial partners. A total £3m in funding was announced for 16 universities in March 2015.

Working with industry forms an important part of our £60m **Stratified Medicine Initiative**, launched in 2011. Stratified medicine is an approach which recognises that although patients can share the symptoms of a disease, their response to treatment, and the mechanism by which their disease is caused, may be different. We can use the advances in diagnostic techniques such as imaging, genetic tests and the identification of biological factors to more accurately define these groups, ensure they get the most appropriate existing treatment and develop new therapies. Funding for research into stratified medicine in the UK is carried out under a coordinated strategy across health departments, Innovate UK, charities, the MRC and industry.

The initiative takes a disease-specific approach, helping to form and fund research consortia of varied expertise around a particular disease. The consortia are multidisciplinary, involving industry partners, the NHS and academic groups. At their core are cohorts of patients with the disease, who have been extensively studied and provide the valuable insights the researchers need.

In January 2015 the MRC announced four new awards, totaling £13.7m, for consortia applying a stratified approach to asthma, colorectal cancer, hypertension and lupus. This brings the number of consortia supported by the initiative to 13, joining three pilot consortia in rheumatoid arthritis, chronic obstructive pulmonary disease, and diabetes; and hepatitis C, Gaucher's disease, rheumatoid arthritis, primary biliary cirrhosis, psoriasis and schizophrenia.

These consortia are helping to place the UK at the forefront of the stratified medicine field by combining research excellence with high-quality clinical data and resources. Together they include 32 academic partners and 51 industrial partners.

But to capture the potential benefits of the field, we must ensure that there are robust ways and means to develop and adopt new diagnostic tests and therapies. To better understand the needs of the UK in the development and adoption of diagnostic tests, the MRC undertook a **review of molecular pathology**, which was published in August 2014. This recommended that the diagnostic development path is mapped, that researchers, pathology services and industry are brought into closer proximity, and that the skills base in the UK be enhanced.

Based on the recommendations of the review, we launched a joint £17.5m call with the EPSRC (£15m from the MRC and £2.5m from the EPSRC) to establish up to eight multidisciplinary nodes for the discovery and development of molecular diagnostic tests. We are partnering with the EPSRC because molecular diagnostics requires the fusion of biomarkers with a means of assessing them – which often emerge from the engineering and physical sciences. The nodes will cooperate as a network, addressing skills gaps, sharing best practice and evaluating any new tests. They will also be expected to complement partner investments such as the NIHR Diagnostic Evidence Co-operatives and Innovate UK's Precision Medicine Catapult.

Experimental medicine is research in people to investigate disease mechanisms or to demonstrate proof of concept of a new discovery or treatment. These mechanistic insights can then be applied to therapeutic approaches or provide opportunities for reverse translation into fundamental research. In 2012/13 the MRC established an ambitious new scheme in this area, the **Experimental Medicine Challenge Grants**, which has committed £25.8m so far.

In July 2014 the second round of grants was awarded to four proposals: exploring the effect of inflammation in the elderly in suppressing immune response to vaccines; looking at the role of appetite hormones in alcohol and cigarette addiction; understanding the progression of Parkinson's disease; and analysing the underlying mechanisms that cause the breathing problems often seen in preterm-born children. A third round of funding will take place in 2015/16.

Bacteria and other microbes are becoming resistant to existing antimicrobial drugs with few new treatment options available. This global issue could have catastrophic consequences, with the risk that healthcare is returned to the pre-antibiotic era. Tackling the threat of antimicrobial resistance is an important strand of our aim of getting research to people, as well as securing global health and improving resilience to disease.

In 2013 the Department of Health launched a five-year strategy for antimicrobial resistance. In parallel with this, the MRC established the **Antimicrobial Resistance Funders' Forum** comprising the seven research councils, along with health departments, Government bodies and charities. Its aim is to bring together the key UK funders and stakeholders to develop a coordinated approach to research addressing antibiotic resistance in humans and animals. With the leadership of the MRC, the forum aims to make the UK a major global force in AMR research. An **AMR cross-council initiative** was launched in June 2014, led and managed by the MRC on behalf of the other research councils. The initiative is the first time that all seven research councils have come together to tackle a single challenge.

The initiative has identified four themes to target investment over the next five years. In June 2014 BBSRC and the MRC launched two calls under the first theme to support research to improve the understanding of antimicrobial resistance and identify new targets for potential therapies. The funded projects are of two types: small, high-risk/high-gain innovation grants; and broad, multi-sector collaborative grants to understand the mechanisms of resistance formation and spread. Four innovation grants and two collaboratives were awarded in 2014/15, totalling £6m. A further call to support small high-risk grants was launched in January 2015.

An important part of our aim to get research to people is communication, and part of the MRC's Royal Charter is to promote dialogue with the public about medical research. In 2014/15 we refreshed our **Communication and Engagement Strategy** to align it both with *Research Changes Lives 2014-2019* and with the increasingly digital environment in which we communicate. The strategy confirms our duty to engage with the public and other groups, to give an account of our research and to ensure that public views and concerns are reflected in our decision-making. The strategy is for the MRC community in its entirety, and shows how each part plays a critical role in engaging colleagues, stakeholders, partners, the public and others to ensure that the ambitions, activities and achievements of the MRC are communicated clearly and effectively.

Also in 2014/15 we overhauled our **corporate website and intranet**. Both were more than 10 years old and relied on outdated and difficult-to-support content management systems. In 2014 we replaced both with modern, easy-to-use, easy-to-update sites responsive to mobile devices, which are cheaper for us to maintain. We have also put in place procedures and governance to ensure that the sites are managed and maintained effectively.

Going global

The third aim of *Research Changes Lives* is to use experience, expertise and resources to encourage partnerships with and among the international community, to tackle important and challenging research goals. This includes supporting scientists in developing countries to build capacity in global health.

Research is an international activity and a major role of the MRC on the global stage is to represent the UK interests and shape science policy to ensure it is fit for purpose, supports research and is compatible with UK legislation. In April 2014 the Chancellor launched the Newton Fund, an initiative intended to strengthen research and innovation partnerships between the UK and emerging knowledge economies. It will deliver £375m over five years.The MRC has successfully bid for £43.5m from the Newton Fund to support projects over the five years.

In 2014/15 we have worked with a number of partner organisations in these Newton Fund countries to design, develop and deliver calls for proposals for collaborative research between UK and Newton Fund countries. For example, in February 2015 we announced the creation of three **joint India-UK research centres**, two of which will focus on research into antimicrobial resistance (AMR), and the other on cancer biology.

Projects funded under these schemes will lead to health benefits as well as the development of research capacity in these countries.

Also at an international level in 2014/15 we played an integral role in the formation of the second incarnation of the **European and Developing Countries Clinical Trials Partnership (EDCTP2)**, of which our Director of International Strategy, Dr Mark Palmer, is the Chair of the General Assembly. The first €400m EDCTP partnership ran from 2003 to 2013 and concentrated on clinical trials of interventions in the areas of HIV, TB and malaria. EDCTP2 is a partnership between the European Commission, 13 European countries and 13 nations in Sub-Saharan Africa. Its €1.3bn budget over 10 years will support clinical trials of drugs and vaccines for a wider range of poverty-related diseases of specific relevance to Sub-Saharan Africa. As well as aiming to find cures and vaccines for diseases, it aims to build capacity for clinical trials in Africa, with a significant number of new scientists being trained and most of the work being led by African scientists. Capacity-building efforts will include grants for research training networks, career development for fellows, strengthening ethics and regulatory bodies, and mentoring and partnerships at individual, institutional or regional levels.

The MRC and the French National Institute for Health and Medical Research (INSERM) were the founding signatories of the partnership, which was formally launched in December 2014. The MRC also represents both the MRC and UK Department for International Development on the Partnership's General Assembly.

To deliver health interventions to populations effectively, nations need robust evidence on the best way to do so. This is no more true than in low- and middle-income countries where health systems face many challenges, including substantial socioeconomic and health inequalities, and the evolving disease burdens associated with rapid globalisation.

The MRC is committed to the translation of research findings into health systems in developing countries. In 2013 the £15m **DFID/ESRC/MRC/Wellcome Trust Health Systems Research Initiative** was launched with the first of three annual £5m funding calls. The funding decisions were made in October 2014. The 15 funded projects included 10 smaller scale development grants and five larger scale research grants. Research areas include maternal and child health, and the integration of treatment for mental illness into care for chronic diseases. Part of the projects is establishing partnerships with policymakers and other users of evidence such as national Ministries of Health or local delivery partners. This will ensure that the evidence is of direct relevance, accelerating the strengthening of health systems and the translation of research into practice. The second of the three calls was made in November 2014.

The MRC Centre for Outbreak Analysis and Modelling, as part of WHO Ebola Response Team, alerted the world to the scale of the **West Africa Ebola outbreak** in 2014. When the WHO declared the outbreak an emergency in August 2014, the MRC quickly engaged with funding partners the Wellcome Trust and DFID, to rapidly assess and fund a £2.8m grant to support the first UK, phase 1 trial of an Ebola vaccine candidate. A team led by Professor Adrian Hill at the Jenner Institute at the University of Oxford commenced safety tests and immunogenicity of a candidate Ebola vaccine developed by GlaxoSmithKline and the US National Institutes of Health initially in volunteers in Oxford and then West Africa. This joint approach built on strong partnership working established through our **Joint Global Health Trials Scheme**.

We also provided a strategic supplement award to the MRC Human Immunology Unit in Oxford to continue to develop a platform for the development of novel immune-therapeutics against emerging infections.

Supporting scientists

The fourth and final aim of *Research Changes Lives* is to strengthen the UK research base to enable the scientific community to respond effectively to current and future grand challenges in medical research.

Ensuring that the UK's medical researchers have access to the most recent technology will help them to answer the biggest questions in medical research. In October 2014 we announced 23 awards under our **Clinical Research Infrastructure Initiative**, starting in April 2015, which aims to catalyse scientific innovation, enhance the translation of research and collaborations with industry and add value to existing UK clinical research infrastructure.

Under this initiative for 2015/16, a total of 18 higher education institutions and consortia will receive £171m. The Department of Health wil contribute £150m via an allocation to the MRC, £2.1m by the British Heart Foundation and Arthritis Research UK, and the remainder by the MRC and devolved health administrations. An additional £60m has been leveraged from Higher Education Institutions (HEIs), bringing the total investment to £230m. Future strategic alignment is expected from the Wellcome Trust and Cancer Research UK, the research councils and the Scottish Chief Scientist Office.

Projects were funded in three areas: innovative technologies for stratified and experimental medicine, dementias research and single cell functional genomics. They include new state-of-the-art facilities for medical imaging, proteomics and genomics, health and bioinformatics, image-guided therapies and technology to prepare and analyse single cells. Highlights include a new £24m data centre for Genomics England and a £37m investment in technology for the UK Dementias Platform (see page 14). Ultimately we expect the initiative to improve the stratification, diagnosis and treatment of patients, particularly those with chronic diseases such as dementias, cancer, diabetes and cardiovascular disease, by strengthening partnerships between the academic, NHS and industry sectors.

Investments have been aligned with academic research strengths and institutional clinical structures. Facilities will be available as part of the national science base – making clinical research central to UK life sciences.

Supporting scientists is not just about providing the right infrastructural environment, it is also about providing the right support at the right time and MRC is committed to ensuring that our researchers feel supported in making career choices. Medical research careers rarely follow a set path and in 2014/15 we launched the world's first interactive careers guide for those working in non-clinical medical research or hoping to do so. The **Interactive Career Framework** is aimed at all those wishing to pursue a career in the field – be they an apprentice in a medical research setting looking for the next step, or someone moving from being a postdoctoral researcher to an independent investigator. The interactive guide provides clear signposting, users can select a variety of opportunities and discover more about what different roles entail, the experience and skills needed at each stage. Case studies of researchers at different stages of their careers are also featured providing an insight into the variety of research careers and the different pathways taken. The framework was constructed after broad consultation with individuals and groups from all areas of medical research including the Academy of Medical Sciences, charities, industry and other research councils and will be developed further with additional career routes, case studies and interactive tools.

In addition to developing the interactive framework, a review of medical research careers – *Bringing Research Careers Into Focus* **www.mrc.ac.uk/news-events/publications/mrc-review-of-next-destinations/** – was conducted in 2014/15, using online questionnaires and telephone interviews with nearly 400 non-clinical medical researchers funded by the MRC. The review focussed on the first ten to twenty years following a respondents' MRC award in order to find out how much of an impact MRC funding had had on their chosen career path and, importantly, to identify what factors acted as 'enablers'

in career advancement and which factors may act as an obstacle. As a consequence we have refreshed the way we support tomorrow's leaders in discovery science by removing eligibility criteria based on years of post-doctoral experience to ensure we are providing the right support at the right time. This will allow for variations in career paths, recognising that the speed of career progression can be affected by factors unrelated to a person's scientific potential.

There are unparalleled opportunities for the UK to become a world leader in informatics research by harnessing our unique resource of clinical, socioeconomic and biomedical data. The MRC has made a substantial contribution to achieving this vision through significant investments in research, infrastructure and in people skilled in using health records and biomedical datasets. Such investments will increase the speed and scale on which we are able to develop more effective treatments, understand causes of disease and identify health risks.

To tackle the challenges of this big data era, the MRC has invested approximately £100m between 2012 and 2014, in partnership with Government and charity funders, to build the UK's capability in medical bioinformatics and health informatics research.

Existing investments before 2014/15 include the **Farr Institute of Health Informatics Research** (incorporating the E-Health Informatics Research Centres and the UK Health Informatics Research Network), **the EPSRC and MRC Centres for Doctoral Training New Mathematics for Biology and Medicine**, and six strategic projects in medical bioinformatics to strengthen collaborative links, improve tools and infrastructure for researchers and support the safe use of biological and patient data for medical research across all diseases.

Included in this £100m, in August 2014 we announced a £24m investment in Genomics England. The funding will provide the computing power necessary to ensure that participant data from **Genomics England's 100,000 Genomes Project** will be properly analysed and interpreted, and made available to doctors and researchers securely.

With the plethora of new medical bioinformatics and health informatics infrastructure and research initiatives being delivered by the MRC and its partners, there is a danger that the landscape becomes fragmented, that systems develop in isolation and the significant value and potential of the investments becomes diminished. Another major activity in 2014/15 was driving the coordination, collaboration and connectivity across these investments and strengthening alignment with partners. This took the form of workshops, partnership events and discussions with the pharmaceutical and technology industries (working with the ABPI and Innovate UK), Genomics England and the 100,000 Genomes Project, the NIHR and ESRC Administrative Data Research Centres (ADRCs). Going forward these partnerships will be developed to ensure the UK achieves maximum knowledge and value from the opportunities presented by 'big data' research.

Progress with the building of the **Francis Crick Institute** has continued apace during 2014/15. The Crick is a major commitment for the MRC and is central to our aim to provide world-class facilities and training environments for our scientists, as well as maintaining the UK's excellent international position in research. Construction work remains on time and within budget, and plans are in place to move much of the research work from the existing National Institute for Medical Research in Mill Hill to the new institute. Also during 2014/15 the founders of the institute – the MRC, Cancer Research UK, the Wellcome Trust, Imperial College London, University College London and King's College London – have worked on developing the principles which will guide scientific reviews at the Crick. Work has also begun to decide which founding university researchers will move into the Crick, and a series of scientific retreats and workshops have been held to build relationships with universities and organisations beyond the founding organisations. The Chancellor announced a £30m capital reserve for the Crick in the 2015 Budget; this will be delivered from sale of MRC sites and partnered by £20m from CRUK and £10m from the Wellcome Trust.

MRC large-scale investments

Significant activities during 2014/15 included:

- The section reviews for the Clinical Sciences Centre, Hammersmith took place in 2014/15 and will be followed by the institute-wide review in 2015/16.
- New five-year programmes approved for two units [MRC Lifecourse Epidemiology Unit at the University of Southampton; MRC Mammalian Genetics Unit, Harwell].
- New five-year programmes approved for three units under new directorship:
    - The MRC Anatomical Neuropharmacology Unit at the University of Oxford will continue as the MRC Brain Network Dynamics Unit at the University of Oxford under the new directorship of Professor Peter Brown (from 1 April 2015), who will extend the unit's research translating the understanding of brain circuitry to the clinic. The unit will explore brain circuitry in diseases such as Alzheimer's, schizophrenia, Parkinsonism, bipolar and anxiety disorders and work towards potential interventions.
    - The MRC Mitochondrial Biology Unit, Cambridge (under the directorship of Professor Massimo Zeviani) will lead a programme of research focusing on establishing molecular descriptions of mitochondrial diseases, and mechanistic explanations of the key pathogenic processes underlying cellular and organ failure in mitochondrial diseases and the emerging role of mitochondrial impairment in the pathogenesis of complex disorders including neurodegeneration, age-related metabolic derangement, cancer and inflammation.
    - The MRC/Chief Scientist Office Social and Public Health Sciences Unit at the University of Glasgow (under the directorship of Professor Laurence Moore) will lead a programme of research in public health improvement, with a strong focus on the identification of the mechanisms that act to improve health and reduce health inequality, which are socially informed.
- New five-year funding approved for MRC Mary Lyon Centre, Harwell and the MRC Weatherall Institute of Molecular Medicine, Oxford.
- Five-year funding approved for a new Centre [Arthritis Research UK/MRC Centre for Musculoskeletal Health and Work at the University of Southampton].
- New five-year funding package approved for one investment, changing status from a centre to a strategic programme grant [MRC Centre for Genomics and Global Health, Oxford].
- Two centres completed the MRC grant entitlement of funding (10 years support) and transitioned to self-supporting funding mechanisms [Genome Damage and Stability Centre, University of Sussex; MRC Centre for Immune Regulation, University of Birmingham].
- Two new unit directors have been appointed:
    - MRC Institute of Hearing Research, Nottingham (intramural unit) – a joint appointment with Nottingham University. Professor Michael Akeroyd will start as Director on 1 April 2015.
    - MRC Human Genetics Unit at the University of Edinburgh (university unit) – a joint appointment with Edinburgh University. Professor Wendy Bickmore will start as Director on 1 August 2015.
- Council agreed in March 2015 to close the MRC Functional Genomics Unit (university unit) on 31 March 2017 and to transfer competitive science onto grant support.

Table 1: 2014/15 reviews of large-scale investments

	Total at 31 March 2013	Total at 31 March 2014	Reviewed	Opened	Closed	Total at 31 March 2015
MRC institutes	3	3	0	0	0	3
MRC institute division & section reviews	n/a	n/a	3	n/a	n/a	n/a
MRC research units (i) and joint units (ii)	25	27	5	0	0	27
MRC university centres and related partnerships (iii)	29	24	1	1	3	22
Total	**57**	**54**	**9**	**1**	**3**	**52**

(i) Includes 16 university units
(ii) Includes two units with programmes funded by the Chief Scientist Office of the Scottish Government Health Directorates
(iii) Partnerships include:
- Charities: Arthritis Research UK, Asthma Research UK, Cancer Research UK, the British Heart Foundation and the Wellcome Trust
- Other research councils and health departments jointly fund UKCRC Centres, Lifelong Health and Wellbeing Centres and the Farr Institute
- A jointly-funded MRC and Department of Health centre

Implementing the assurance framework for university units

The new assurance framework for university units has been developed to give the MRC on-going assurance over the scientific leadership, funding and governance of university units and includes:

- annual university unit assurance statement (UUAS[2])
- annual meetings between the unit director, the research board chair and the head of theme
- oversight meetings between the MRC and university (year 1 and year 3 of quinquennium)
- quinquennial review (QQR)
- annual financial reports and management accounts from units to MRC Finance

2014/15 was the first year this assurance framework was implemented in full. Annual meetings were held with all the university unit directors. Oversight meetings were held with seven universities (Bristol, Cambridge, Dundee, Glasgow, Oxford, Southampton and University College London).

Significant activities for the coming year 2015/16

- The divisional reviews for the MRC Laboratory of Molecular Biology, Cambridge, will take place in 2015/16 and will be followed by the institute-wide review in 2016/17.
- Four units started their reviews in 2014/15 and the outcomes will be approved during 2015/16 [MRC Epidemiology Unit at the University of Cambridge; MRC Human Nutrition Research, Cambridge; MRC Unit, The Gambia; and the MRC Prion Unit, London].
- Three units will undergo reviews in 2015/16 [MRC Cancer Unit at the University of Cambridge; MRC Clinical Trials Unit at UCL; and the MRC-University of Glasgow Centre for Virus Research].
- One centre will be considered for renewal [MRC Centre for Reproductive Health, Edinburgh].
- A project is underway to explore the shape of future toxicology research, how this should influence the research and university environment of the MRC Toxicology Unit, Leicester and options to move the unit onto the university unit model. This will report to MRC Council in September 2015.

2. This is based on the Directors Annual Statement of Internal Control (DASIC) which is completed by intramural directors.

The Medical Research Foundation

The MRC continued to work in partnership with the trustees of its independent charity, the Medical Research Foundation (MRF). The public make bequests and donations to the MRF to support MRC research. During 2014/15 the MRC provided the Foundation's trustees with advice on scientific strategy and research opportunities, and peer review support. The MRF made 42 new awards amounting to over £3.46m for research within the MRC's remit.

Risks and uncertainties

A summary of the principle risks facing the MRC and how these are being managed can be found in the Governance Statement on page 67.

In December 2014, included in the Science and Innovation Strategy was the announcement that Sir Paul Nurse had been asked to conduct a review of the research councils. The purpose of the Nurse Review is to examine, and provide recommendations on, how research councils can evolve to support research in the most effective ways, reflecting the requirements to secure excellence, promote collaboration and allow agility, and in ways that best contribute to sustainable growth. The call of evidence was completed on 17 April 2015. The review is expected in Summer 2015 and there is some uncertainty as to how the outcome will impact on the funding environment for medical research and on the MRC's operations.

Key performance indicators

Measuring impact

The MRC is a leader in the field of prospectively tracking research progress and capturing and assessing research achievements. We have been instrumental in the initial development and subsequent broad uptake of Researchfish[3, 4] an online database that allows researchers to provide feedback on the outputs and impacts of their research. Following the adoption of Researchfish by the other research councils in 2014 – taking the number of funders and organisations using Researchfish to more than 100 – the MRC led the way in developing a multidisciplinary question set which has enabled the alignment of the information we collect.

This harmonisation is an important step in simplifying the process for those who hold grants from more than one funder, as researchers are able to enter an output just once and link it to grants from different funders. This approach also assists funders in putting together the individual pieces to get a holistic picture of the research landscape. It helps us to gain an unprecedented view of the progress, quality and impact of the research we fund, giving us an insight into what works well and where there might be gaps. The federated Researchfish system has gathered 1.1 million reports of output, including detailed, structured, qualitative and quantitative information linked to more than £40 billion of research and development funding.

The MRC uses the outputs and outcomes gathered in this way to identify examples of progress against our strategic plan. We use it as evidence when reviewing our funding methods. We also use it to communicate the benefits of funding medical research to the public, research community and policy-makers. We publish a high-level analysis of the outputs, outcomes and impacts information collected through Researchfish each year, which is made available on the MRC website[5]. In 2014 the MRC also used the information to set a baseline for productivity for all MRC units transferred to the university sector. The aim of this work was to provide assurance regarding scientific output from these units, and the baseline information will be revisited in two years to determine how it has changed. Early indications were that a range of benefits were being realised from the transfers.

The MRC has also run an economic impact research funding programme for the past three years to better understand and maximise the links between medical research and its economic and societal impacts. We have so far funded seven projects under this scheme, with the most recent being awarded in mid-2014. The most recently awarded studies will examine the balance between getting the best return on investment, with distributing that investment across the country and developing a new approach for the evaluation of translational research projects. The first completed project investigated the elapsed time between the research and its eventual impact and what can speed this up or slow it down. Its findings were published in *Health Research Policy and Systems* in January 2015[6].

3. Researchfish website: www.researchfish.com/
4. The MRC's involvement in Researchfish: www.mrc.ac.uk/funding/guidance-for-mrc-award-holders/researchfish/about-researchfish/
5. The Outputs, outcomes and impact of MRC research 2013/14 report can be found at: www.mrc.ac.uk/research/achievements/outputs-report/ The 2014/14 report will be published in mid-2015.
6. Hanney SR et al. How long does biomedical research take? Studying the time taken between biomedical and health research and its translation into products, policy, and practice. Health Res Policy Syst. 2015 Jan 1;13(1):1. doi: 10.1186/1478-4505-13-1.

Research outputs, outcomes and impact

Generating world-leading knowledge

Openly accessible high-quality publications are an important output from excellent research. They are a formal way to disseminate the knowledge produced from research. One measure of publication quality is how they inform and influence other lines of enquiry. We have used the extent to which MRC papers are cited by the global research literature over time as a proxy measure of this knowledge uptake. MRC papers have consistently achieved an overall average citation impact, once this is carefully normalised for year and subject area, of at least twice the world average. This analysis shows that MRC-funded research generates a greater percentage of highly-cited papers[7] and very highly-cited papers[8] than other UK clinical and biological sciences research. The UK leads the world in the productivity and quality of its research base[9], as measured by bibliometrics; our data shows that the papers arising from MRC research are some of the most highly cited in the world.

Impact on health

The MRC supports excellent science where there is the greatest potential to improve health, and have societal and economic impact. MRC research delivers benefits across the whole spectrum of society, from developing new medicines and technologies, influencing national and international policies and building a strong foundation to encourage inward investment to the UK. This is highlighted in the Researchfish entries provided by more than 4,000 MRC researchers.

MRC-funded research carried out between 2006 and 2014 contributed to:

- The development of more than 479 clinical guidelines, issued by 123 different organisations.
- More than 1,101 new products and interventions of which 144 launched onto the market.
- 787 published or granted patents, with discoveries from 338 (43 per cent) of these patents already licensed worldwide.

7. With an NCI of greater than four.
8. With an NCI of greater than eight.
9. The International Comparative Performance of the UK Research Base (BIS, 2013) www.gov.uk/government/uploads/system/uploads/attachment_data/file/263729/bis-13-1297-international-comparative-performance-of-the-UK-research-base-2013.pdf This analysis carried out by Elsevier showed that the UK was now first in the world for the field-weighted citation impact of its research publications.

A small selection of these latest outputs are shown below. More are available in the *Outputs, outcomes and impact of MRC research* reports[10].

Influencing international policy

Work at the MRC Centre for Outbreak Analysis and Modelling at Imperial College London has helped to inform and stimulate the international response to the on-going Ebola epidemic. The researchers conducted vital work to track the outbreak to determine the risk factors for transmission and interventions needed. This work was used to provide reports on the current Ebola epidemic to the World Health Organization (WHO), the UK Government, the US Centers for Disease Control and Prevention (US CDC) and other international stakeholders. Based on this analysis, the extent of the epidemic was realised and the WHO declared it to be a "public health emergency of international concern in August 2014."[11]

Developing products and influencing NHS policy

NICE has published guidelines recommending the use of Eculizumab to treat the rare, but life-threatening kidney disease atypical haemolytic uraemic syndrome (aHUS). MRC-funded researcher Professor Tim Goodship[12] identified that a genetic abnormality affecting complement – part of the immune system – was responsible for the disease in most cases. He conducted clinical trials on the effectiveness of Eculizumab, a complement-inhibitor, which showed that treatment with Eculizumab improved kidney function. As a result of his findings, an NHS diagnostics service has been established and in 2011, Eculizumab was approved for use by the Food and Drug Administration and European Medicines Agency. Professor Goodship took part in the NHS England Clinical Commissioning Group's consultation on the use of Eculizumab, which was approved for use on the NHS in January 2015.

In 2009 NICE revised its guidance on radiotherapy for breast cancer[13] based on the landmark MRC-funded START trials conducted between 1997 and 2007. The START A and B trials provided clear evidence that hypofractionation radiotherapy – reducing the radiotherapy course from 25 treatments to 15 while keeping the total radiation dose the same – provided the same good outcomes for breast cancer patients[14]. Around 25,000 women benefit from these shorter radiotherapy courses each year. We estimate that in the last six years this has delivered savings in the wider economy and efficiency gains in the NHS of between £160m and £216m.

Attracting industry

The MRC plays a leading role to ensure that the UK is a preferred location for global pharmaceutical companies. Through its excellent research and support for innovative industry partnerships, the MRC contributes to the £7.3bn in inward pharmaceutical investment in the UK[15]. In 2014 the MRC expanded its compound-sharing scheme with GlaxoSmithKline, Janssen Research and Development LLC, Lilly, Pfizer, Takeda and UCB each offering up de-prioritised molecules for research.

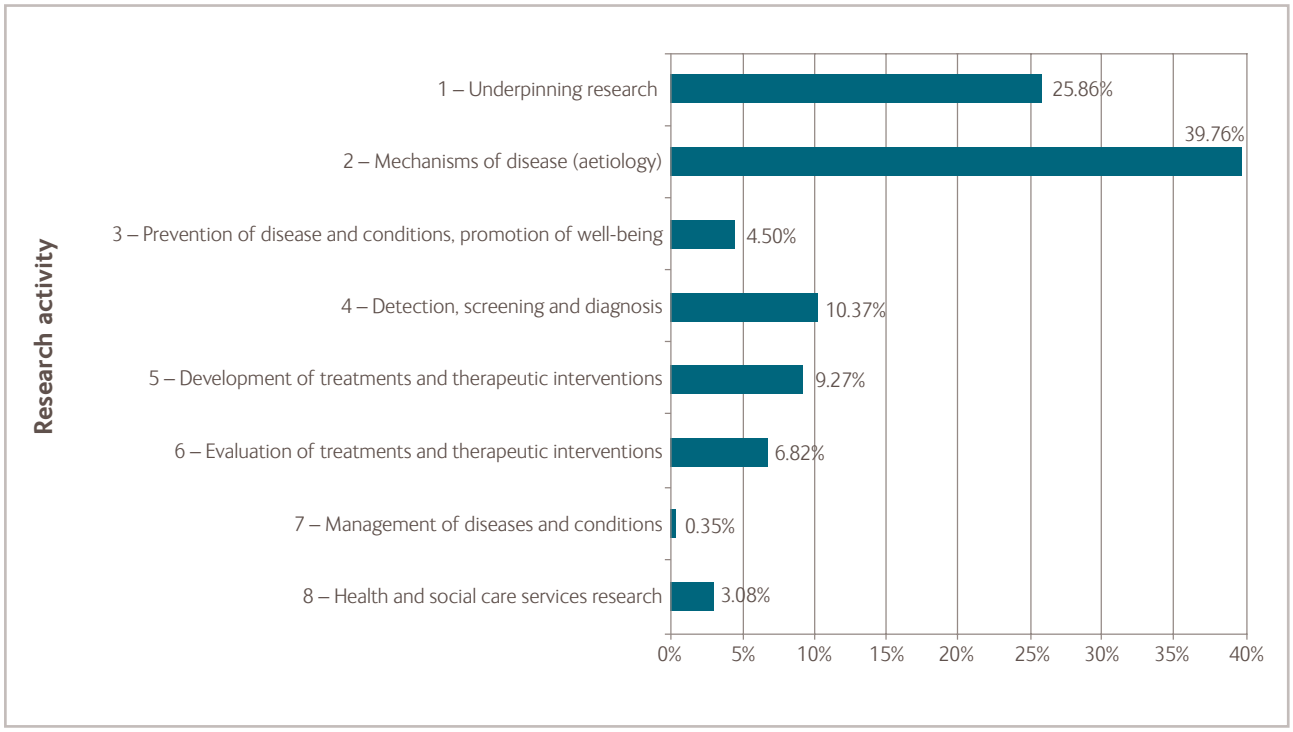
10. www.mrc.ac.uk/research/achievements/outputs-report/
11. World Health Organization. WHO statement on the meeting of the International Health Regulations Emergency Committee regarding the 2014 ebola outbreak in West Africa. www.who.int/mediacentre/news/statements/2014/ebola-20140808/en/
12. At the University of Newcastle
13. NICE guidelines: Early and locally advanced breast cancer: Diagnosis and treatment www.nice.org.uk/guidance/cg80/chapter/guidance#radiotherapy
14. The START Triallists' Group. The UK Standardisation of Breast Radiotherapy (START) Trial B of radiotherapy hypofractionation for treatment of early breast cancer: a randomised trial. Lancet. 2008 Mar 29; 371(9618): 1098–1107. doi: 10.1016/S0140-6736(08)60348-7
15. Estimated between 2007 and 2010. Life Sciences cluster report – Global 2011, Jones Lang LaSalle

Facts and figures

The following figures show:

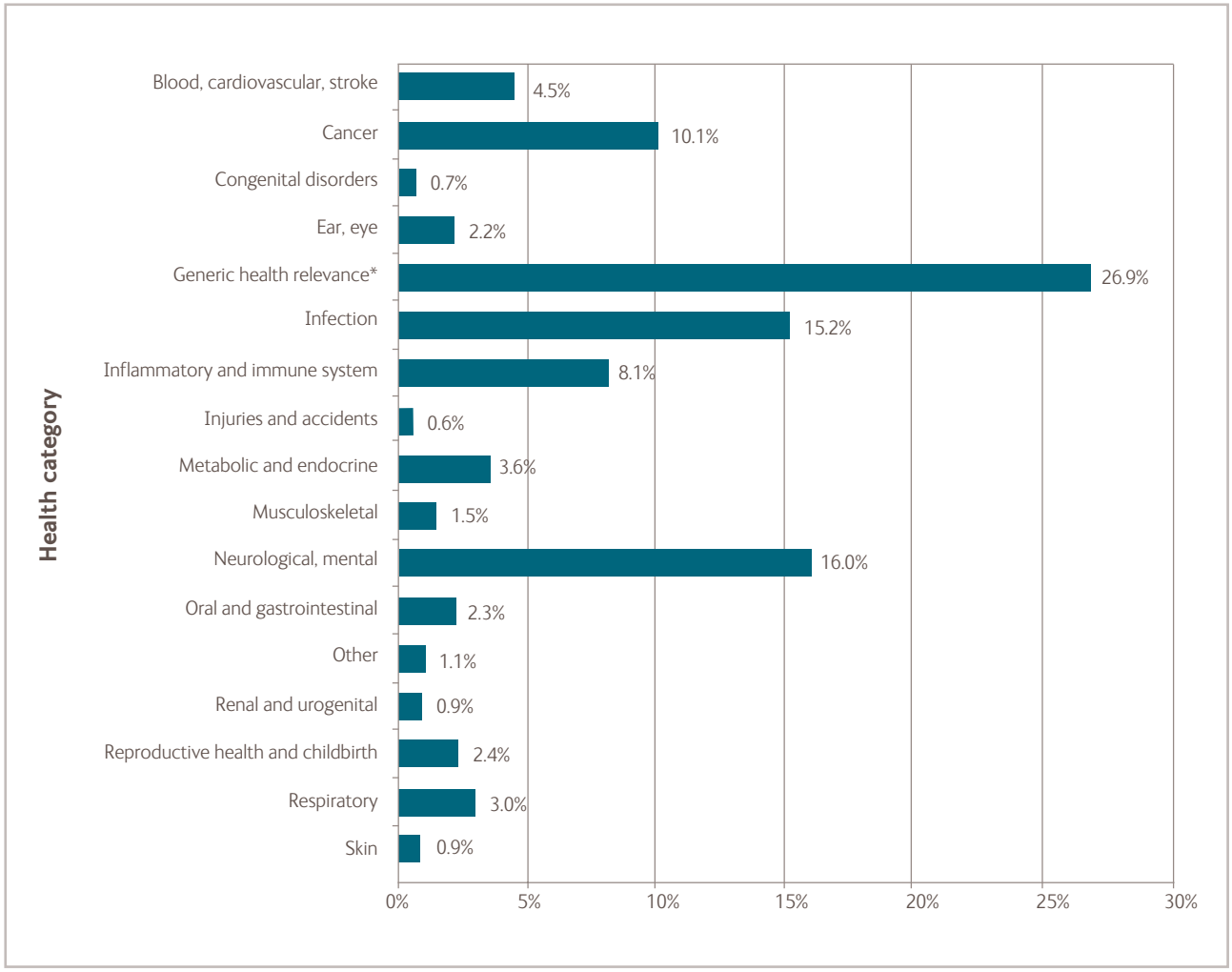
1. A breakdown of MRC research spending in 2014/15 by research activity
2. A breakdown of MRC research spending in 2014/15 by health category
3. Commitment to new grants each year since 2005/06 (full value, across the duration of the awards)

Figure 2: Estimated research programme expenditure by activity



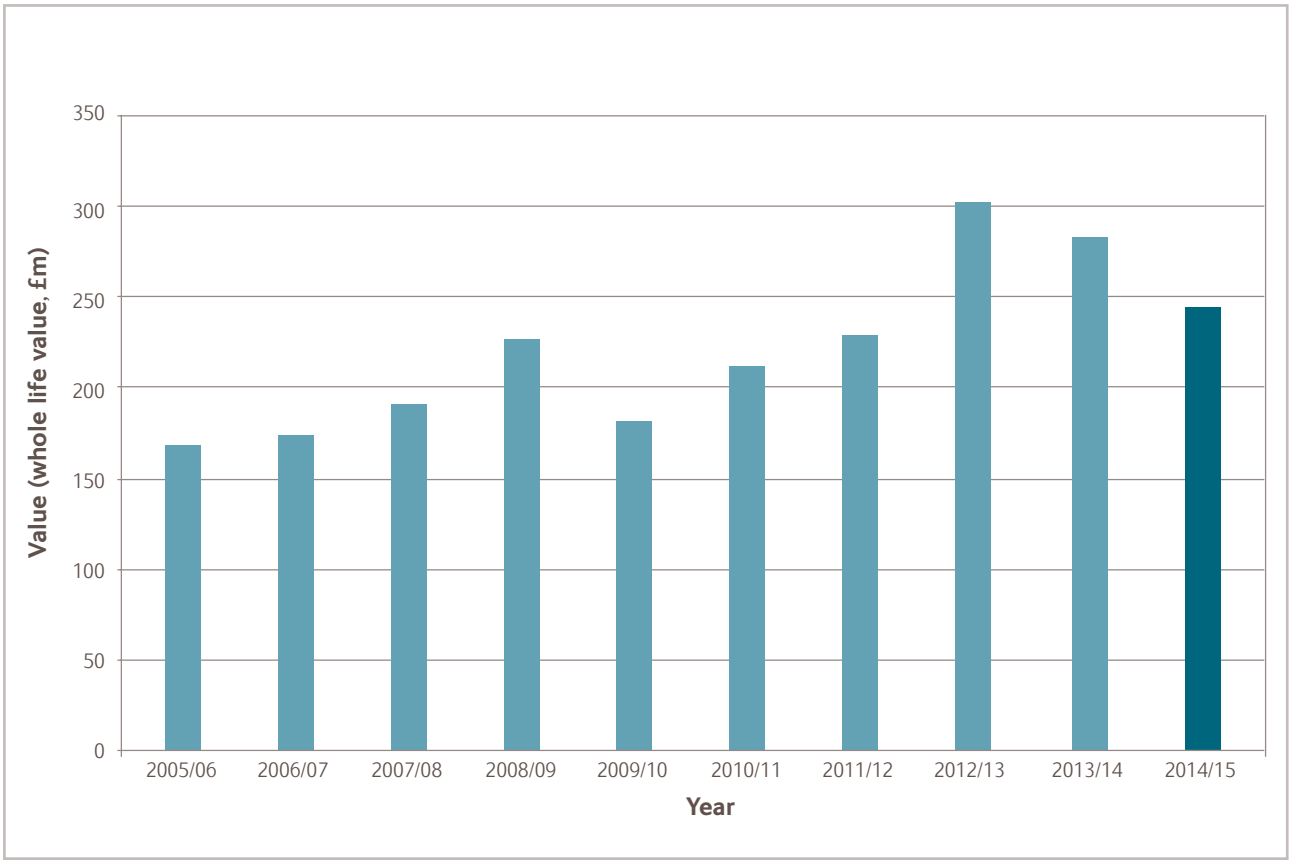
Includes profiled payments for grants and fellowships in the 2014/15 financial year and unit projects with spend in 2013/14

Figure 3: Estimated research programme expenditure by health category



*Generic health relevance – this covers research, often looking at the control and/or dysfunction of fundamental cellular and physiological processes, which contributes to research in multiple disease areas. In particular, this domain provides a significant underpinning for more focused research on cancer.

Figure 4: New grant commitment over the past decade, by financial year



Grant funding

Decisions were made on more than 1470 research grant applications during 2014/15. 336 awards were made, leading to the commitment of £243.3m for new research. The average success rate for the year is at 22.9 per cent which is in line with the nine year average (2005/06 to 2013/14) of 22 per cent.

The MRC awards funding in both responsive mode and managed mode:

Responsive mode is for unsolicited research proposals submitted to the research boards as well as standing research panels. Such applications may be made by anyone eligible to apply to the MRC for funding at any time and in any field of research relevant to the MRC's remit.

Managed mode proposals are submitted in response to specific calls for proposals and targeted funding mechanisms. They will usually include detailed eligibility criteria and often a call for full proposals will be preceded by a call for outline proposals. These are one-off calls which will be focused on a key strategic area, and which may be assessed by specially convened review panels.

The following funding decisions were made in 2014/15:

- 183 research grants, totalling £129.3m, were funded through our four research boards shown in table 2 below
- 81 awards were made, totalling £59.0m through our panels in table 3 below.
- 72 awards were made, totalling £55.0m through our calls in table 4 below.
- 33 capital awards were also made, totalling £187.8m through our Clinical Infrastructure Panel in table 5 below.

Table 2

Boards	Number of applications	Awarded	Success rate (%)	Total amount awarded (rounded whole life values) £m
Infections and Immunity Board	248	37	15%	29.5
Molecular and Cellular Medicine Board	282	54	19%	33.7
Neurosciences and Mental Health Board	316	46	15%	36.5
Population and Systems Medicine	252	46	18%	29.6
Grand Total	1098	183	17%	129.3

Table 3

Panels	Number of applications	Awarded	Success rate (%)	Total amount awarded (rounded whole life values) £m
Developmental Pathway Funding Scheme (DPFS)	56	25	45%	29.0
Joint Global Health Trials*	59	24	41%	20.0
Methodology Research Panel	92	15	16%	4.8
Public Health Intervention Development Scheme **	81	13	16%	1.8
Regenerative Medicine Research Committee	10	4	40%	3.4
Grand Total	298	81	27%	59.0

* Awards made jointly with other agencies
** Unsuccessful applications to this Panel are not included in the grant funding summary figures.

Table 4

Calls	Awarded	Total amount awarded (rounded whole life values) £m
Antimicrobial Resistance*	9	6.7
Economic Impact	2	0.4
ERA-NET NEURON*	3	1.0
Global Alliance for Chronic Diseases Diabetes Panel*	2	1.6
Joint Health Systems Research Initiative*	5	3.7
Lifelong Health and Wellbeing	3	0.3
Molecular Pathology Node*	6	16.7
Newton Fund - UK-China Stem Cell*	5	1.9
Newton Fund*	32	4.5
Stratified Medicine	4	17.3
UKCRC Joint Funders Tissue Directory and Coordination Centre*	1	0.9
Grand Total	72	55.0

* Awards made jointly with other agencies

Table 5

Capital Calls	Awarded	Total amount awarded (rounded whole life values) £m
Clinical Infrastructure Panel	33	187.8
Grand Total	33	187.8

Fellowship funding

Final decisions were made on 365 fellowship applications during 2014/15 and 81 awards were made, committing just over £38.8m as shown in table 6 below.

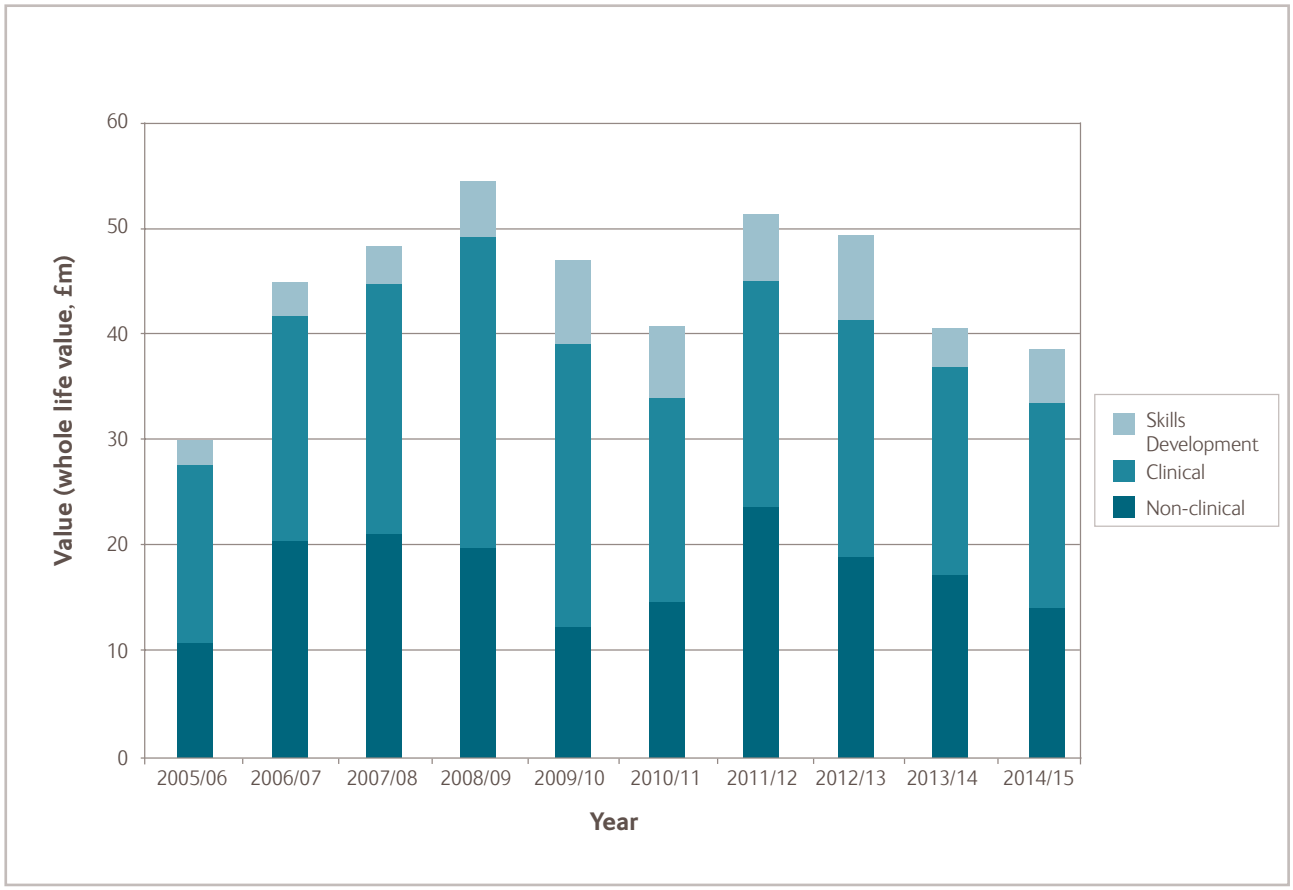
Fellowship awards are made to both clinical and non-clinical researchers across all areas of the MRC's remit, with additional opportunities in quantitative and qualitative research methodologies provided by the Skills Development Fellowships.

The overall success rate was 22 per cent which is a four per cent decrease on the 2013/14 rate of 26 per cent, mainly due to an increase in applications, particularly to the Skills Development Fellowships.

Table 6

Fellowship type	Number of applications	Awarded	Success rate	Total amount awarded (rounded whole life values, £m)
Clinical	160	50	31%	19.7
Non-Clinical	118	14	12%	14.1
Skills Development	87	17	20%	5.0
Grand Total	365	81	22%	38.8

Figure 5: New fellowship commitment by financial year



Studentship portfolio

The MRC supports around 1,500 PhD students at any one time. Figure 6 shows the breakdown of the MRC studentship population in March 2015.

Funding for studentships is awarded to research organisations, including universities, MRC units, institutes and centres, who are responsible for selecting outstanding candidates for projects supervised by leading researchers. All MRC students receive at least the MRC's minimum stipend and allowances, including support for fees, a contribution to consumables and an annual travel and conference allowance[16].

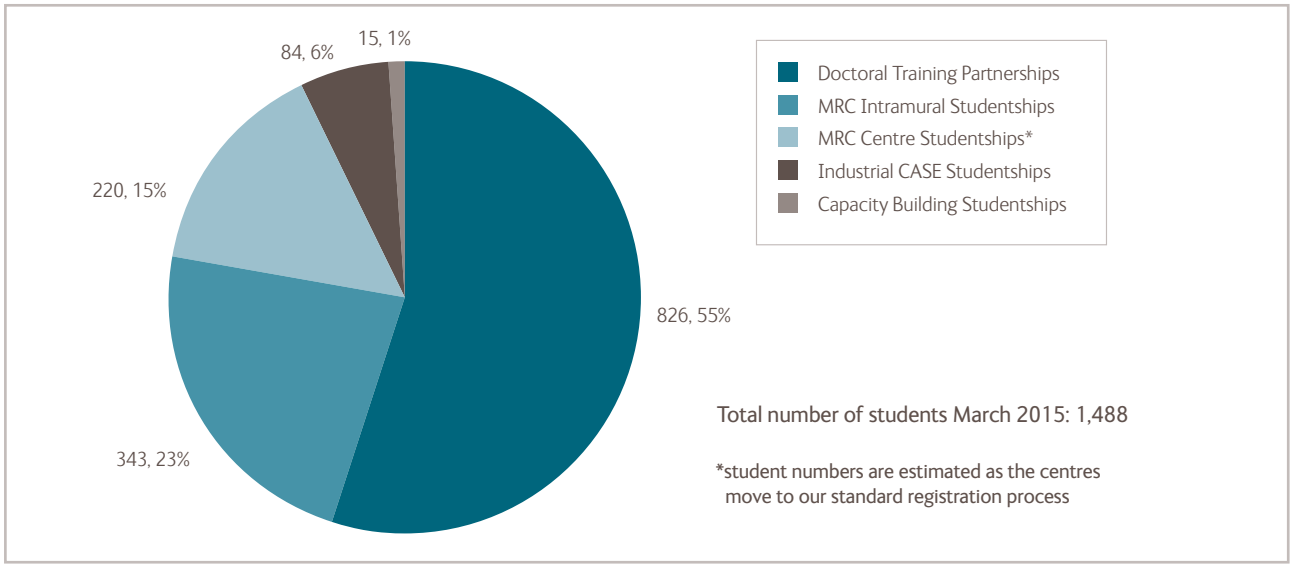
Approximately 50 per cent of MRC studentship funding is provided through Doctoral Training Partnerships (DTPs) with universities. We are currently refreshing DTP allocations for students starting from 2016.

The focus of Doctoral Training Partnerships is to ensure that PhD students receive the highest quality training provision aligned to world-class research. We believe it is important to maintain flexibility, within the terms and conditions of the award, for the universities in how they deploy their PhD students. In support of this, we piloted a flexible supplement in 2014/15 to provide more local discretion in providing career support and to enable high-cost and other important training opportunities for students. Following the success of this pilot, such supplements are now embedded in future DTP awards.

Doctoral Training Partnerships now also include consideration of capacity building in areas of scarce strategic skills to ensure a productive and nurturing training environment. Individual studentships in capacity-building areas are no longer funded separately. Partnerships are complemented by Industrial CASE studentships, which provide students with experience of collaborative research in a non-academic environment, with 27 individual awards made in 2014/15.

Studentship training is also aligned to the MRC's strategic investments, eg. in units, institutes and centres (see page 11). Approximately a quarter of the MRC's studentship investment is delivered from within our units and institutes, with a further 15 per cent delivered by centres. These PhD programmes link training and capacity building to the MRC's investment in a high-profile UK centre of excellence.

Figure 6: Number of MRC students March 2015



16. www.mrc.ac.uk/skills-careers/studentships/studentship-guidance/minimum-stipend-and-allowances/

Environmental, social and community issues

Sustainability report

The MRC Head Office Estates Management Section works with colleagues across all MRC sites to improve the monitoring and collection of environmental data.

MRC policy and summary of performance

The MRC is committed to the continual improvement of our environmental performance. Details of the MRC's environmental and sustainability policies, governance processes that support that management of sustainability performance, and the organisation's objectives can be found on the MRC website **www.mrc.ac.uk**

Each MRC research unit and institute is required to have a local environmental policy and action plan. They regularly monitor performance at a local level to ensure continuous improvement, wherever possible measuring their performance against measured data, and update their policies and objectives as necessary. The MRC Head Office Estates Management Section (EMS) encourages and assists in the implementation of good environmental and sustainable practices in MRC estates and facilities and in MRC projects. EMS also shares good practice and maintains guidance to reflect the latest government and regulatory requirements.

Key examples of steps taken by the MRC to improve our environmental performance include:

- The building for the new Francis Crick Institute is being designed to meet the Building Research Establishment Environmental Assessment Method (BREEAM) excellent standard.
- The MRC has participated in the Government Property Unit (GPU) annual benchmarking exercise for office buildings since this started.
- The MRC is participating in new government initiatives such as the Carbon Reduction Commitment and Greening Government.
- An environmental management plan is being drawn up for approval by Management Board.

Environmental data

The reporting boundaries encompass the MRC's operational activities within all research units and institutes, including those in The Gambia and Uganda, as well as the Head Office sites. The figures include a proportion of UK SBS Ltd emissions for their occupation of North Star House, Swindon, as agreed with other research councils.

Table 7: Annual consumption and resultant emissions for energy and water

Category	Unit	2012/13	2013/14	2014/15
Direct energy emissions				
Natural gas – usage (1)	kWhr	33,196,584	44,301,195	40,635,384
Natural gas – expenditure (2)	£	1,318,000	1,212,559	1,040,641
Natural gas – emissions	tCO2e	6,094	8,133	7,516
Indirect energy emissions				
Grid mains electricity – usage (3)	kWhr	68,265,501	59,814,206	60,667,632
Grid mains electricity – spend (4)	£	5,049,000	4,980,694	5,377,619
Grid mains electric – emissions	tCO2e	36,930	32,359	32,341
Other indirect emissions				
Business travel – emissions	tCO2e	1,455	1,423	1,568
Business travel – spend	£	1,610,000	1,298,672	1,180,107
Out-sourced emissions	tCO2e	268	268	268
Emissions totals	tCO2e	44,747	42,183	**41,693**
Emission totals/FTE	tCO2e/FTE	9.9	9.4	**9.3**
Finite Resource Consumption				
Mains water consumption (5)	Cubic M	344,484	345,542	344,813
Mains water consumption/FTE	Cub. M/FTE	76.5	76.7	76.6
Mains water expenditure (6)	£	448,000	368,444	391,214
Waste				
Waste sent to landfill	Tonnes	Unavailable	622	257
Recycled/Reused waste	Tonnes	Unavailable	474	612

KWhr = Kilowatt hours. tCO2e = Tons of carbon dioxide emitted. FTE – Full time equivalent. (1) Gas usage from sites where data was available. (2) Total gas expenditure (includes payment via service costs). (3) Electricity usage from sites where data was available. (4) Total electricity expenditure (includes payment via service costs). (5) Water consumption data from sites where it was available. (6) Total expenditure, including sites where water consumption measurement data was not available (e.g. where paid via service costs).

The overwhelming bulk of the carbon emissions recorded results from the power demands of scientific equipment, or where the conditions in which the research carried out requires high levels of containment, or air changes, which add considerably to power consumption. Some buildings such as vivariums require large amounts of water in the course of operation and also generate a large amount of waste, for example bedding. The MRC continues to investigate the practical possibilities of reducing power demands by more sophisticated use of building management systems and has begun to introduce revised practices. In the course of doing so we are gaining a better understanding of where such reductions can be carried out without damaging research effectiveness or creating potential health risks.

Business travel

Carbon emissions from all forms of travel (road, rail and air travel) have been collated from staff records and the resultant journey distances have been converted to calculate associated carbon emissions via the conversion factors published by the Carbon Trust.

Waste

The MRC has worked on improving the quality of its data on all elements of waste measurement and while we recognise that there is still room for improvement, we are now able to provide some meaningful data on this.

Future strategy

It is a priority for the MRC to improve the quality and consistency of data available to be able to encourage efficient behaviours.

As part of this improvement, we will work with landlords where the MRC pays for utilities via service contracts. We will also work with MRC units to continue the installation of improved metering.

An Energy Management Plan will be adopted by MRC.

Key environmental commitments for the next year include:

Building, facilities and estates

- We will reduce our environmental footprint by using environmental best practice to design, construct and maintain our buildings and other equipment.
- We will measure and reduce emissions of carbon dioxide and other deleterious gases into the atmosphere.
- We will take steps to update and improve the means of measuring emissions waste and other criteria arising from our activities.
- We will work to maximise the recycling of waste materials.

Travel

- We will continue to encourage employees to use tele-/video- conferencing where possible, and public transport when travel is necessary.
- We will promote the establishment of green travel plans by units and institutes wherever possible.

Efficiency

An update on the research councils' efficiency programme is included in the Governance Statement on page 67.

Social and community issues

Research Changes Lives, the MRC's refreshed strategic plan for 2014 to 2019, builds on the MRC's pledge to bring the benefits of research to all sections of society by making our work accessible to the public,demonstrating value and highlighting achievements.

Engagement with the public and communities is delivered directly by MRC-funded researchers who interact with a wide range of audiences. The most recent Researchfish data show that since 2006 there have been 23,292 individual engagement activities by MRC researchers, of which 3,146 were reported in the most recent round of data-gathering. Engagement with public audiences makes up the majority of these activities (31 per cent) and a further seven per cent of activities involve the media as a channel to reach the public.

Surveys show that the media remains the most commonly-used way that members of the public find out about science and research, so this type of engagement activity is important and far-reaching. Over the course of the year, many MRC-funded scientists engaged with journalists and writers to talk about their research, in particular those whose research relates to specific disease areas.

How obesity-risk gene is linked to obesity

The results of a 2013 MRC study that uncovered a new mechanism for manipulating levels of 'hunger hormone' in the blood, whether by drug or behavioural means, were covered widely by the national media, including the BBC, *The Telegraph* and the *Daily Mail*.

Researchers from the MRC Clinical Sciences Centre's Metabolic Signalling Group, in collaboration with scientists at UCL and King's College London, have shown for the first time how variations in the *FTO* gene – the strongest obesity risk gene – are linked to obesity. This study demonstrates that *FTO* gene variations affect circulating levels of the 'hunger hormone' ghrelin in the blood. Ghrelin stimulates appetite; levels are normally high before a meal and decrease afterwards. However, for one in six people who carry two copies of the high obesity-risk *FTO* variant gene, ghrelin levels do not drop off after eating so they start to feel hungry again soon after eating.

In the study, researchers led by Dr Rachel Batterham studied two groups of male participants – those with two copies of the high obesity-risk *FTO* variant (AA group) and those with the low obesity-risk version (TT group). Men with the AA variation had much higher circulating ghrelin levels and felt hungrier after eating than the TT group. There are some drugs in the pipeline that suppress ghrelin, which might be particularly effective if they are targeted to patients with the obesity-risk variant of the *FTO* gene.

Painless exhibition

As part of the Science Museum's Painless exhibition in 2013, Professor Geoff Woods at the University of Cambridge sequenced the genome of a man with congenital analgesia, a rare genetic disorder which causes a total inability to sense pain. Worldwide, the prevalence of congenital analgesia is estimated to be around one in a million. At the exhibition, Professor Woods identified the patient's gene mutations, confirmed his diagnosis and was able to offer him genetic counselling. In 2006 Professor Woods had discovered different mutations in the gene *SCN9A* responsible for this condition.

Brain implant for Parkinson's disease

The work of researchers at the University of Bristol who have developed a brain implant consisting of a system of tubes and catheters that allows them to pump protein therapy deep into the brains of patients with Parkinson's disease, potentially stopping the disease from progressing, has been publicised by Sky News, the BBC and the Daily Mail.

Parkinson's disease affects around 127,000 people in the UK and occurs when a lack of a chemical called dopamine causes nerve cells within the brain to die. It is hoped that delivery of the protein — a growth factor called glial cell-derived neurotrophic factor (GDNF) — will encourage these cells to grow again. This new method of delivery will allow the protein to bypass the blood/brain barrier. A clinical trial, led by Professor Steven Gill, is ongoing.

Falling dementia rates

New research challenging previous predictions of the number of people in the UK who will develop dementia was widely reported in the UK media, including in *The Telegraph*, BBC News, *The Independent* and the *Daily Express*.

The media discussion focused on whether rates of dementia would continue to decrease in the future considering the rising levels of obesity – shown to be a significant risk factor for dementia.

Researchers at the Cambridge Institute of Public Health at Cambridge University reported in 2013 on results from the MRC Cognition Function and Ageing Study (CFAS) showing that the number of people with dementia in the UK in 2011 was much lower than had been predicted based on trends two decades earlier. Using age- and gender-specific dementia rates collected from interviews in 1991, researchers estimated that around 884,000 people over 65 years (8.3 per cent) would have dementia in 2011. However, fresh interviews in 2011 indicated around 670,000 (6.5 per cent) had dementia.

Gene therapy to treat prostate cancer

The BBC interviewed Bernard Ward, one of the first 20 patients undergoing a new therapy to treat prostate cancer, that has relapsed after radiotherapy and hormone therapy. Mr Ward has suffered from prostate cancer for six years and standard treatments are no longer working.

The gene therapy trial, being run by researchers at the University of Birmingham, uses a carrier made from a virus that has been modified to produce an enzyme and a growth factor that enhance the immune system by stimulating the number and function of white blood cells produced by the body. The clinical trial is designed to establish whether the treatment is safe for clinical use.

Sugary drinks and adolescent health

A scientific paper by researchers at the MRC Human Nutrition Research Unit in Cambridge received considerable media interest, including from the BBC, *The Guardian* and *The Telegraph*.

The research demonstrated a link between the high consumption of sugary drinks by teenagers and the risk factors for heart disease in later life; namely lower levels of 'good' cholesterol and higher levels of the 'bad' triglyceride form of fat in their blood.

Staff report

Data on MRC employees and policies relating to disability and equality and diversity can be found in the **Directors' report** on page 49.

Financial results

Each year we receive a budgetary allocation from BIS in the form of a Departmental Expenditure Limit (DEL). The DEL is the primary control mechanism set by HM Treasury in resource accounting and budgeting, limits are set in the Spending Review.

The MRC is required to control budgets within DEL under the Resource Accounting and Budgeting regime and may not exceed the limits that they have been set. There is no flexibility allowed in practice to carry forward previous years' underspends.

The MRC has separate budgets for:

- Resource – which includes Near-Cash current expenditure such as pay or procurement and Non-Cash including depreciation, which is the current cost associated with the ownership of assets.
- Capital for new investment and renewal.

Within the resource budget some transactions will have an immediate or near-immediate impact on the fiscal position, for example pay, procurement and depreciation. Other transactions will only have an effect in future periods, for example the take-up of provisions, or revaluation of assets. Both types of transaction fall within the resource budget. Administration budgets are controlled to ensure that as much money as practicable is available for science programmes. Provision in the resource budget that is not in administration budgets is termed programme spending.

A summary of the MRC's financial results for 2014/15 is shown in table 8 and for the preceding year in table 9.
Tables 8 and 9 show results using the accounting conventions required for reporting to central government. This form of accounting differs in a number of ways from that required for our formal audited accounts. A reconciliation between the two sets of accounts is shown at table 10.

The Programme Resource Near-Cash outturn of £579,923k was £36k lower than budget. Capital expenditure at £80,040k was £60k lower than budget. Administration expenditure was £1,199k less than budget of £25,600k. These results were within the parameters expected by the organisation.

Table 8: Summary of Financial Return for 2014/15

	2014/15							
	Programme Resource			Admin Resource			Capital	Total
	Near Cash £000	Non Cash £000	Total £000	Near Cash £000	Non Cash £000	Total £000	£000	£000
External Income	(83,567)	0	(83,567)	(105)	0	(105)	(1,774)	(85,446)
Income from Commercial Activities	(94,899)	0	(94,899)	0	0	0	0	(94,899)
Total Income	**(178,466)**	**0**	**(178,466)**	**(105)**	**0**	**(105)**	**(1,774)**	**(180,345)**
Pay and Operating Costs (1)	273,784	(2,155)	271,629	24,506	(12)	24,494	0	296,123
Depreciation of property, plant and equipment	0	27,160	27,160	0	0	0	0	27,160
Amortisation of Intangible assets	0	22,571	22,571	0	0	0	0	22,571
Impairment of property, plant and equipment	0	3,807	3,807	0	0	0	0	3,807
Reversal of prior year downward revaluation of property, plant and equipment	0	(2,026)	(2,026)	0	0	0	0	(2,026)
Reversal of prior year impairment of property, plant and equipment	0	0	0	0	0	0	0	0
Share of losses of joint venture	0	805	805	0	0	0	0	805
Provision movement	8,633	0	8,633	0	0	0	0	8,633
Research grants	458,850	0	458,850	0	0	0	63,144	521,994
International Subscriptions	16,646	0	16,646	0	0	0	0	16,646
Loss on Disposal of Property, plant and equipment	476	0	476	0	0	0	0	476
Direct Capital	0	0	0	0	0	0	36,670	36,670
Total Expenditure	**758,389**	**50,162**	**808,551**	**24,506**	**(12)**	**24,494**	**99,814**	**932,859**
Net Income & Expenditure	**579,923**	**50,162**	**630,085**	**24,401**	**(12)**	**24,389**	**98,040**	**752,514**
Less Income from Dept of Health (2)	**0**	**0**	**0**	**0**	**0**	**0**	**(18,000)**	**(18,000)**
Adjusted Net Income & Expenditure	**579,923**	**50,162**	**630,085**	**24,401**	**(12)**	**24,389**	**80,040**	**734,514**
DEL Budget	(579,959)	(43,729)	(623,688)	(25,600)	0	(25,600)	(80,100)	(729,388)
(Underspend)/overspend	(36)	6,433	6,397	(1,199)	(12)	(1,211)	(60)	5,126

(1) Non cash relates to exchange rate losses and bad debts
(2) Capital contribution re the Francis Crick Institute

Table 9: Summary of Financial Return for 2013/14

	2013/14							
	Programme Resource			Admin Resource			Capital	Total
	Near Cash £000	Non Cash £000	Total £000	Near Cash £000	Non Cash £000	Total £000	£000	£000
External Income	(84,019)	0	(84,019)	(95)	0	(95)	(2,967)	(87,081)
Income from Commercial Activities	(85,416)	0	(85,416)	0	0	0	0	(85,416)
Total Income	**(169,435)**	**0**	**(169,435)**	**(95)**	**0**	**(95)**	**(2,967)**	**(172,497)**
Pay and Operating Costs (1)	280,550	1,655	282,205	24,678	0	24,678	0	306,883
Depreciation of property, plant and equipment	0	21,993	21,993	0	0	0	0	21,993
Amortisation of Intangible assets	0	24,844	24,844	0	0	0	0	24,844
Impairment of property, plant and equipment	0	7,768	7,768	0	0	0	0	7,768
Reversal of prior year downward revaluation of property, plant and equipment	0	0	0	0	0	0	0	0
Reversal of prior year impairment of property, plant and equipment	0	(14,338)	(14,338)	0	0	0	0	(14,338)
Share of losses of joint venture	0	0	0	0	0	0	0	0
Provision movement	803	0	803	0	0	0	0	803
Research grants	429,887	0	429,887	0	0	0	76,760	506,647
International Subscriptions	17,678	0	17,678	0	0	0	0	17,678
Loss on Disposal of Property, plant and equipment	247	0	247	0	0	0	0	247
Direct Capital	0	0	0	0	0	0	109,725	109,725
Total Expenditure	**729,165**	**41,922**	**771,087**	**24,678**	**0**	**24,678**	**186,485**	**982,250**
Net Income & Expenditure	**559,730**	**41,922**	**601,652**	**24,583**	**0**	**24,583**	**183,518**	**809,753**
Less Income from Dept of Health (2)	**0**	**0**	**0**	**0**	**0**	**0**	**(112,000)**	**(112,000)**
Adjusted Net Income & Expenditure	**559,730**	**41,922**	**601,652**	**24,583**	**0**	**24,583**	**71,518**	**697,753**
DEL Budget	(559,894)	(51,751)	(611,645)	(29,944)	0	(29,944)	(72,000)	(713,589)
(Underspend)/overspend	(164)	(9,829)	(9,993)	(5,361)	0	(5,361)	(482)	(15,836)

(1) Non cash relates to Exchange rate losses (see note 10)
(2) Capital contribution re The Francis Crick Institute

Table 10: Reconciliation of finance tables to Annual Accounts

	Account Note	2014/15 Programme £000	2014/15 Admin £000	2014/15 Capital £000	2014/15 Total £000	2013/14 Total £000
External Income						
Contributions from other government departments	4	(23,610)	0		(23,610)	(20,182)
Contributions and grants from other bodies	5	(56,394)	(94)	(1,774)	(58,262)	(63,379)
Other Income	6	(3,541)	(7)		(3,548)	(3,482)
Interest Receivable	7	(22)	(4)		(26)	(38)
External Income per Finance Table		**(83,567)**	**(105)**	**(1,774)**	**(85,446)**	**(87,081)**
Other Finance Income						
Total Other Finance Income	9f	(3,163)	0	0	(3,163)	1,381
Less IAS 19 pension income adjustments	9e	3,163	0	0	3,163	(1,381)
Other Finance Income		**0**	**0**	**0**	**0**	**0**
Pay and Operating Costs						
Staff costs	8	124,161	14,613	0	138,774	143,097
Less IAS 19 pension income adjustments		4,274	0	0	4,274	5,868
Other expenditure	10	91,883	9,881	0	101,764	116,234
Commercial Activities	15	51,311	0	0	51,311	41,684
Pay and operating costs per Finance Table		**271,629**	**24,494**	**0**	**296,123**	**306,883**
Provision Movement						
Amount provided in year (charged to AME not DEL)	24	1,762			1,762	(2,069)
Less Amount expended in year (DEL Charge)	24	6,871			6,871	2,872
Provision movement per Finance Table		**8,633**	**0**	**0**	**8,633**	**803**
Research Grants						
Research Grants	11	265,701	0	39,443	305,144	272,501
Other Research	12	122,042	0	23,701	145,743	164,236
Postgraduate training awards	13	71,107	0	0	71,107	69,910
Research grants per Finance Table		**458,850**	**0**	**63,144**	**521,994**	**506,647**
Direct Capital						
Property, plant & equipment additions	17			28,199	28,199	27,088
Intangible asset addition – software licences	16			0	0	312
Plus investment in Joint Ventures addition	18			38,044	38,044	114,504
Less net book value of disposed property, plant & equipment	17			(1,073)	(1,073)	(32,165)
Less net book value of disposed software licences	16			0	0	(14)
Less disposal of assets held for sale	20			(28,500)	(28,500)	0
Direct Capital per Finance Table		**0**	**0**	**36,670**	**36,670**	**109,725**

MRC financial results for the year

- The statement of comprehensive net expenditure records a net expenditure of £705.9m (2013/14 = £700.9m).
- The parliamentary grant-in-aid totalled £703.5m (2013/14 = £725.5m).
- Total income amounted to £180.3m (2013/14 = £172.5m), staff costs totalled £138.8m (2013/14 = £143.1m), other expenditure excluding depreciation totalled £101.8m (2013/14 = £116.2m) and expenditure on research grants totalled £305.1m (2013/14 = £272.5m).
- Total asset (non-current assets and current assets) values increased by £65.4m (2013/14 = £31.2m increase), while current liabilities decreased by £1.2m (2013/14 = £14.0m decrease).
- Reserves, excluding the general reserve, showed a net increase of £2.2m (2013/14 = increase £74.3m).
- General reserves increased by £25.5m (2013/14 = £78.9m increase).
- Total government funds at 31 March 2015 stood at £708.1m (31 March 2014 = £680.4m) (Statement of Changes in Taxpayers' Equity).

MRC creditor payment policy

The MRC observes the Confederation of British Industry's Code of Practice. It adheres to the principles of the Prompt Payers Code and makes every effort to comply with the agreed terms of payment of creditors' invoices. In 2014/15 the MRC paid 81.3 per cent (2013/14 = 75.6 per cent) of invoices within 5 days. The Prompt Payers Code can be found at **www.payontime.co.uk**.

Sir John Savill
Accounting Officer/Chief Executive Officer
Medical Research Council
Date: 25 June 2015

Directors' report

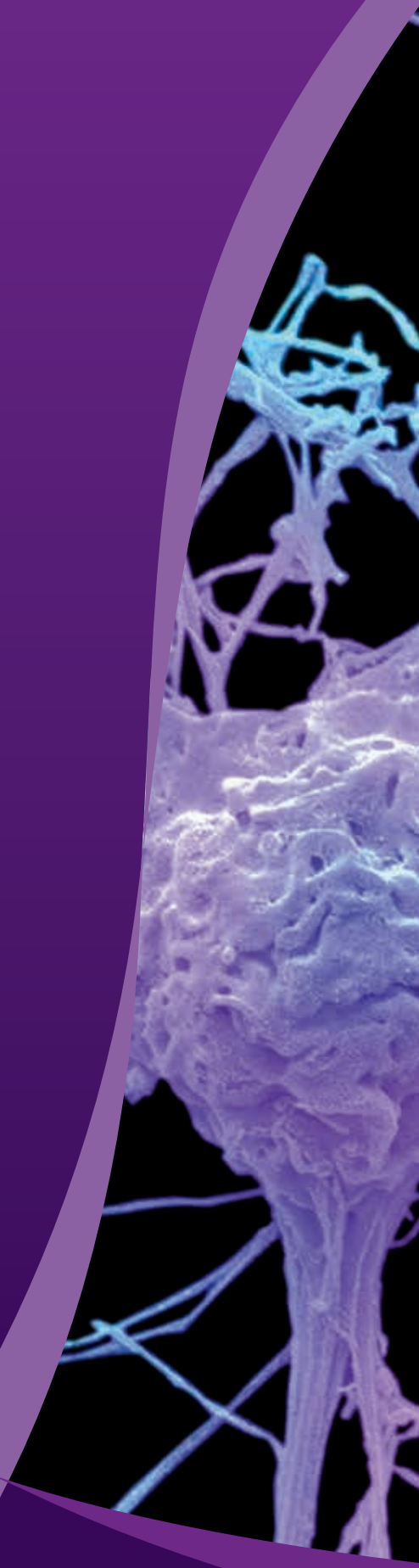
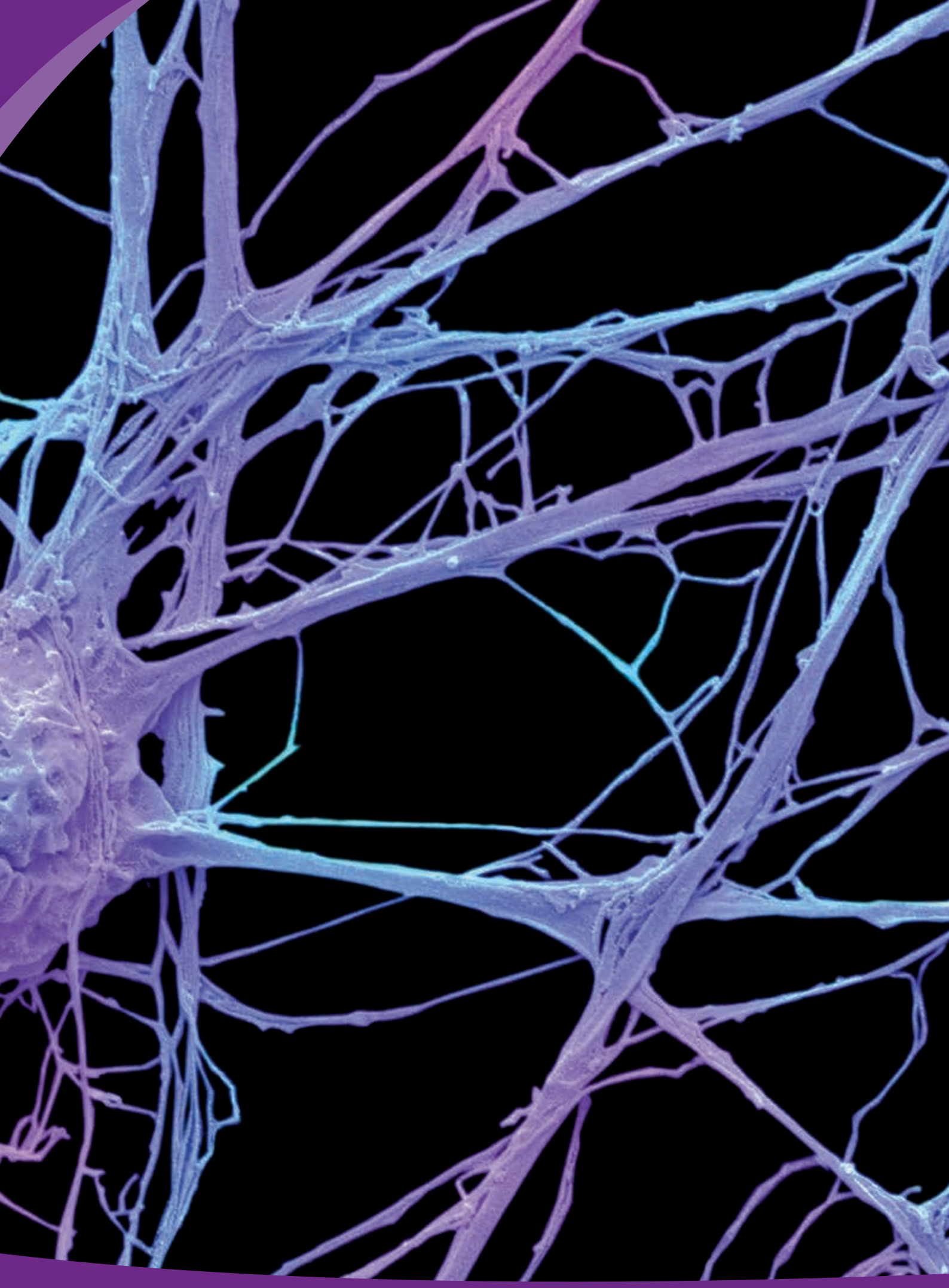


IMAGE: Neurone, SEM
Stem cell-derived neuron. Coloured scanning electron micrograph (SEM) of a human nerve cell (neuron) that has been derived from an embyonic pluripotent stem cell (ES). Pluripotent stem cells are able to differentiate into any of the 200 cell types in the human body. The type of cell they mature into depends upon the biochemical signals received by the immature cells. This ability makes them a potential source of cells to repair damaged tissue in diseases such as Parkinson's and insulin-dependent diabetes.



Vision

The MRC supports excellent discovery science and strengthens partnerships in areas where there is the greatest potential to deliver improved health and economic impact. This vision is set out in detail in the MRC strategic plan. During 2014/15 the MRC continued with its support of high-quality research and training leading to, and including, experimental medicine, stratified medicine and mechanisms of disease in people. This work is essential for the translation of ideas between academia, the NHS and industry for economic benefit.

The MRC remains the major funder for several areas of strategic importance to the UK as identified in the UK Life Science Strategy (Department of Health and Department of Business Innovation and Skills in December 2011.) The strategy recognises that the life science sector is a major contributor to UK economic growth and sets out actions to help maintain this by i) building on the strengths of, and partnerships between, universities and the wider research base, the NHS and industry, ii) attracting the best talent and encouraging them to work across disciplines and iii) overcoming barriers and creating incentives for healthcare innovation. The MRC is well placed within this agenda to further its strategic aims through actions and interventions.

Under the spending review (SR2010) settlement, the MRC's 2011-2015 budget allocation was provided real terms protection. This is the fourth year of the spending review.

The MRC reports on the outputs of activities every six months to the Department for Business Innovation and Skills, where progress can be measured against a series of milestone reports/data and evaluations used to assess progress against delivery plan areas. These are published in the MRC delivery plan.

MRC employees

The number of people of each gender who were employed by the MRC as at 31 March 2015 were as follows:

Gender	MB directors (incl. CEO)	Other band one staff	All employees
Female	1	25	1,286
Male	7	76	1,245
Total	8	101	2,531

Ethnic group	No. of employees	Percentage
Black and minority ethnic (BME)	328	12.96
Non-BME	1,838	72.62
Not Disclosed	336	13.28
Other Ethnic Group	29	1.15
Total	2531	100

Disability	No. of employees	Percentage
Yes	36	1.42
No	1,411	55.75
Not Disclosed	1,084	42.83
Total	2,531	100

Sickness absence	2014/15
Total no. of employees (as at 31/03/15)	2,531
Total days lost to sickness	10,233
Avg. working days lost per employee	4.0

Employment of disabled persons

The MRC has an Equality and Diversity Vision that sets out the MRC commitment to fulfil obligations as a public body under the Equality Act 2010, Disability. Part of the vision sets out the specific duties that the MRC undertakes such as publishing an action plan, gathering information on how MRC policies and procedure affect equality, assessing the impact of our policies on equality and consulting with key stakeholders (including employees and trade unions).

It is MRC policy that there should be no discrimination, harassment or less favourable treatment or victimisation of any employees, job applicant or funding applicant, either directly or indirectly related to a protected characteristic (including disability) or trade union membership or activity. The MRC reviews the impacts on equality of our new and existing policies, processes and functions on an ongoing basis by the policy owner.

The MRC undertakes equality training for managers and employees. In 2014 the MRC piloted 'unconscious bias' training which will be rolled out across the organisation in 2015/16.

The MRC is a 'Two Ticks Employer', which means that any disabled candidates must be shortlisted for interview if they meet the minimum criteria. The MRC has developed a 'reasonable adjustment guide' so that managers are aware of their responsibility for employees with disabilities or who become disabled. The MRC has also developed a network of employees who are 'equality champions'. These employees work with HR, local trade unions and health and safety to ensure that employees are supported in the workplace.

Disabled employees are offered the same training and development opportunities as any other staff and adjustments are made to attend training as necessary. In addition, the MRC has asked several disabled staff to 'trial out' leadership training specifically created for disabled people to see if that meets their specific needs. The results are equivocal.

Equality and diversity

As highlighted in the section on disability on page 49 the MRC has an Equality and Diversity Vision, with underpinning action plans and policies. The vision reflects the MRC's obligations under the Equality Act 2010. During 2014/15 the MRC has gone beyond these obligations and has been focusing on improving opportunities for Women in Science. The proportion of women employed in senior posts has increased and MRC units have been successful in achieving Athena Swan accreditation. In addition, working with other research councils, the MRC has been leading the way in publishing equality data. Other significant progress has been made with regard to family-friendly policies, including dropping qualifying periods for the purposes of maternity and paternity policies and providing flexibility in extending fixed-term scientific appointments to take into account periods of maternity leave. The MRC has also been piloting unconscious bias training which will be widely rolled out in 2015/16. The MRC works closely with trade unions and employees through its engagement mechanisms to listen to equality issues, and feed these into action plans and raise awareness of equality and diversity.

Employee engagement

The MRC recognises the importance of its staff and their vital contribution to the organisation's success. We are committed to effective two-way communication and consultation with staff and this is reflected in our staff survey results from the SpeakUp survey in 2013, with 60 per cent of staff agreeing or strongly agreeing that the MRC keeps them up to date on matters that affect them.

Consultation and engagement is managed through a number of channels as outlined below:

- The MRC has an effective partnership with our National Trade Union Side who represent staff on a range of matters including pay, benefits, pensions and organisational change.
- MRC policies have consultation in their core principles, eg. when organisational change is made through the quinquennial review process then there is a formal and rigorous consultation process that is put in place, including the provision for staff to make representations to the MRC Council decision-making body.
- Regular staff bulletins distributed through a cascade method which update staff on contractual and non-contractual employment related terms including pay, benefits, pensions and policies. These are then printed and displayed on staff notice boards at all units.
- All-staff emails from corporate directors (usually the CEO or HR Director) which communicate strategic matters to staff.
- MRC Life newsletter which has articles of interest from around the MRC and also information on HR and development activities.

- The SpeakUp staff surveys (ran in 2012, 2013 and to be run in 2015) provide an effective means of getting feedback from our staff on a number of areas including My Work, Learning and Development, My Manager, Pay and Benefits, Resources and Workload, Engagement and Leadership and Managing Change. In 2013 we received a 51 per cent response rate (1,451 respondents) and achieved an engagement index of 65 per cent (up one per cent from the previous survey).
- Senior Leadership Visits – Management Board members visit each MRC site to do a presentation to all staff on the current issues facing the MRC. Staff have the opportunity to ask questions.
- HR Roadshows – when any major HR change is planned eg pay restructuring, roadshow presentations are made at all units where all staff are invited. These are led by the HR Director.

Pension liabilities

The accounting treatment of pension liabilities and details of the MRC's pension scheme are fully disclosed in the Remuneration report (page 57), accounting policy note 1(t) (page 91) and note 9 to the accounts (page 99).

Council and Management Board members

The membership of the MRC's Council and its committees is listed on page 70 in the Governance Statement. Council members' remuneration is listed in the Remuneration Report (page 61). The Chairman of the MRC's Council is Mr Donald Brydon and the Chief Executive Officer is Professor Sir John Savill. Management Board membership is as follows:

Name	Job title
Sir John Savill	Chief Executive
Dr Jim Smith	Deputy Chief Executive and Chief of Strategy
Mr Bruce Minty	Chief Operating Officer
Dr Declan Mulkeen	Chief Science Officer
Dr Tony Peatfield	Director of Corporate Affairs
Mr Hugh Dunlop	Director of Finance
Mr Sandy Bulger	Director of Major Projects
Ms Sally-Louise Smith	Director of Human Resources

Conflicts of interest

During 2014/15 all Management Board members were circularised for details of conflicts of interest. Identified conflicts are included in the Remuneration report on page 62.

Council members are asked to complete a declaration of interests form when they are appointed and to inform the MRC of changes in their circumstances as they arise. Additionally, the Chairman asks members to state if there are any changes to their declared interests at each Council meeting. Members are also sent a copy of their current form and biography annually and asked to update it or state if there are no changes.

Completed forms are published on the MRC website at the following link:
www.mrc.ac.uk/about/council/members-declarations-of-interest/

Auditors

The accounts have been audited by the Comptroller and Auditor General, who has been appointed under statute and is responsible to Parliament. The cost of the audit was £155,000. No remuneration was paid to the external auditors in respect of non-audit work in 2014/15.

Internal audit was provided independently by the Research Councils' Audit and Assurance Services Group (AASG). AASG reports annually to the Audit Committee. The cost of internal audits and funding assurance undertaken during 2014/15 was £299,394. No remuneration was paid to the internal auditors in respect of non-audit work during 2014/15.

The Accounting Officer has taken all reasonable steps to ensure that he is aware of any relevant audit information and to ensure that the Council's auditors are aware of that information. As far as the Accounting Officer is aware, there is no relevant audit information of which the MRC's auditors are unaware.

Thefts, losses and special payments

During the year the MRC incurred total losses of £34,613.

- A loss of £2,866 resulting from two cases of fraudulent activity.
- Four cases of thefts of computer equipment, mobile devices and peripherals estimated at £2,000 in total.
- A supplier liquidation resulting in a loss of £29,747.

In addition there was one case of a special payment made in relation to a personal injury claim for damages of £77,000. Approval for this payment was provided by HM Treasury

Information assurance and security

Information assurance and security is covered in the Governance Statement on page 72. For the year ending 31 March 2015, the MRC IT Security team logged 18 information security incidents, none of which required reporting to BIS or the Information Commissioner.

Freedom of Information

During the 2014 calendar year we received sixty-one Freedom of Information requests — a 33 per cent increase on the previous year. The response rate within the deadline of 20 working days (or an agreed extended deadline) fell from 96 to 92 per cent, reflecting an increase in complexity and scale.

A summary of FOIA requests and response rates is provided in table 11 below. The majority of the requests received continue to come from the public (66 per cent) and we are also seeing an increasing number of requests from academics and research organisations (eight per cent), from the private sector (eight per cent) and from charities and interest groups (seven per cent). The requests covered a wide variety of topics such as spend, success rates or activities relating to a specific area of research or condition, the referendum in Scotland on independence and regular requests on IT and contracts.

Table 11: 2014 FOIA requests by type

Request type	MRC
Contracts	6
Strategy, policy & governance	12
Outputs	6
Personal information	0
Research funding	19
Research policy	18
Other	0
Total	61

Table 12: 2014 FOIA requests by requestor

Requestor type	MRC
Academic/HEI/Research organisations	5
Charities and interest groups	4
Media	2
Parliament	2
Private sector	5
Public	40
Public sector	3
Research Council staff	0
Total	61

Sir John Savill
Accounting Officer/Chief Executive Officer
Medical Research Council
Date: 25 June 2015

Remuneration report

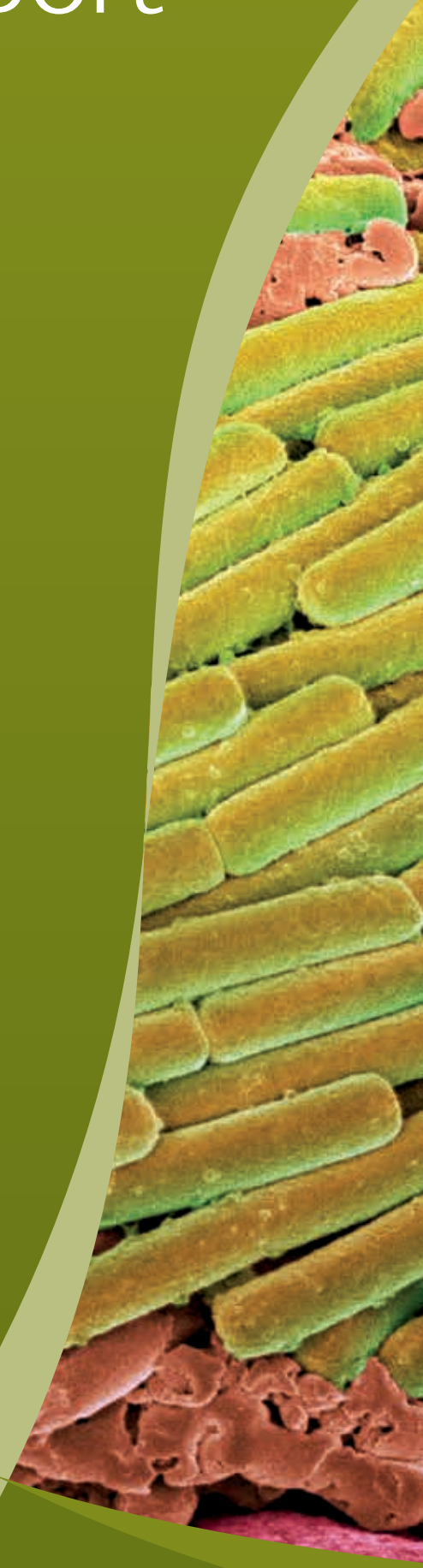
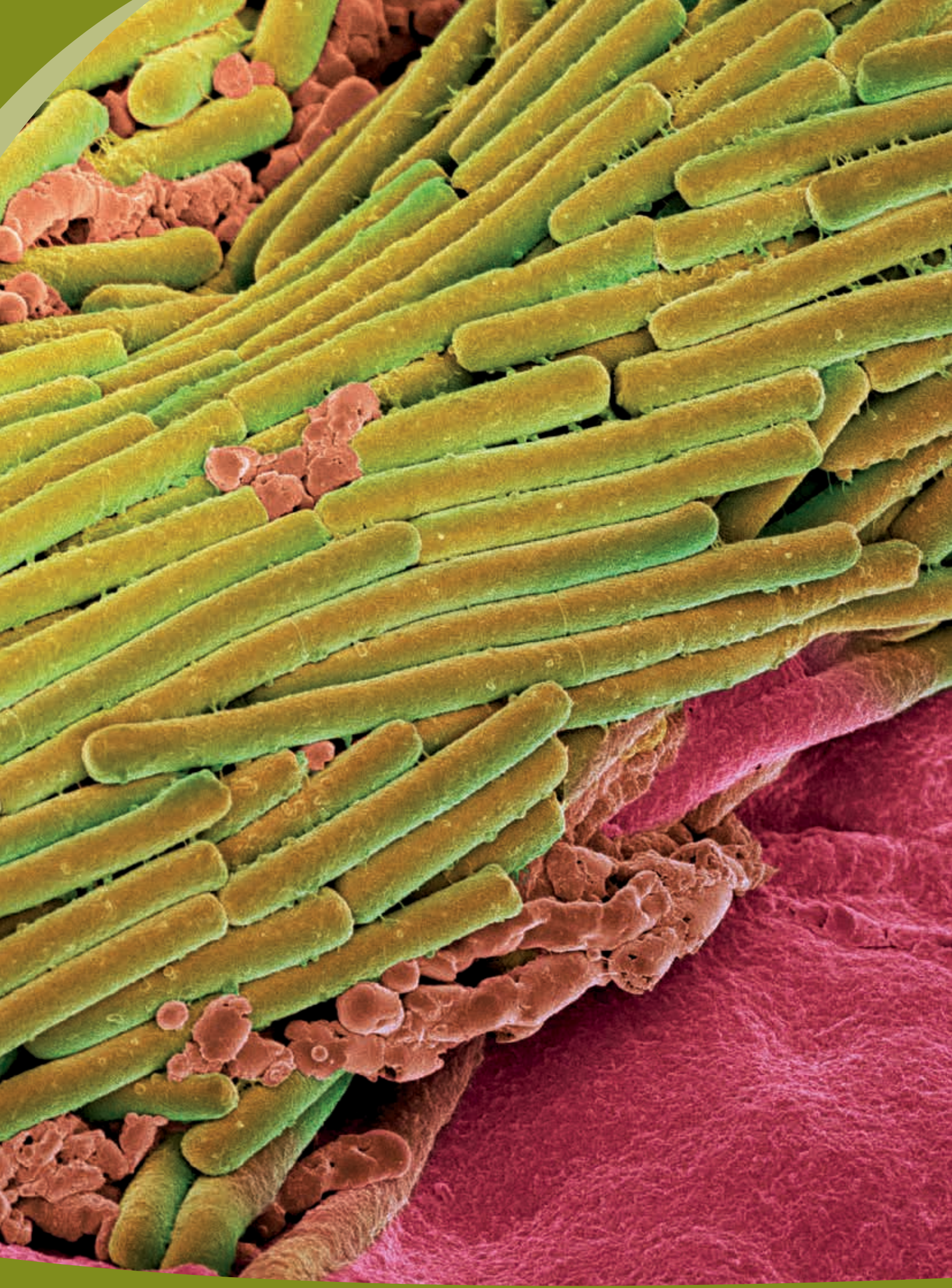


IMAGE: Clostridium difficile bacteria, SEM
Clostridium difficile bacteria. Coloured scanning electron micrograph (SEM) of dividing C. difficile bacterial cells (yellow). Old dead bacterial cells are pink. These rod-shaped bacteria cause pseudomembranous colitis, one of the most common hospital-acquired infections, and antibiotic-associated diarrhoea. Infection can be fatal. Treatment is with antibiotic drugs, although this bacterium has become increasingly resistant to the use of antibiotics.



Remuneration report

Remuneration Committee

(unaudited information)

Remuneration of the head office directors and of the heads of the MRC's units and institutes is reviewed by the MRC Remuneration Committee. The committee is chaired by the MRC Chairman and there are four additional members who are all Council members. Remuneration Committee membership during 2014/15 was:

- Mr Donald Brydon, Chairman
- Professor Paul Morgan[17], University of Cardiff
- Professor Michael Arthur[18], UCL
- Professor Richard Henderson[19], MRC Laboratory of Molecular Biology
- Professor Chris Day, Newcastle University
- Dr John Brown[20], Edinburgh
- Professor Patrick Johnston[21], Queens University Belfast
- Dr Mene Pangalos[22], Astra Zeneca

The MRC Chief Executive, Sir John Savill, also attends Remuneration Committee meetings. Bruce Minty (MRC Chief Operating and Finance Officer, Sally-Louise Smith (MRC Human Resources Director) and Rebecca Leigh (Head of Reward and Recognition) provided advice to the committee but were not present during discussions about their own terms and conditions of service.

Remuneration policy

(unaudited information)

No formal pay scale exists for the MRC's most senior staff. Pay for this group is based on the concept of 'personal pay' and is reviewed by the Remuneration Committee. Pay and bonus arrangements for new appointments or reappointments above £100k per annum are approved by the BIS Senior Remuneration Oversight Committee (SROC) in addition to the MRC Remuneration Committee. In 2014/15 it was agreed that the MRC would be exempt from needing to request SROC advice in cases where they wished to pay senior scientists in their institutes/facilities a remuneration package of between £100k – £142.5k.

2014/15 marked the sixth year of pay restraint for the MRC. When not in a pay freeze, the Remuneration Committee makes reference to the changes made for all other staff in the MRC when agreeing pay rises for the senior employees; the individual's appraisal against annual or three to five year objectives; the scientific (or other) performance of a unit or group; the breadth of responsibilities as reflected in staffing, budgetary and other resource management issues; contributions to the delivery of wider corporate objectives (for example, in areas of ethics, corporate governance, public communication,

17. Stepped down 31 March 2015
18. Stepped down 30 September 2014
19. Stepped down 30 September 2014
20. Appointed October 2014
21. Appointed October 2014
22. Appointed February 2015

and strategic partnerships); and external market data. Market data are used to inform the competitiveness of remuneration packages in order to secure or retain world-class scientists as a corporate and national asset.

Remuneration is subject to a minimum acceptable level of performance. Pay adjustments are informed by both the general pay award rate and the provisions of the Additional Salary Reward Scheme (branded Special Award Scheme), which allows for a maximum 10 per cent of annual salary payment for exceptional employee contributions, paid as a one-off non-consolidated payment at the end of year or a smaller quantum in-year.

Senior scientific staff are appointed on open-ended contracts, subject to five-yearly review in accordance with the MRC's scientific peer review system. Notice periods in the event of redundancy are a minimum of six months. Termination payments are in accordance with the MRC's Redundancy Scheme.

Senior staff remuneration

(audited information)

The following section provides details of the remuneration and pension interests of the Chief Executive, the Management Board and Council members.

A summary of the level of remuneration for the MRC's Management Board is shown in table 14. The levels of honoraria for MRC Council members are also shown below.

Chief Executive

The performance management and remuneration arrangements for the Chief Executive are established and managed by the Department for Business, Innovation, and Skills as the MRC's sponsor department. Research council Chief Executives are paid both a basic salary and performance pay comprising an annual and an appointment term bonus.

The Chief Executive was an ordinary member of the MRC's pension scheme until the end of March 2012 when he withdrew. Entitlements under conditions of service are the same as those for other members of staff and, should his contract be terminated early, he would be entitled to compensation under the terms of the MRC Redundancy Scheme. Details of the service contract of the Chief Executive and staff on personal contracts are given in the table below. These individuals do not have any specific contractual rights for termination of their contract.

Table 13: Senior staff contracts

Chief Executive and Directors	Contract Start Date	Contract End Date	Notice Period
John Savill Chief Executive	1 Oct 2010	31 Mar 2016	3 months
Jim Smith Deputy Chief Executive and Chief of Strategy	Permanent contract	–	3 months
Bruce Minty Chief Operating Officer	Permanent contract	–	3 months
Declan Mulkeen Chief Science Officer	Permanent contract	–	3 months
Sally-Louise Smith Director of Human Resources	Permanent contract	–	3 months
Hugh Dunlop Director of Finance	Permanent contract	–	3 months
Sandy Bulger Director of Major Projects	Permanent contract	–	3 months
Tony Peatfield Director of Corporate Affairs	Permanent contract	–	3 months

The appointment term bonus is assessed each year and the amounts agreed are retained and are then paid out at the end of the appointment term. If the Chief Executive leaves early the Director General may recommend a reduced bonus to be paid depending on the circumstances.

Salary including Performance-Related Pay

Salary, including performance-related pay, covers both pensionable and non-pensionable amounts and includes gross salaries, performance pay or bonuses and allowances. It does not include amounts which are reimbursement of expenses directly incurred in the performance of an individual's duties.

Hutton report

The Hutton Report requires the MRC to calculate the mid-point of the banded remuneration of the highest paid director, and the ratio between this and the median. The calculation is based on the full-time equivalent on an annualised basis. MRC Median pay is £32,324 (2013/14 – £31,816). The Chief Executive's full time equivalent pay based upon working four days a week as a multiple of median pay is 5.8 (2013/14 – 5.42).

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in Cash Equivalent Transfer Values

This reflects the increase in the CETV and takes account of the increase in accrued pension, contributions paid by the employer and contributions paid by the employee, which includes the voluntary purchase of additional years of pensionable service and the value of any benefits transferred from another pension scheme or arrangement.

Table 14: Senior staff remuneration (audited information)

	2014/15				2013/14			
	Remuneration	Bonus	Pension benefit	Total	Remuneration	Bonus	Pension benefit	Total
	£000	£000	£000	£000	£000	£000	£000	£000
John Savill								
Chief Executive and Deputy Chair of Council	135-140	15-20	-	155-160	125-130	0-5	-	130-135
Wendy Ewart								
Deputy Chief Executive and Chief of Strategy	-	-	-	-	115-120	10-15	50-55	180-185
Jim Smith								
Deputy Chief Executive and Chief of Strategy	155-160	10-15	35-40	205-210	-	-	-	-
Bruce Minty								
Chief Operating Officer	140-145	10-15	30-35	185-190	140-145	10-15	35-40	185-190
Declan Mulkeen								
Chief Science Officer	110-115	5-10	85-90	205-210	105-110	5-10	40-45	150-155
Ted Smith								
Director of Human Resources	110-115	25-30	25-30	165-170	145-150	5-10	30-35	185-190
Sally-Louise Smith								
Director of Human Resources	20-25	-	30-35	50-55	-	-	-	-
Hugh Dunlop								
Director of Finance	105-110	-	35-40	140-145	105-110	-	165-170	270-275
Sandy Bulger								
Director of Major Projects	125-130	10-15	25-30	165-170	125-130	5-10	25-30	160-165
Tony Peatfield								
Director of Corporate Affairs	105-110	5-10	30-35	140-145	105-110	-	40-45	150-155

Remuneration includes any allowances but not benefits in kind or employers pension contribution. There were no benefits in kind paid in the year.

Wendy Ewart retired on 31 March 2014. Jim Smith joined 1 April 2014.
Ted Smith resigned from 31 December 2014 his full year equivalent salary was £145k-£150k. Sally-Louise Smith was appointed HR Director with effect from 1 January 2015 her full year equivalent salary was £85k-90k. Her full year pension benefit is shown.
John Savill works part-time and his full year equivalent salary is £170k-£175k. He is not a member of the MRC pension scheme
This figure also includes the salary received by Jim Smith as Director of NIMR

Table 15: Senior staff pension (audited information)

	Accrued pension at Retirement Age as at 31.3.15 and (Lump sum) £000	Real increase/ (decrease) in pension and related lump sum at retirement age £000	CETV at 31.3.15 or date left £000	CETV at 31.3.14 £000	Real increase/ (decrease) in CETV £000
John Savill					
Chief Executive	-	-	-	-	-
Jim Smith					
Deputy Chief Executive and Chief of Strategy	10-15 plus 35-40 lump sum	-	220	-	220
Bruce Minty					
Chief Operating Officer	5-10 plus 25-30 lump sum	0-2.5 plus 5-7.5 lump sum	160	126	34
Declan Mulkeen					
Chief Science Officer	35-40 plus 110-115 lump sum	2.5-5 plus 10-12.5 lump sum	629	560	69
Ted Smith					
Director of Human Resources	5-10 plus 25-30 lump sum	0-2.5 plus 2.5-5 lump sum	151	128	23
Sally-Louise Smith					
Director of Human Resources	0-5 plus 10-15 lump sum	-	46	-	46
Hugh Dunlop					
Director of Finance	40-45 plus 120-125 lump sum	0-2.5 plus 5-7.5 lump sum	715	683	32
Sandy Bulger					
Director of Major Projects	5-10 plus 25-30 lump sum	0-2.5 plus 2.5-5 lump sum	170	140	30
Tony Peatfield					
Director of Corporate Affairs	35-40 plus 115-120 lump sum	0-2.5 plus 5-7.5 lump sum	794	756	38

Pensions and lump sums are those calculated as at retirement age or date of leaving. Details of the MRC Pension Scheme appear in Note 9 of the Annual Account.
John Savill is not a member of the MRC pension scheme
Jim Smith and Sally-Louise Smith joined the board in 2014/15 and consequently there are no comparator figures.
Ted Smith left on 31 December 2014 and his figures are to that date.

Council members

(unaudited information)

MRC Council members are appointed by the Secretary of State for Business, Innovation and Skills in accordance with the code of practice of the Office of the Commissioner for Public Appointments (OCPA). The normal period of appointment is four years. In exceptional circumstances members may be re-appointed for one further four-year term.

The positions of Council members are non-pensionable and there is no entitlement to compensation for loss of office. Emolument comprises an honorarium, set annually by BIS; enhanced honoraria are paid to some members, such as Council subcommittee chairs, to reflect additional responsibilities. Details of amounts paid to each member during the year are shown in table 16 below.

Dr Ruth McKernan chose not to draw her honorarium. Dr Richard Henderson, as a member of MRC staff, and Professor Dame Sally Davies, as an employee of the Department of Health, are not entitled to receive honoraria.

Table 16: Council honoraria 2014/15 (audited information)

Member	Position/Affiliation	Annual Honoraria	
		2014/15 £000	2013/14 £000
Mr Donald Brydon	Chair	15-20	15-20
Professor Sir John Savill"	Deputy Chair	-	-
Professor Jeffrey Almond*	Visiting Professor, Oxford and Reading	0-5	5-10
Professor Michael Arthur*	University College London	0-5	5-10
Dr John Brown#	Cell Therapy Catapult/Life Science Advisory Board	0-5	-
Professor Doreen Cantrell#	University of Dundee	0-5	-
Mr Tony Caplin^	Alternative Networks plc/Public Works Loan Board	0-5	5-10
Professor Dame Sally Davies	Department of Health	-	-
Professor Chris Day	Newcastle University	5-10	5-10
Professor Dame Janet Finch#	Nursing and Midwifery Council	0-5	-
Dr Richard Henderson*	MRC Laboratory of Molecular Biology, Cambridge	-	-
Professor Patrick Johnston#	Queens University Belfast	0-5	-
Professor Dame Sally Macintyre	University of Glasgow	5-10	5-10
Dr Ruth McKernan	Pfizer, Cambridge	-	-
Professor Paul Morgan~	Cardiff University	5-10	5-10
Baroness Onora-O'Neill	House of Lords	5-10	5-10
Dr Menelas Pangalos	Astra Zeneca, Cheshire	5-10	5-10
Ms Vivienne Parry	Writer and Broadcaster, London	5-10	5-10
Professor Michael Schneider	Imperial College London	5-10	5-10

"Sir John Savill is also the CEO so does not receive an honorarium. His remuneration in covered in table 14.
*Professor Jeffrey Almond, Professor Michael Arthur and Dr Richard Henderson's terms came to an end on 30 September 2014.
^Mr Tony Caplin resigned on 19 April 2014.
~Professor Paul Morgan's term came to an end on 31 March 2015.
#Dr John Brown, Professor Doreen Cantrell, Professor Dame Janet Finch and Professor Patrick Johnston were appointed to Council with effect from 1 October 2014.

Declared interests

(unaudited information)

In common with others who serve the public, individuals working with the MRC observe the Seven Principles of Public Life as set out by the Committee on Standards in Public Life. Members of the MRC's Council, boards and subcommittees are required to declare any private, professional or commercial interests that might, or might be perceived to, conflict with the MRC's interests, and these declarations are published on the MRC website.

Senior MRC staff are required under the staff Code of Conduct to declare details of any company directorships and other significant interests which might conflict with their management responsibilities. Of the members of Management Board, Sir John Savill works part-time for the University of Edinburgh and Dr Jim Smith works part-time as Research Director at the Francis Crick Institute. Details of how these conflicts are managed are included on the MRC website at: **http://www.mrc.ac.uk/about/chief-executive-management-board/?nav=sidebar**. Dr Declan Mulkeen is a board member of MRCT and a stand-in MRC board member for Imanova Ltd.

Sir John Savill
Accounting Officer/Chief Executive Officer
Medical Research Council
Date: 25 June 2015

Financial statements

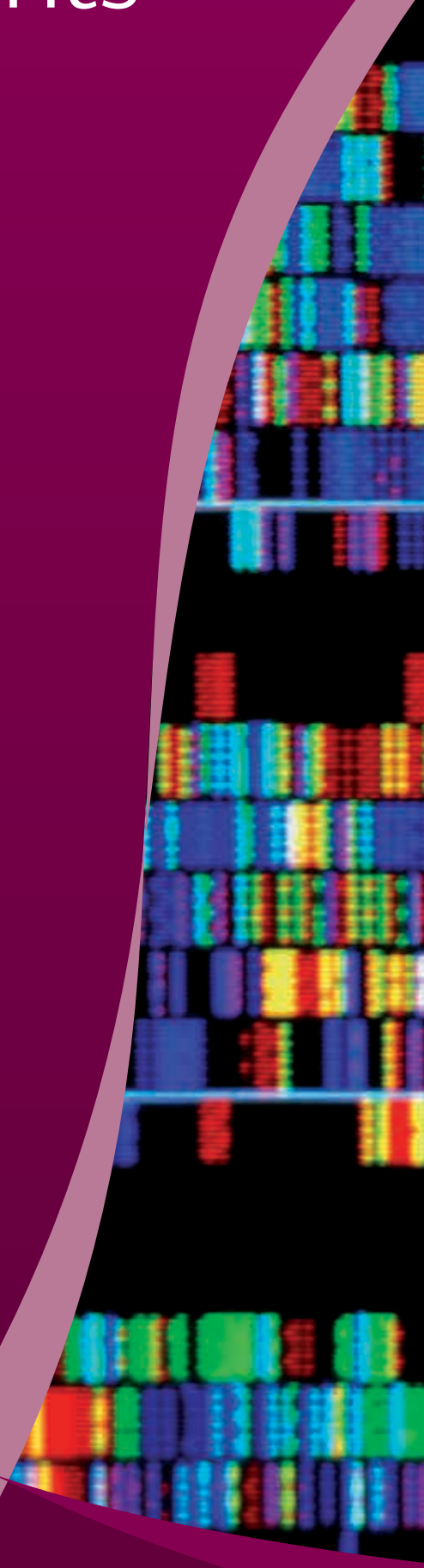
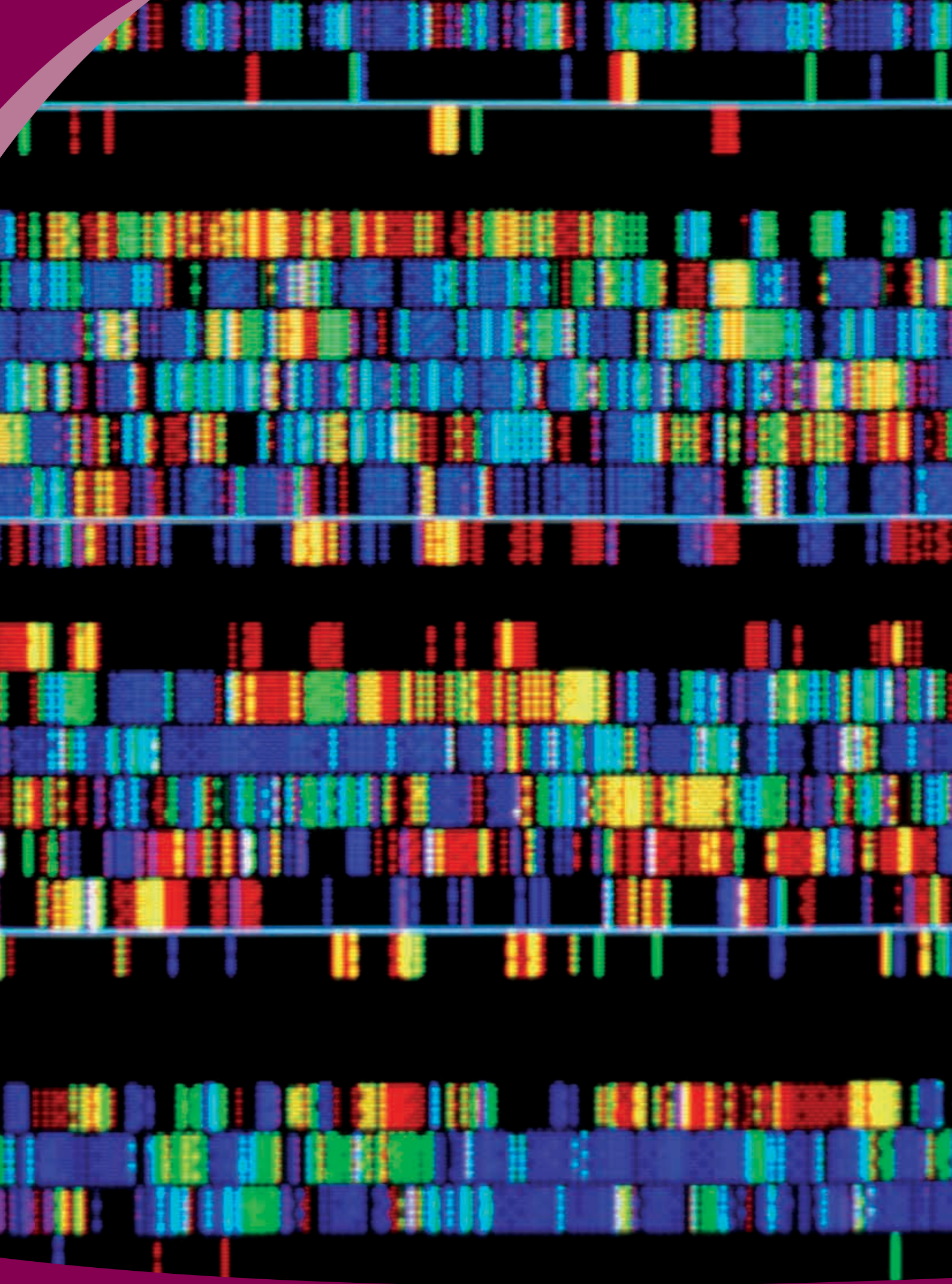


IMAGE: Human DNA sequence
Computer screen display of a human DNA (deoxyribonucleic acid) sequence as a series of coloured bands. This is for the human genome project. DNA consists of two long strands linked by the interactions of bases along their lengths. Each colour represents a specific base. The sequence of bases makes up the genetic code in the form of genes, segments of DNA which have specific functions within an organism. By studying the genes in human DNA, a greater understanding of genetic diseases and heredity can be achieved. Photographed at the Sanger Centre in Cambridge, England.



MRC Financial Statements

Year ended 31 March 2015

Statement of the Council and Chief Executive's responsibilities

The financial statements presented are the accounts of the Medical Research Council.

Under paragraph 3 of Schedule 1 of the Science and Technology Act 1965 the Council is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State for Business, Innovation and Skills, with approval of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Council's state of affairs at the year-end of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts direction issued by the Secretary of State for Business, Innovation and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosed and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis.

The Department for Business, Innovation and Skills has appointed the Chief Executive as Accounting Officer of the MRC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the MRC's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Managing Public Money (The Stationery Office).

MRC Governance Statement for 2014/15

1 Scope of responsibility

As Accounting Officer, I have personal responsibility for maintaining a sound system of governance and internal control that supports the achievement of MRC's policies, aims and objectives whilst safeguarding the public funds in accordance with the responsibilities assigned to me and disclosed in "Managing Public Money'.

The MRC is an independent non-departmental public body of the Department for Business Innovation and Skills (BIS). MRC's lines of accountability with BIS are defined through a Management Statement, code of practice and financial memorandum. These documents were reviewed through a cross-Research Council group; following revision and updating, new versions were approved by MRC Council in December 2014.

2 The purpose of the Governance Statement

This Governance Statement for 2014/15 gives a clear understanding of the dynamics of the MRC and its control structure. It explains the way in which the MRC governance framework operates and details results from the review processes which enable me to have confidence in the effectiveness of the controls. This statement explains how the MRC has complied with the principles of good governance, reviews the effectiveness of these arrangements, and complies fully with the Corporate Governance Code.

3 The governance framework/structure

The MRC governance framework includes Council, the Council Audit and Risk Assurance Committee (CARAC), Management Board, Strategy Board, Operations Board and other fora, senior management, officials and staff. The MRC's decision-making and advisory bodies are described below.

The MRC's Council meets five times a year. Council is the MRC's top level decision-making body directing and overseeing corporate policy and science strategy, decides all issues of major importance including issues of corporate strategy, sets key strategic objectives and targets, makes major decisions involving the use of financial and other resources, and ensures the organisation is effectively managed. Council members have a corporate responsibility for ensuring that the Council's decisions are well-founded and comply with any statutory or administrative requirements for the use of public funds.

Council appointments: Council is led by the Chairman, with the MRC Chief Executive as Deputy Chairman and 13 other members, at least half of whom are appointed on account of their scientific qualifications. Council members are appointed by and accountable to the Secretary of State for Business, Innovation and Skills in accordance with the Code of Practice for Ministerial Appointments to Public Bodies.

Main activities for 2014/15[23]:

- Reviewing delivery of the commitments in the MRC strategic plan, and other items of strategic importance;
- Advising on priorities for the 2015 spending review;
- Reviewing and advising on the implications of legislation including the EU Data Protection Regulations;
- Reviewing and approving decisions on MRC intramural investments including progress and future plans for the university unit programme and the tracking of benefits from the programme;
- Reviewing and approving the MRC Estates and Asset and Project Management Strategy and monitoring progress with major initiatives including the Francis Crick Institute;
- Approving updated versions of the MRC Management Statement, Financial Memorandum and Code of Conduct for council members;
- Reviewing and approving financial plans and performance;
- Reviewing and approving operational activities;
- Receiving reports from subcommittees including the Council Audit and Risk Assurance Committee, the Ethics, Regulation and Public Involvement Committee, the Remuneration Committee and the Nominations Committee.

Review of effectiveness

During 2014/15, the Council Chairman held 1:1 meetings with Council members to review performance.

Council is supported in its role by a number of boards and subcommittees[24]. There are four subcommittees made up of Council members and supplemented, where appropriate, with other members bringing specialised expertise and knowledge. Subcommittees have responsibility for specific areas of Council's remit; in some cases authority is delegated to them to act on behalf of Council, and in other cases they are acting in an advisory capacity either to Council (Ethics, Regulation and Public Involvement Committee (ERPIC)) or to the Chairman (Nominations Committee). Council is also advised by an Employee Representation Forum.

The **Council Audit and Risk Assurance Committee (CARAC)** met five times in 2014/15. It supports and advises Council and the Chief Executive on matters of governance, risk and control. Meetings are attended by representatives from the National Audit Office (NAO) and the Research Council's Audit and Assurance Service Group (AASG).

Changes to CARAC – following to the resignation of the Committee Chair, Tony Caplin, Professor Michael Arthur took over as Chair from April to September 2014. Dame Janet Finch was appointed Deputy Chair in October 2014 and Chair in January 2014. All other changes are noted in the table below.

23. Agenda and redacted minutes are available on the MRC website.
24. The terms of reference and membership of the committees are available on the MRC website http://www.mrc.ac.uk/about/council/committees/?nav=sidebar

CARAC main activities for 2014/15:

- Reviewing audit reports and tracking implementation of recommendations;
- Detailed scrutiny of annual accounts;
- Oversight of risk management with particular emphasis on the management of corporate and fraud risks;
- Review of information assurance and information security;
- Review of assurance process and findings;
- Monitoring of major programmes.

Review of effectiveness

CARAC carried out a review of effectiveness in April 2014.

The **Remuneration Committee (RemCom)** reports to Council and met in May and October 2014. It is chaired by the MRC Chairman and there are four additional members, who are all Council members. The MRC Chief Executive, the Chief Operating Officer and the HR Director are also invited to attend and advise RemCom. RemCom reviews the HR Strategy, in particular the pay, grading and bonus arrangements for the most senior staff.

The **Ethics, Regulation and Public Involvement Committee (ERPIC)**is chaired by Baroness O'Neill of Bengarve and currently has nine other members. It is an advisory committee which meets twice a year and reports to Council.

The **Nominations Committee (NomCom)** reports to Council. It is chaired by the MRC Chairman and there are four additional members. NomCom advises the Chairman on senior key appointments and meets as and when required. NomCom met twice in 2014/15 to advise the Chairman on the succession planning and Council member recruitment. NomCom also advised the Chairman via email on applications for Council membership.

Strategy Board meets eight times a year, is chaired by the CEO and is responsible for developing, coordinating, and overseeing the implementation of and evaluating the MRC's strategic plan. Membership includes the chair of each of the research boards and strategic overview groups plus an MRC institute or unit director and a representative of the extramural programme. Strategy Board reports to Council and has a budget delegated by Council for strategic awards.

The four **Research Boards** each meet three times a year and are responsible for one of the four major areas of medical science that together make up the MRC portfolio. They, together with expert funding committees with more focused remits (e.g. fellowship awards, translational research), are responsible for assessing applications for research funding and have delegated budgets for new awards. There are four strategic overview groups (Training and Careers, Global Health, Translational Research and Population Health Sciences Group) which are responsible for ensuring that the MRC's activities in these key areas are well coordinated and strategically positioned.

Council and Committee attendance, 1 April 2014 – 31 March 2015

Name of Member	Attendance				
	Council	RemCom	CARAC	ERPIC	NomCom
Prof Jeffrey Almond[25]	2/2				1/1
Prof Michael Arthur[26]	2/2	0/1	2/2		
Dr John Brown[27]	3/3				
Mr Donald Brydon[28]	5/5	2/2	5/5		2/2
Prof Doreen Cantrell[29]	2/3				
Prof Dame Sally Davies	3/5				
Prof Chris Day	5/5	2/2			2/2
Prof Dame Janet Finch[30]	2/3		3/3		
Dr Richard Henderson[31]	2/2	1/1	0/2		
Prof Patrick Honston	2/3				
Prof Dame Sally Macintyre	3/5				2/2
Professor Paul Morgan[32]	5/5	2/2			
Baroness Onora O'Neill	5/5			2/2	
Dr Menelas Pangalos[33]	4/5				
Mrs Vivienne Parry	3/5			1/2	
Dr Ruth McKernan	4/5				
Prof Sir John Savill[34]	5/5				
Prof Michael Schneider[35]	4/5		1/1		
Ms Anna Anderson			4/5		
Mr Alastair Hewgill			5/5		
Mr John Jeans[36]			0/3		
Mr Roger Dunshea			5/5		
Mr Andrew Murphy			3/5		

Key
Council member
Independent CARAC members
☐ Management

25. Professor Almond stepped down in September 2014
26. Professor Arthur stepped down in September 2014
27. Dr Brown was appointed in October of 2014 and became a member of RemCom
28. Mr Brydon also chairs RemCom and NomCom
29. Prof Cantrell was appointed in October 2014 became a member of NomCom in January 2015
30. Dame Janet was appointed to Council and Deputy Chair of CARAC in October 2014. She was appointed Chair of CARAC in January 2015.
31. Dr Henderson stepped down in September 2014
32. Professor Morgan stepped down in March 2015
33. Dr Pangalos joined RemCom in January 2015
34. Prof Sir John Savill is the Chief Executive and Deputy Chair of Council
35. Professor Schneider was appointed Deputy Chair of CARAC in February 2015
36. Mr John Jeans resigned in September 2014

Management Board is the MRC's principal executive decision-making body. It meets eleven times a year and is accountable to Council through the Chief Executive.

Operations Board is the MRC's principal body for operational decisions. It meets monthly and is chaired by the Chief Operating Officer and includes representatives from each corporate directorate and Senior Unit Administrators representing the Units.

Partner organisations

The MRC is a key funder in a variety of partnerships. The MRC's interests in each of these partnerships are governed via a joint venture agreement or by contracts. In some instances separate companies have been established and the MRC has a nominated director on each board. Whilst the detail for each partnership differs, the MRC has appropriate agreements in place and actively engages through representation at senior level. The partnerships are:

- UK BioBank
- Imanova
- The Francis Crick Institute (The Crick)

Our risk and assurance frameworks ensure that matters emanating from these partnerships activities are reported and that issues are responded to in an appropriate manner. The governance arrangements for these partnerships are subject to audit by AASG on a rolling programme.

MRC university units – the university units are governed by strategic alliance agreements and have specific assurance arrangements. These arrangements are subject to audit by AASG.

4 The risk and internal control framework

The MRC believes that identifying and managing risks and opportunities plays a critical part in the effective and efficient delivery of the MRC's long-term organisational objectives, creating confidence and trust within the scientific community and the general public and enables better planning for the future.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives.

The MRC has a robust risk management system designed to identify and prioritise the risks to the achievement of MRC's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively. The system of control has been in place in MRC for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

The task of overseeing the risk management strategy is delegated to the Head of Risk Management and Assurance. The Risk and Assurance team provide challenge and support. The team co-ordinates the corporate and fraud risks, which are reviewed regularly by Management Board and then reported to CARAC and Council.

All MRC directors and managers share the responsibility to ensure the effective implementation of risk management and internal controls.

There is a system for escalating all risks that exceed the MRC risk appetite to Operations Board and/or Management Board for discussion.

The risk management framework includes:

- setting out a risk management policy and strategy and defining the risk appetite for the MRC;
- signing up to overall assurances statement by directors; (DASIC see 14.3)
- updating and reviewing the corporate and fraud risk registers at least quarterly by senior management and reviewing at CARAC;
- underpinning the corporate risk register with Directorate, Unit and Project level risk registers;
- requiring all risks to have a senior manager/director as "risk owner";
- a formal project management approach with embedded risk management for major activities, including the business critical programmes;
- All decision papers to Council, Management Board and Strategy Board require a statement on the risks relevant to the decision;
- The uses of risk management software "EasyRisk" to record and track all risks and audit recommendations.

5 Fraud and error risk management

The MRC is committed to standards of regularity and propriety and does not tolerate any form of fraud, bribery and/or corruption.

The MRC has a detailed fraud and error risk register that is reviewed regularly by Management Board, CARAC and Council.

There is a mandatory e-learning programme on fraud and bribery for all senior staff and those working in high risk areas.

All fraud reports are reviewed by CARAC.

Two frauds were identified at our Uganda unit and dealt with appropriately. Although unwelcome it did not represent a material loss of financial control.

6 Information assurance and information security

The management of information risks is fully integrated within the risk management process, the Director of Information and Systems is the MRC's Senior Information Risk Owner.

Every MRC unit and institute undergoes an annual review of information security management systems. This process evaluates compliance with the mandatory requirements in the Cabinet Office Security Policy Framework and with the MRC standards in twelve areas. The results of the annual review together with any actions are reported to Operations Board and CARAC.

The MRC submits an annual security health check return to BIS. The Security Health Check confirms compliance with the mandatory security outcomes described in the HMG Security Policy Framework. The return reflects an assessment of specific information assurance risk areas that are consistent with the risks recorded in the Council's risk register together with any areas of concern.

The MRC has adopted the Cabinet Office policy on Government Security Classifications. The MRC has produced its own guidance to support the policy and has ensured that all relevant staff have received appropriate training.

Information security incidents

For the year ending 31st March 2015, the MRC IT Security team logged 18 security incidents, none of which required reporting to BIS or the Information Commissioner. Eight related to equipment that was encrypted to an appropriate standard. The remainder were all due to human error rather than system failure or loss of data due to deliberate attack. One incident was reported to CARAC.

7 Transparency

In line with Government's commitment to greater transparency of public information, the MRC publishes information on how we spend the public funding we receive. Information on senior staff pay, management and staffing structures, spending over £25,000 and transactions on Government Procurement Cards over £500 is routinely published on our website and is also accessible on **www.data.gov.uk.** All new contractor and consultancy appointments are vetted to ensure that they are not deliberately avoiding paying appropriate tax and NI. All contract renewals have to provide the MRC with the same assurances. Data are presented for the MRC's intramural research units and institutes, head office, regional administrative centres and research facilities.

The MRC, jointly with the other research councils, has participated in the Gateway to Research project. This project provides a website with information about the research that the councils have funded, together with the associated outputs and outcomes.

8 Austerity measures

The MRC has robust control processes, checks and reporting arrangements in place to review and manage expenditure in keeping with the austerity measures introduced in May 2010.

9 Tax assurance

The Alexander Review was published in May 2012 making a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of senior public appointees. I can confirm that MRC's senior staff are all paid through the payroll and that arrangements are in place through retained HR to provide assurance that appropriate tax arrangements are in place to cover any other appointees covered by the report.

In 2014/15 MRC identified 13 contractors who fell within the Alexander Review criteria. The MRC has sought and gained assurance that the appropriate tax arrangements are in place for the contractors identified.

Council members are 'office holders' as defined within HMRC guidance, and their remuneration is subject to income tax and National Insurance contributions under PAYE where applicable and managed through the payroll.

As such, the MRC is in compliance with the recommendations in the HM Treasury 'Review of the tax arrangements of public sector appointees' published in May 2012.

10 Macpherson Review

The review of quality assurance of Government analytical models undertaken by Sir Nicholas Macpherson and published by HM Treasury in March 2013 made a number of recommendations for government departments and their Arm's Length Bodies.

Following this review, the MRC reviewed its use of analytical modelling and did not identify any that were considered to be business critical. This was communicated to BIS and I can confirm that the MRC complies with the requirements set out in Howard Orme's letter dated 15th May 2013.

11 Efficiency

As set out as part of the 2010 spending review settlement, the research councils have been implementing an efficiency programme to drive down the costs and overheads associated with research. The efficiency savings derived from this programme are being re-invested in research.

In the spring of 2011, RCUK published *Efficiency 2011-15: Ensuring Excellence with Impact* describing how the Research Councils would implement the recommendations in Sir William Wakeham's report *Financial Sustainability and Efficiency in Full Economic Costing of Research in UK Higher Education Institution*. The efficiency savings are being applied to research grants and fellowships awarded via competitive routes to research organisations, and also to research council institutes. The combined savings for the first three years of the programme (2011/12, 2012/13 and 2013/14) have exceeded the planned £251.2m target with details provided in the programme's annual report at **www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/RCUK_Efficiency_Savings_Report_2013-14.pdf**

The programme continues to be on target to meet the overall cross-Council four year target of £427.8m. Additionally, the efficiency programme will be extended by an extra year to include 2015/16.

Alongside these measures the research councils also introduced changes to the requests for equipment on grants, including asking applicants to demonstrate how the usage of the equipment will be maximised. RCUK has worked with university partners to develop options to promote and assist equipment sharing, including exploring the issues around asset registers. There is good anecdotal evidence of significant progress by universities to promote sharing, and of very efficient usage of large pieces of experimental equipment.

12 Regularity and propriety

I can confirm that for 2014/15 neither I nor my staff authorised a course of action, the financial impact of which would have been that transactions would have infringed the requirements of regularity as set out in Managing Public Money; and that Treasury approval has been obtained for all novel, contentious or repercussive transactions relating to 2014/15.

13 Research integrity

MRC Council receives an annual report on research integrity, including information on any cases of misconduct relevant to MRC-funded work. A summary report for 2014 has been published on the MRC web site in line with responsibilities agreed under the UUK Concordat to support research integrity.

The MRC aims to be a leading body in evaluation and in capturing of outcomes of funding research through comprehensive use of Researchfish, and funding independent and external research into outcomes and impacts.

14 Review of effectiveness

As the MRC Accounting Officer I have responsibility for reviewing the effectiveness of the system of governance, risk management and internal control. My review is informed by the work of the executive managers within the MRC who have responsibility for the development and maintenance of the internal control framework, as well as by internal auditors and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by Management Board and CARAC and have developed plans to address weaknesses and ensure that continuous improvement of the system is in place. This Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

Directors' Annual Statement of Internal Control (DASIC)

All MRC directors (intramural institutes/units, overseas offices and head office) provide an annual assurance statement (DASIC) on their areas of responsibility. These returns provide an overall positive assessment on the compliance with policies and systems of internal control.

All units now embedded in universities have provided a University Unit Assurance Statement, similar to the DASIC statement.

All returns are reviewed and validated by corporate leads for each area of responsibility before being considered by Operations Board and CARAC. Any weaknesses in controls are risk-assessed and appropriate action plans put in place. No significant weaknesses were identified.

15 Current significant risks

The most significant risks to MRC are:

- UK SBS Ltd services
  There is a risk that the MRC does not receive services to the agreed standard affecting performance or requiring 'work around', such as scientific recruitment. The MRC has limited ability to influence delivery. The MRC has on-going dialogue with UK SBS about performance. In addition issues are raised at the customer forum and through BIS, for example the BIS 2020 review.

- Establishment and operation of the Crick
  There is a risk that the MRC will not be able to maximise the value of its investment in the Crick. A high risk example is the potential construction and operation of the Cross Rail 2 railway in tunnels close to the basement of the new Crick building, which may have an impact on highly sensitive equipment due to vibration and electro-magnetic interference. The equipment is used extensively for research funded by the MRC, and interference could cause inaccurate data or research interruption over protracted durations. The MRC and BIS have raised these concerns with the Department for Transport.

- Access to personal data for research
  There is a risk that access to personal data for research will be increasingly difficult due changes in legislation (e.g. EU Data Protection) and problems with inconsistent or slow processes for authorising access. The MRC submitted evidence to the UK Government and to the EU on the proposed changes and continue to monitor the progress of the legislation.

- Pressure on administration budget
  There is pressure on the administration budget, due to cuts in central funding and costs of changes, which could lead to reduction in effectiveness of services to support science. All new administrative posts are being offered as fixed term to allow for flexibility. The MRC is working with other research councils to identify opportunities for improved efficiency and reduce costs.

- Biomedical Catalyst
  This highly successful partnership between the MRC and Innovate UK, is supported from MRC baseline funding and a special allocation to Innovate UK. If the Innovate UK funding is not renewed in 2015, or if decisions are delayed, this translational initiative will stall. The MRC is working with Innovate UK to help ensure that the strongest possible evidence (including independent work by IPSOS/MORI) is available for the spending review, and ensuring that MRC and community support is visible throughout the spending review.

- Procurement
  The procurement service is subject to a procurement improvement plan following the identification of weak controls at UK SBS. If the level of service were not to improve there is a risk MRC business activities will be adversely impacted.

16 Assurance

Audit and Assurance Service Group (AASG)

In 2014/15 the Head of Internal Audit provided the MRC with an overall moderate level of assurance on the adequacy and effectiveness of MRC's controls framework

The internal audit programme is developed annually in consultation with CARAC, Management Board and the Head of Risk Management. In 2014/15 the audit programme included 27 audits; 12 (44.4%) substantial, 14 (51.9%) moderate assurance, giving the MRC a realised assurance of 96.3% (2013/14 - 81.3%) which has increased from previous year. Whilst one cross-council report received limited assurance it is believed that no issues are serious enough to be specifically mentioned in this statement.

The outcomes of all audits are discussed at CARAC.

The MRC has a comprehensive system for tracking implementation of audit recommendations. Progress on implementation is reviewed at Operations Board and CARAC at least quarterly.

Funding assurance activities

Funding assurance activities are now encompassed within the overall remit of AASG. These activities focus on substantive testing of the control environment within individual research organisations and its effectiveness in ensuring compliance with the research councils' terms and conditions which accompany grant funding. A further strand of work focuses on the scrutiny of the costing methodology used in research organisations, which for universities is the Transparent Approach to Costing (TRAC).

In 2014/15, 28 assurance assignments were undertaken, comprising of seven visits and three enhanced desk-based reviews and 17 desk-based reviews. This programme is an important element of the risk management framework for the MRC, and findings for the year indicate that a satisfactory level of assurance can be reported based on the work undertaken.

UK Shared Business Services Ltd (SBS) assurance

The UK SBS Ltd provides processing services in human resources, procurement, payroll, finance, grants and IT to all seven research councils. Last year our Annual Governance Statement (AGS) noted that ownership and control of UK SBS Ltd had passed from the research councils to BIS.

In 2014/15 there have been significant changes in the assurance provision. Since 1st April 2014 the Government Internal Audit Agency (GIAA) now has the responsibility for the UK SBS Ltd audit programme. The GIAA reports provide input to the UK SBS CEO's quarterly assurance letters which provide the cornerstone of the assurance I receive regarding UK SBS Ltd.

At the time of writing this AGS, I have received four assurance letters covering the period up until 31 March 2015 and the UK SBS draft governance statement. The draft governance statement indicates that, based on the internal audit work to date, the UK SBS CEO anticipates receiving a limited assurance opinion for the effectiveness of internal controls within the company as a whole. The Head of Internal Audit (GIAA) has indicated that he anticipates providing a moderate assurance opinion for the effectiveness of internal controls relating to customer processes. I note the positive content of the UK SBS Ltd letter and note it as a source of assurance for this year and in future years.

As a result of the assurance provided by the UK SBS CEO and a wider review with cross-council governance groups, I highlight the following:

- It is noted that UK SBS has continued to deliver in a number of areas and many improvements have been noted in their performance.
- UK SBS continues to operate in a challenging environment with often changing and sometimes conflicting priorities. During the year this has included:
  - uncertainty relating to staff reductions,
  - the planned transfer of some transactional services to Shared Services Connected Limited (SSCL), although a decision has now been made to discontinue on this path,
  - the upgrade of the Oracle 12.0.6 Platform,
  - uncertainty around the resilience of the 12.0.6 platform for existing customers,
  - the transfer of the peer review process back to the research councils,
  - uncertainty about the future of UK SBS pending the outcome of the BIS 2020 Review.
- Whilst some progress has been made to improving the control framework in UK SBS over the last 12 months, the controls have yet to become sufficiently embedded in the organisation. The scope and scale of improvements required across parts of the framework for the company are significant.
- Through the assurance letters and GIAA reviews, UK SBS have highlighted the following areas that require improvement:
  - IT governance and management
  - Procurement, which received an unsatisfactory assurance
  - Payroll

In relation to a wider review with cross-council customer governance groups and other cross-council groups, I highlight:

- A number of improvements in performance and control but also reflected is a challenging and changing business environment and the loss of experienced staff. This is coupled with a decline in the pace at which change and improvements are being delivered.
- The need to revisit the continued relevance of the Master Service Agreement (MSA) and Critical Performance Indicators (CPIs) across all services. Action is in hand to review CPIs relating to HR/payroll, procurement and ISS system bandwidth.
- Shortfalls on a significant number of existing CPIs across all services, with a caveat, that performance within Finance Service Delivery has, overall, been fairly steady with some exceptions.
- Across service areas councils continue to work with UK SBS and seek improvements in relation to:
  - Procurement
  - Recruitment
  - IT governance and controls
  - The fixed asset module
  - Service requests.
  - Business continuity and disaster recovery.

I accept the general picture provided by the UK SBS Ltd Chief Executive in that the organisation has undergone significant change and reorganisation in 2014/15. I am pleased to note that UK SBS Ltd have clearly recognised that problems and issues exist and have been transparent and open in reporting these in the most recent assurance letter. Even so, the current assurance picture clearly highlights the need for continued improvement and I consider the business continuity of UK SBS operations to be a risk to MRC business. This may be indicative of resources issues, the impact of which we have yet to fully feel as personnel continue to leave.

There is no room for complacency and I will expect a significant improvement in the assurance levels and the level of service through 2015/16. The MRC, in concert with the other research councils, will support UK SBS going forward and continue to monitor on-going performance both by UK SBS and within research council operations.

I rely on the accounting officer of UK SBS to provide me with an assurance on these areas.

17 Conclusion

This governance statement represents the results of the review of effectiveness of the governance framework, risk management and internal control. I have considered the evidence provided and the advice of AASG and the CARAC. The conclusion of the review is sufficient to satisfy me that the operation of systems of governance, risk management, and control are appropriate for the MRC and its risk profile.

Sir John Savill
Accounting Officer/Chief Executive Officer
Medical Research Council
Date: 25 June 2015

The certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Medical Research Council for the year ended 31 March 2015 under the Science and Technology Act 1965. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Medical Research Council, Accounting Officer and auditor

As explained more fully in the Statement of Council and Chief Executive's Responsibilities, the Medical Research Council and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Science and Technology Act 1965. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Medical Research Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Medical Research Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Medical Research Council's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Science and Technology Act 1965 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Science and Technology Act 1965; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date: 29 June 2015

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

	Note	2014/15 £000	2013/14 £000
Expenditure			
Staff Costs	8a	138,774	143,097
Other Expenditure	10	101,764	116,234
Research Grants	11	305,144	272,501
Other Research	12	145,743	164,236
Postgraduate/training awards	13	71,107	69,910
International Subscriptions	14	16,646	17,678
Commercial Activities	15	51,311	41,684
Amortisation of intangible assets	16	22,571	24,844
Depreciation	17	27,160	21,993
Reversal of prior year downward revaluation of property, plant and equipment	17	(2,026)	(14,338)
Impairment of property, plant and equipment	17	3,807	7,768
Notional service charge	1p	6,113	6,113
Total expenditure		**888,114**	**871,720**
Income			
Contributions from other government departments	4	(23,610)	(20,182)
Contributions and grants from other bodies	5	(58,262)	(63,379)
Commercial activities	15	(94,899)	(85,416)
Other income	6	(3,548)	(3,482)
Total income		**(180,319)**	**(172,459)**
Net Operating Expenditure		**707,795**	**699,261**
Interest Receivable	7	(26)	(38)
Other finance expenditure/(income)	9f	(3,163)	1,381
Unwinding of discount on provisions	24	60	98
Loss on disposal of property, plant and equipment		476	247
Share of losses of joint venture	18	805	0
Net expenditure for the year		**705,947**	**700,949**
Other Comprehensive Expenditure			
Net (gain) on revaluation of property, plant and equipment	17	(51,116)	(24,016)
Net (gain)/loss on revaluation of intangible assets	16	(31,394)	5,674
Net loss/(gain) on revaluation of investments	19	197	(667)
Actuarial (gain)loss on defined benefit pension plan	9b	74,254	(99,050)
Total Comprehensive Net Expenditure for the year ended 31 March 2015		**697,888**	**582,890**

The notes on pages 86 to 124 form part of these accounts.

MRC Statement of Financial Position

as at 31 March 2015

	Note	2015 £000	2014 £000
Non-Current Assets			
Intangible assets	16	59,445	50,536
Property, plant and equipment	17	539,903	492,099
Investment in Joint Ventures	18	268,286	231,047
Investments	19	3,149	3,346
Total		**870,783**	**777,028**
Non-Current Assets held for sale	20	**1,411**	**28,500**
Current assets			
Trade and other receivables	21	75,135	71,685
Cash and cash equivalents	22	5,862	10,566
Total current assets		**80,997**	**82,251**
Total assets		**953,191**	**887,779**
Current Liabilities			
Trade and other payables	23	(250,068)	(244,198)
Provisions falling due within 1 year	24	(3,468)	(10,541)
Total current liabilities		**(253,536)**	**(254,739)**
Total assets less current liabilities		**699,655**	**633,040**
Non current liabilities			
Trade and other payables	23	(10,913)	(21,358)
Provisions for liabilities and charges	24	(3,507)	(5,007)
Pension asset	9d	22,894	73,737
Total non current liabilities		**8,474**	**47,372**
Assets less liabilities		**708,129**	**680,412**
Equity			
Revaluation reserve		83,357	39,163
Intellectual property reserve		59,401	50,523
Pension reserve		22,894	73,737
General reserve		542,477	516,989
Total government funds		**708,129**	**680,412**

The notes on pages 86 to 124 form part of these accounts.

Sir John Savill
Accounting Officer/Chief Executive Officer
Medical Research Council
Date: 25 June 2015

MRC Statement of Cash Flows

for the year ended 31 March 2015

	Note	2015 £000	2014 £000
Cash flow from operating activities			
Net expenditure for the year	SoCNE	(705,947)	(700,949)
Depreciation charge	17	27,160	21,993
Amortisation charge	16	22,571	24,844
Capital grant of assets		372	29,170
Reversal of prior year downward revaluation of property, plant and equipment	17	(2,026)	(14,338)
Impairment of property, plant and equipment	17	3,807	7,768
(Gain)/Loss on disposal of property, plant and equipment		476	247
Share of losses on joint venture	18	805	0
Other non-cash items – IAS 19 pension costs		(7,437)	(4,487)
Notional service charge	1p	6,113	6,113
(Decrease) in provision for liabilities and charges	24	(8,573)	(705)
(Increase)/Decrease in trade and other receivables	21	(3,450)	9,866
(Decrease) in trade and other payables	23	(4,575)	(13,606)
Net cash outflow from operating activities		**(670,704)**	**(634,084)**
Cash flow from investing activities			
Receipts from sale of Property, Plant and Equipment		225	2,765
Receipts from sale of Non-Current Assets held for sale	20	28,500	0
Payments to acquire Property, Plant and Equipment	17	(28,199)	(27,088)
Payments to acquire investments in joint ventures	18	(38,044)	(114,504)
Payments to acquire intangibles	16	0	(312)
Net cash outflow from investing activities		**(37,518)**	**(139,139)**
Net cash outflow before financing		**(708,222)**	**(773,223)**
Cash flows from financing activities			
Grant-in-aid received	3	703,518	725,800
Net cash inflow from financing activities		**703,518**	**725,800**
Net (decrease) in cash and cash equivalents	22	**(4,704)**	**(47,423)**
Cash and cash equivalents at the beginning of the period	22	10,566	57,989
Cash and cash equivalents at the end of the period	22	5,862	10,566

The notes on pages 86 to 124 form part of these accounts.

MRC Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2015

	Revaluation reserve	Intellectual Property reserve	Pension reserve	General reserve	Total Government funds
	£000	£000	£000	£000	£000
Balance at 1 April 2013	42,110	81,005	(34,027)	438,074	527,162
Grants from Parent (note 3)				725,800	725,800
Net loss on revaluation of intangible assets		(5,674)			(5,674)
Net gain on revaluation of property, plant and equipment	24,016				24,016
Revaluation of investments	667				667
Actuarial gain(loss) in the pension scheme (note 9b)			99,050		99,050
Transfers between reserves	(27,630)	(24,808)	4,487	47,951	0
Contributions from other employers within the pension scheme			4,227		4,227
Notional service costs				6,113	6,113
Net expenditure for the year				(700,949)	(700,949)
At 31 March 2014	**39,163**	**50,523**	**73,737**	**516,989**	**680,412**
Balance at 1 April 2014	39,163	50,523	73,737	516,989	680,412
Grants from Parent (note 3)				703,518	703,518
Net gain on revaluation of intangible assets		31,394			31,394
Net gain on revaluation of property, plant and equipment	51,116				51,116
Revaluation of investments	(197)				(197)
Actuarial loss in the pension scheme (note 9b)			(74,254)		(74,254)
Transfers between reserves	(6,725)	(22,516)	7,437	21,804	0
Contributions from other employers within the pension scheme			15,974		15,974
Notional service costs				6,113	6,113
Net expenditure for the year				(705,947)	(705,947)
At 31 March 2015	**83,357**	**59,401**	**22,894**	**542,477**	**708,129**

The notes on pages 86 to 124 form part of these accounts.

1. Statement of Accounting Policies

a. Basis of accounting

These financial statements have been prepared in accordance with a Direction issued by the Secretary of State for Business, Innovation and Skills (BIS) in pursuance of Section 2(2) of the Science and Technology Act 1965.

These financial statements have been prepared in accordance with the 2014/15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the MRC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the MRC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Adoption of New or Revised Standards Effective and Major FReM Changes for 2014/15

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2015, have been adopted in these financial statements, taking account the specific interpretations and adaptations included in the FReM.

IFRS 10 (Consolidated Financial Statements), 11 (Joint Arrangements), 12 (Disclosure of Interests in Other Entities), IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures) - (effective for periods beginning on or after 1 January 2014 per FReM) – IASB have issued new and amended standards that affect the consolidation and reporting of subsidiaries, associates and joint ventures.

IAS 19 – Employee Benefits – Amends the standard to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

IAS 32 – Financial Instruments: Presentation – Amendments to the offsetting of assets and liabilities focussed on four main areas:

- The meaning of 'currently has a legally enforceable right of set-off'
- The application of simultaneous realisation and settlement
- The offsetting of collateral amounts
- The unit of account for applying offsetting requirements

These disclosures have been adopted in full but have no impact within these financial statements due to the nature of the MRC's business.

Effective for Future Financial Years

The IASB and IFRIC issued certain standards and interpretations with an effective date after these financial statements. Where these changes are relevant to MRC's circumstances they are listed below and will be adopted at the effective date. They have not been adopted early and their adoption is not expected to have a material impact on MRC's reported income or net assets in the period of adoption.

IFRS 13 – Fair Value Measurement – (effective for periods beginning on or after 1 January 2015 per FReM – early adoption not permissable) - IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). Final details are currently under consultation and further impact of how this will affect the MRC will be addressed when these details are announced.

IFRS 9 Financial Instruments: Classification and Measurement (at its November 2014 meeting the IASB decided that the mandatory effective date for IFRS 9 will be no earlier than for periods beginning on or after 1 January 2018) – IFRS 9 is a replacement for IAS 39 and introduced new requirements for the classification and measurement of financial assets, together with the elimination of two categories. Further proposals were introduced in respect of the derecognition of financial assets and liabilities. MRC will undertake an assessment of the impact of IFRS 9 once the full requirements are known.

IFRS 15 – Revenue from Contracts with Customers – (effective for periods beginning on or after January 2017) – IFRS15 provides for a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which the revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures around revenue are also introduced.

b. Accounting convention

These financial statements are prepared under the historical cost convention, modified by the revaluation of non-current assets, and, where material, current asset investments to fair value as determined by the relevant accounting standard. This is in accordance with the 2014/15 FReM issued by Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

These financial statements are presented in Sterling, the MRC's functional currency and all amounts have been rounded to the nearest thousand.

c. Changes in accounting policy

There are no changes in accounting policy in the 2014/15 financial year.

d. Consolidation

MRC consolidates entities in accordance with IFRS10 – Consolidated Financial Statements. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

MRC does not have any such entities, hence consolidated financial statement have not been prepared.

e. Investment in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The MRC has two joint venture investments: the Francis Crick Institute (the Crick); and Imanova Limited (Imanova).

Investments in Joint Venture are accounted for using the equity method, unless they are not yet fully operational, in which case they are valued at the cost to MRC of the development (as represented by assets under construction or the purchase of shares). This is deemed equivalent to fair value of the investment in the development phase. Impairment is considered at each year end, taking into account the ongoing service potential of the assets held.

The Crick is accounted for at cost to MRC. Imanova is accounted for using the equity method.

f. Investments

Listed investments are shown at market value. Unrealised gains or losses arising as a result are included in the Statement of Change in Taxpayers Equity in revaluation reserve. Realised gains or losses are included in the Statement of Comprehensive Net Expenditure. Any investments the Directors intend to dispose within 12 months are included in current assets.

Unlisted investments are shown at cost. Any surplus or temporary deficit on revaluation is taken to the revaluation reserve. Any permanent impairment in value is charged to the Statement of Comprehensive Net Expenditure in the year in which it arises.

g. Property, Plant and Equipment and depreciation

Expenditure on property, plant and equipment includes the purchase of land, buildings and equipment costing £10,000 or more. Property, plant and equipment are included at valuation, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses if any. Equipment, excluding computers and software, is revalued annually using appropriate indices. Land and buildings are professionally revalued every five years and in the intervening period relevant indices are used. The basis of valuation for land and buildings is open market value for existing use where this can be established. However, because of the specialised nature of the MRC's properties, most valuations are on a depreciated replacement cost basis. Any surplus on revaluation is taken to a revaluation reserve. Impairments in value are charged to the Statement of Consolidated Net Expenditure in the year in which they arise.

Assets under construction are valued at cost, including directly attributable in-house costs required to bring the asset into working condition for its intended use.

Increased depreciation charges arising from revaluations are matched by transfers from the revaluation reserve to the general reserve.

On disposal of a revalued asset, the resulting element of the revaluation reserve that is realised is transferred directly to the general reserve.

Provision is made for depreciation on all property, plant and equipment at rates calculated to write off each asset evenly to its residual value over its expected useful life, as follows:

Freehold land	Not depreciated
Leasehold land	Up to 60 years (subject to length of lease)
Freehold buildings	Up to 60 years
Leasehold buildings	Up to 60 years (subject to length of lease)
Major facilities (items costing over £50,000)	11 years
Other scientific equipment	5 to 15 years
Computers	3 years
Engineering, office and catering equipment	8 years
Motor vehicles	5 years
Assets under construction	Not depreciated until brought into use

Depreciation is charged from the date the property, plant and equipment are available for use.

h. Intangible assets and amortisation

The values of patents, licences and royalties held by the MRC are capitalised as intangible assets based on their expected income streams. Income from these patents, licences and royalties is generated from agreements between the MRC and companies engaged in the commercial exploitation of MRC inventions and research. The values of these intangible assets are amortised over the period these agreements are in force, including a full year's amortisation charge in the year of valuation. For most cases this is between seven and fifteen years, and such assets are not capitalised until the income stream is reasonably certain. Income streams are reviewed each year. Any surplus or deficit on valuations following such reviews is taken to the intellectual property reserve.

Software costing £10,000 or more are included in intangibles and are stated at fair value and amortised from the date they are available for use over their useful lives estimated at three years.

i. Impairment

The carrying amounts of the MRC's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment: a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure.

j. Non-current assets held for resale

Non-current assets held for sale are valued at the lower of carrying amount and fair value less costs to sell and are not depreciated.

Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition, Management are committed to the sale and completion is expected within one year from the date of the classification.

k. Ownership of equipment purchased with MRC research grants

Equipment purchased by an institution with research grant funds supplied by the MRC belongs to the institution and is not included in MRC's property, plant and equipment. Through the Conditions of Grant applied to funded institutions, the MRC reserves the right to determine the disposal of such equipment and of the proceeds of any sale. Once the research has been completed the institution is free to use the equipment without reference to the Council.

l. Decommissioning costs

Decommissioning costs are recognised in full as soon as the obligation exists. When the obligation incurred gives access to future benefits a corresponding asset is set up in the Statement of Financial Position at the same time with depreciation being charged to the Statement of Comprehensive Net Expenditure over its useful economic life.

m. Grant-in-aid

Grant-in-aid is treated as financing, rather than income and is credited to general reserve in the year in which it is received.

n. Income

MRC derives its income from a number of sources. These include income from Commercial Activities, contributions from other government bodies and contributions and grants from other bodies and other income. Commercial activities include royalties from licence agreements relating to intellectual property. It also receives income from government departments and other bodies which help co-fund research both of a collaborative and non-collaborative nature. Other income is derived from the sale of laboratory and library services, as well as proceeds from the sales of radio isotopes and other items. All income is shown net of trade discount, Value Added Tax and other taxes. Income is recognised in accordance with IAS 18. See note ab for details of deferred income.

o. Research and development

As a research organisation, all of the MRC's research and development expenditure is charged to the Statement of Comprehensive Net Expenditure when it is incurred.

p. Notional service charge

The MRC receive support services from UK SBS Ltd, which is owned by Department for Business, Innovation and Skills. Rather than transact directly with UKSBS, the department has implemented a recharging solution whereby MRC administration grant levels are reduced, and the Department pays UK SBS on behalf of the council. For 2014/15 this charge was £6,113k (2013/14 £6,113k).

q. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits which are repayable on demand.

r. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction. All exchange differences are taken to the Statement of Comprehensive Net Expenditure.

s. Value Added Tax (VAT)

As the MRC is partially exempt for VAT purposes, all expenditure and non-current asset purchases are shown inclusive of VAT where applicable. Residual input tax reclaimable by the application of the partial exemption formula is taken to the Statement of Comprehensive Net Expenditure as a reduction of expenditure.

t. Pension costs

Employer superannuation costs are based on an actuarially derived calculation under IAS 19. See note 9. The defined benefit plan requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Actuarial gains and losses are recognised in full as income or expense in the Comprehensive Statement of Net Expenditure.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

u. Early retirement costs

Compensation payments are provided for in the Statement of Comprehensive Net Expenditure. Obligations relating to those former members of staff aged 50 or over are provided for until their normal date of retirement.

Unwinding of discount: the provision for early retirement costs is discounted at 1.30% (2013/14 1.80%). The unwinding of the discount has been charged to the Statement of Comprehensive Net Expenditure.

v. Operating leases

Operating lease charges are recognised in the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

w. Provisions

Provisions have been made in accordance with IAS 37 for early retirement and decommissioning costs. Provisions are recognised when it is probable that MRC will be required to settle a present obligation and a reliable estimate can be made of that obligation. The obligation is normally the amount that MRC would rationally pay to settle the obligation at the statement of financial position date or to transfer it to a third party at that time.

This may require estimating the future cash flows in current-year prices (i.e. at the price level prevailing in and, where the time value of money is material, discounting them at the standard public sector real rate set by HM Treasury).

x. Derivatives and other financial instruments

Due to the non-trading nature of its activities and the way in which the MRC is financed, the MRC is not exposed to the degree of financial risk faced by non-public sector entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IAS 32, 39 and IFRS 7 mainly apply. The MRC has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the MRC in undertaking its activities.

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollective amounts. Provision is made when there is objective evidence that the MRC will not be able to collect certain debts.

Bad debts are written off when identified. The amount of provision is the difference between the carrying amount and the recoverable amount and is recognised in the Statement of Comprehensive Net Expenditure.

Trade and other payables are recognised in the period in which related money, goods, or services are received or when a legally enforceable claim against the MRC is established or when the corresponding assets or expenses are recognised. Receivables and payables which mature or become payable within 12 months from the statement of financial position date have been omitted from the currency profile.

y. Grants payable

Research grants and fellowships are recognised in line with a schedule of pre-agreed payment profiles, which include matching considerations, over the period of the grant duration and to the period which they relate.

Where the terms and conditions do not specify a pre-agreed payment profile or other matching considerations, obligations are recognised in full.

z. Employee benefits

Short term employee benefits are recognised by MRC when an employee has rendered service in exchange for those benefits. Included in the financial statements is an accrual for the outstanding paid holiday entitlement at 31 March 2015 on a non-discounted basis.

aa. Operating segments

An operating segment is a component of an entity that:

- engages in activities from which it may earn revenues or incur expenses (including revenues and expenses incurred internally),
- whose operating results are regularly reviewed by the entities' 'chief operating decision maker' to make decisions about resource allocation to the segment and to assess its performance, and
- for which discrete financial information is available. Segments are reported if they exceed 10% of the thresholds of revenue, net expenditure level or assets.

ab. Significant estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Deferred Income

The MRC receives funding for mainly collaborative projects to support the MRC's research. The majority of such funding is received from the UK public sector, medical charities, and from overseas via the European Commission (EC). Some of the funding may involve payment for the collaboration a number of years in advance of the accounting period to which it relates; such as is common with the EC. Where there is a variance between work done in the accounting period and received funding, income will be deferred. When there is both a) a condition which makes the grant repayable or returnable and b) a variance between the work done in the accounting period and received funding.

Pension Costs

The determination of the pension cost and defined benefit obligation (liabilities) of the employer's pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality rates and expected rate of return. See Note 9 for further details.

Property, Plant and Equipment

Property, plant and equipment lives have been estimated by management. Much of the asset stock is of a specialised nature, scientific equipment and buildings; lives have been based on management's experience of productive use and these are sometimes at odds with the actual useful lives with the assets. Where there are material differences in the estimated lives of the assets, the assets are re-lifed and accounted for accordingly.

ac. Judgements made in the process of applying accounting policies

The MRC's significant accounting policies are stated above. Not all of these policies require management to make difficult subjective or complex judgements. Those that follow are intended to provide an understanding of the policies that management consider critical because of the level of complexity and judgement involved in their application and their impact on the financial statements.

Intangible assets

Based on future discounted royalty income streams, estimates are subject to business uncertainty in terms of sales and the fluctuation of exchange rates, the most significant being sales in US dollars. Significant judgement has been required in assessing the impact of these variables. The policy has been judged to be compliant with IAS 38.

Provisions for liabilities and charges

Estimates are subject to uncertainty regarding timing or amounts of obligations (legal or constructive) due by the MRC. Significant judgements are made regarding probability and measurement of obligations. These include early retirement, disposal of (sealed) radioactive sources requiring the removal of radioactive substances by specialist suppliers, and dilapidations.

Impairment of assets

Property, plant and equipment are included at recoverable amounts. Management assess whether assets retain their recoverable amount or whether the asset is impaired, suffering a permanent diminution in value. Judgements are made on obsolescence, damage and loss resulting from normal business operations, and changes in value as part of the annual review of property, plant and equipment. This includes assets of significant value brought into use for the first time. Further details are given in Note 17.

Where those assets concern investments in joint ventures, consideration has also been given to the impact on service potential as a means of determining valuation detailed in Note 18.

ad. Going concern

On the 10th February 2014 the 2010 to 2015 Conservative and Liberal Democrat coalition government announced a small increase of circa 1% in MRC's budget as part of the Science and research budget allocations for financial year 2015 to 2016. On the basis of this statement, and subsequent discussions with BIS, MRC has no reason to believe that future funding will not be forthcoming. Therefore the accounts are produced on a going concern basis.

2. Segmental information

Analysis of MRC Net Expenditure by Business Segments

	Intramural	Extramural	Corporate	Technology Transfer	Total
	2014/15	2014/15	2014/15	2014/15	2014/15
	£000	£000	£000	£000	£000
Expenditure					
Staff costs	109,834	6,312	22,628	0	138,774
Other operating costs	86,660	3,049	12,055	0	101,764
Research grants	0	305,144	0	0	305,144
Other research	0	145,743	0	0	145,743
Postgraduate/training awards	7,160	63,947	0	0	71,107
International subscriptions	0	16,646	0	0	16,646
Commercial activities	0	0	0	51,311	51,311
Amortisation of intangible assets	55	0	0	22,516	22,571
Depreciation of property, plant and equipment	27,160	0	0	0	27,160
Reversal of prior year downward revaluation of property, plant and equipment	(2,026)	0	0	0	(2,026)
Impairment of property, plant and equipment	3,807	0	0	0	3,807
Notional service charge	0	0	6,113	0	6,113
Total operating expenditure	**232,650**	**540,841**	**40,796**	**73,827**	**888,114**
Income					
Contributions from other government departments	(3,328)	(20,132)	(150)	(0)	(23,610)
Contributions from other bodies	(32,432)	(25,830)	(0)	(0)	(58,262)
Commercial activities	(0)	(0)	(0)	(94,899)	(94,899)
Other income	(3,016)	(13)	(519)	(0)	(3,548)
Total operating income	**(38,776)**	**(45,975)**	**(669)**	**(94,899)**	**(180,319)**
Net operating expenditure	**193,874**	**494,866**	**40,127**	**(21,072)**	**707,795**

Analysis of MRC Net Expenditure by Business Segments *(continued)*

	Intramural	Extramural	Corporate	Technology Transfer	Total
	2013/14	2013/14	2013/14	2013/14	2013/14
	£000	£000	£000	£000	£000
Expenditure					
Staff costs	117,535	5,484	20,078	0	143,097
Other operating costs	93,719	3,775	18,740	0	116,234
Research grants	0	272,501	0	0	272,501
Other research	0	164,236	0	0	164,236
Postgraduate/training awards	7,029	62,881	0	0	69,910
International subscriptions	0	17,678	0	0	17,678
Commercial activities	0	0	0	41,684	41,684
Amortisation of intangible assets	34	0	0	24,810	24,844
Depreciation of property, plant and equipment	21,993	0	0	0	21,993
Impairment of property, plant and equipment	7,768	0	0	0	7,768
Reversal of prior year impairment	(14,338)	0	0	0	(14,338)
Notional service charge	0	0	6,113	0	6,113
Total operating expenditure	**233,740**	**526,555**	**44,931**	**66,494**	**871,720**
Income					
Contributions from other government departments	(3,853)	(16,329)	0	0	(20,182)
Contributions from other bodies	(39,829)	(23,550)	0	0	(63,379)
Commercial activities	0	0	0	(85,416)	(85,416)
Other income	(3,221)	(2)	(259)	0	(3,482)
Total operating income	**(46,903)**	**(39,881)**	**(259)**	**(85,416)**	**(172,459)**
Net operating expenditure	**186,837**	**486,674**	**44,672**	**(18,922)**	**699,261**

Net expenditure by business segment is detailed above, these are the critical operating segments, consistent with International Financial Reporting Standard 8 (IFRS 8) – Operating Segment. The report mirrors the budgetary and operating components of management information used to make decisions about operating matters. Information regarding operating segments is provided as part of the monthly reporting information to senior management.

Intramural is defined as the group's own research units and institutes. Extramural comprises all research and special contribution grant support to higher education institutes and NHS trusts. Corporate comprises the group's Head Office and administrative functions outside of the intramural programme including all other non-capital expenditure which does not belong to any of the other segments. Technology transfer are activities devoted to the exploitation of the group's intellectual property.

3. Parliamentary grant-in-aid and contribution to licence fees

The grant-in-aid is provided by BIS for the financial year 2014/15. Grant-in-aid received is treated as financing and credited directly to reserves.

	2014/15 £000	2013/14 £000
Grant allocation received and credited to general reserve	703,518	725,800

4. Contributions from other government departments

	2014/15 £000	2013/14 £000
Department of Health and NHS Executive	6,208	4,918
Department for International Development	14,466	12,672
Scottish Government Health Directorates	1,451	1,337
Other	1,485	1,255
Total	**23,610**	**20,182**

5. Contributions and grants from other bodies

	2014/15 £000	2013/14 £000
Other research councils	16,619	15,062
Charities	24,481	26,308
Collaboration with industry	1,690	1,848
European Commission	6,034	10,307
Health Authorities and NHS Trusts	355	323
Universities	7,403	8,110
Other	1,680	1,421
Total	**58,262**	**63,379**

6. Other income

	2014/15 £000	2013/14 £000
Sales and other income	3,548	3,482

The council's sales income is derived from laboratory and library services, as well as proceeds from sales of radioisotopes and other items.

7. Interest receivable

	2014/15 £000	2013/14 £000
Interest earned on the foreign currency accounts	0	13
Interest earned on the Sterling bank balances	26	25
Total	**26**	**38**

8. Staff numbers and related costs

a. Staff costs

	2014/15 £000	2013/14 £000
Salaries and wages	113,594	116,453
Social security costs	9,023	8,344
Other pension costs (note 9e)	20,821	21,868
Non-permanent staff	1,658	1,712
Council and committee honoraria	369	375
Early retirement costs	75	764
Gross staff costs	**145,540**	**149,516**
Less commercial activities (note 15)	(6,766)	(6,419)
Staff costs for general activities	**138,774**	**143,097**

b. Staff numbers

The average number of full time equivalent employees during the year was made up as follows

	2014/15	2013/14
Science	1,049	1,177
Research project support	569	653
Infrastructure and Administration	307	374
Technical services	518	554
Locally employed staff (overseas)	1,441	1,343
Total	**3,884**	**4,101**

c. Reporting of Civil Service and other comprehensive schemes – exit packages

Exit packages cost band	Number of compulsory redundancies 2014/15(2013/14)	Number of departures agreed 2014/15(2013/14)	Total number of exit packages by cost band 2014/15(2013/14)
<£10k	3(6)	45(1)	48(7)
£10k-£25k	11(9)	39(8)	50(17)
£25k-£50k	5(10)	8(4)	13(14)
£50k-£100k	2(5)	4(11)	6(16)
£100k-£150k	0(0)	1(2)	1(2)
£150k-£200k	0(0)	0(0)	0(0)
>£200k	0(0)	0(0)	0(0)
Total number of exit packages	**21(30)**	**97(26)**	**118(56)**
Total resource cost (£000)	**£491(£921)**	**£1,539(£1,192)**	**£2,030(£2,112)**

The current year figures include those staff who left after completion of their Fixed Term Contracts.

9. MRC Pension Scheme

MRC Pension Scheme

The MRC operates a funded pension scheme (MRCPS) providing benefits based on service and final pensionable pay at the normal retirement age of 65. The scheme is a defined benefit scheme that prepares its own scheme statements. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of between 6.0% and 6.5% pensionable earnings to the Scheme.

During the year obligations of £9m of were recognised under Section 75 (S.75) of the 1995 pensions Act in respect of liabilities of transferred employees; a separate section, the University section, has been set up within MRCPS to manage S.75 liabilities. £5m was paid to the main section to reflect the gradual increase in the underlying funding rate. These costs are reflected in the valuation of the pension Scheme.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. The latest actuarial assessment of the MRCPS was at 31 December 2013 at which showed a surplus of £160.1m (2010 valuation £82.1m) and the market value of the assets of the MRCPS was £1,054m (2010 = £884m), an ongoing funding level of 118% (2010 valuation 110%). The actuarial value of the assets was sufficient to cover 118% of the benefits that had accrued to members after allowing for expected future increases in earnings. Triennial valuations are conducted under the Pensions Act 2004 on a scheme specific funding basis. The present MRCPS employers' contribution rate remained at 13% in 2014/15 (2013/14 – 13%) but will rise to 14% in 2015/16.

The contributions due to the scheme are set out in the schedule of contributions for each section. The most recent schedules of contributions were signed on 10 December 2014 and are due to be reviewed following the next actuarial valuation of the scheme which is due to be carried out as at 31 December 2016.

The following payments are due in 2015/16:

MRC Section	
By the members:	6.5% of pensionable pay
By MRC:	14.0% of pensionable pay
By other employers:	14.9% of pensionable pay

The total contribution expected to be paid into the MRC section in 2015/16 is £17m.

University Section	
By the members:	6.5% of pensionable pay
By the universities:	14.9% of pensionable pay
By MRC:	21.4% of pensionable pay

The total contribution expected to be paid into the university section in 2015/16 is £10m.

As at 30 September 2014 the average maturity of the scheme as a whole was around 20 years.

The valuation used for IAS 19 disclosures has been based on the data for the most recent actuarial valuations as at 31 December 2013, and updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 March 2015. The mortality assumptions included within the figures are that male (female) members who retire at typical ages will live to approximately age 88 (90).

a. Financial assumptions used to calculate scheme liabilities

	2014/15 %	2013/14 %
Rate of increase on pensionable salaries	2.85	3.25
Rate of increase on pension payments	1.85	2.25
Discount rate	3.10	4.29
Inflation rate	1.85	2.25
Expected return on equities	3.10	4.29
Expected return on bonds	3.10	4.29
Expected return on overall fund	3.10	4.29

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. The table below indicates the approximate effects on the actuarial liability as at 31 March 2015 of changes to the main actuarial assumptions.

Change in assumption		Approximate effect on total liability	
Discount rate	-1/2% a year	+10.5%	+£127m
Rate of increase in earnings	-1/2% a year	-1.5%	-£18m
Rate of increase in pensions	-1/2% a year	-7.0%	-£84m
Removing age rate for pensioner mortatilty	+2.5%	+£30m	

b. Analysis of actuarial (loss)/gain

	2014/15 £000	2013/14 £000
Actual return less expected return on pension scheme assets	93,422	38,050
Experience gain arising on the scheme liabilities	1,481	12,998
Changes in demographic assumptions	(2,027)	974
Changes in financial assumptions	(167,130)	47,028
Actuarial (loss)/gain	**(74,254)**	**99,050**

c. Analysis of actuarial gain expressed as a percentage of the scheme's assets and liabilities at the statement of financial position date

	2014/15 %	2013/14 %	2012/13 %	2011/12 %	2010/11 %
Actual return less expected return on pension scheme assets	7.60	3.51	6.06	(4.12)	1.02
Experience gain/(loss) arising on the scheme liabilities	0.12	(1.29)	1.65	0.33	(3.98)
Actuarial (loss)/gain	(6.17)	9.81	(5.94)	(6.81)	(7.24)

d. The assets and liabilities in the scheme

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
Assets					
Equities and property	985,883	925,159	877,449	787,429	778,855
Bonds and cash	241,872	158,261	128,944	112,708	121,669
	1,227,755	**1,083,420**	**1,006,393**	**900,137**	**900,524**
Actuarial value of liability	(1,204,861)	(1,009,683)	(1,040,420)	(887,192)	(832,945)
Surplus/(Deficit) in scheme	**22,894**	**73,737**	**(34,027)**	**12,945**	**67,579**

e. The movements in the scheme surplus

	2014/15 £000	2013/14 £000
Surplus at the start of the year	**73,737**	**(34,027)**
Current service costs net of employee contributions (note 8a)	(20,821)	(21,868)
Employer contributions	41,069	31,963
Other finance income (note 9f)	3,163	(1,381)
Actuarial (loss)/gain (note 9b)	(74,254)	99,050
Surplus at end of year	**22,894**	**73,737**

f. Other finance income

	2014/15 £000	2013/14 £000
Expected return on pension scheme assets	46,479	40,860
Interest on pension scheme liabilities	(43,316)	(42,241)
Net return – other finance income (note 9e)	**3,163**	**(1,381)**

10. Other expenditure

	2014/15 £000	2013/14 £000
Rent and rates	4,165	4,973
Utilities	8,760	8,489
Maintenance and cleaning	13,393	13,047
Office supplies, printing and stationery	1,538	1,730
Laboratory supplies	29,968	28,922
Management consultancy and other professional fees	9,998	10,353
Postage and telephone	2,340	2,213
Audit fee	145	175
Travel, subsistence and hospitality	5,293	6,835
Computing	4,285	5,244
Equipment servicing	6,024	4,991
Minor equipment	4,984	5,858
Miscellaneous	11,817	12,457
Transport costs	305	1,189
Exchange rate losses/(gains)	(2,203)	1,655
Field work – Clinical services	588	4,116
Biomedical services and licence fees	2,378	2,088
Decommissioning costs	(2,014)	1,899
Total	**101,764**	**116,234**

The audit fee is comprised of the proposed 2014/15 external audit fee of £155k offset by an over accrual of £10k relating to the 2013/14 audit, which was finalised after the publication of the 2013/14 financial statements.

11. Research grants

	2014/15 £000	2013/14 £000
Research Grants	218,036	193,633
Programme Grants	46,229	41,098
Centre Grants	15,743	15,212
Trial Grant	14,838	15,518
New Investigator Research Grant	10,298	7,040
Total	**305,144**	**272,501**

12. Other research

	2014/15 £000	2013/14 £000
International Health Research Resource	3,986	9,288
University Units	84,237	104,437
The Francis Crick Institute	9,170	0
UK Infrastructure for large scale Clinical Genomics Research	5,997	0
Science and Innovation Capacity Building in Developing Countries – Newton Fund	4,794	0
Translational Imaging capacity	0	7,200
Cryo Electron microscopy facility	4,050	750
Translational Research	15,133	14,634
Transfer of Biomedical Science Programmes to University Partners	0	7,152
High Throughput Omic Science and Imaging	81	6,420
Open Access Block Grants	3,970	3,374
Stem Cell – Human Pluripotent	2,500	0
Neurodegenerative Diseases Initiative	962	1,053
Other	10,863	9,928
Total	**145,743**	**164,236**

13. Postgraduate/training awards

	2014/15 £000	2013/14 £000
Research studentships/advanced course studentships	28,512	29,814
Post-doctoral fellowships	42,595	40,096
Total	**71,107**	**69,910**

14. International subscriptions

	2014/15 £000	2013/14 £000
International Agency for Research on Cancer	886	902
European Molecular Biology Conference	2,142	2,126
European Molecular Biology Laboratory	12,301	13,341
Human Frontier Science Program	1,106	1,070
European Science Foundation	60	89
Sciences Europe	17	113
European Molecular Biology Organisation	134	37
Total	**16,646**	**17,678**

15. Commercial activities

	2014/15 £000	2013/14 £000
Income during the year	**94,899**	**85,416**
Expenditure during the year:		
Staff costs (note 8a)	(6,766)	(6,419)
Other expenditure	(44,545)	(35,265)
Total expenditure	**(51,311)**	**(41,684)**
Net income for the year	**43,588**	**43,732**

The council requires a financial return from successful commercial exploitation of original MRC research. Such income arises from royalties, equity stakes and other forms of receipts agreements as a result of licencing council inventions and know-how.

Income and expenditure relating to commercial activities is credited and charged to the Statement of Comprehensive Net Expenditure, with its cumulative balance represented within the general reserve on the balance sheet.

16 Intangible assets

MRC	Patents & Licences £000	Software Licences £000	Total £000
At cost or valuation			
At 1 April 2014	216,029	1,804	217,833
Additions	0	0	0
Disposals	0	(392)	(392)
Transfer	0	86	86
Revaluation	31,394	0	31,394
At 31 March 2015	**247,423**	**1,498**	**248,921**
Amortisation			
At 1 April 2014	(165,507)	(1,790)	(167,297)
Charge for the year	(22,516)	(55)	(22,571)
Disposals	0	392	392
At 31 March 2015	**(188,023)**	**(1,453)**	**(189,476)**
Net Book Value			
At 31 March 2015	**59,400**	**45**	**59,445**
At 1 April 2014	50,522	14	50,536

MRC	Patents & Licences £000	Software Licences £000	Total £000
At cost or valuation			
At 1 April 2013	221,703	2,220	223,923
Additions	0	312	312
Disposals	0	(441)	(441)
Transfer	0	(287)	(287)
Revaluation	(5,674)	0	(5,674)
At 31 March 2014	**216,029**	**1,804**	**217,833**
Amortisation			
At 1 April 2013	(140,698)	(2,182)	(142,880)
Charge for the year	(24,809)	(35)	(24,844)
Disposals	0	427	427
At 31 March 2014	**(165,507)**	**(1,790)**	**(167,297)**
Net Book Value			
At 31 March 2014	**50,522**	**14**	**50,536**
At 1 April 2013	81,005	38	81,043

17. Property plant & equipment

MRC	Land and Buildings £000	Assets under Construction £000	Equipment and Vehicles £000	Total £000
Cost or valuation				
At 1 April 2014	**555,320**	**19,902**	**199,360**	**774,582**
Additions	5,034	0	23,165	28,199
Disposals	(436)	(0)	(21,452)	(21,888)
Transfers	1,531	(16,869)	13,641	(1,697)
Revaluation	68,450	0	4,091	72,541
Reversal of prior year downward revaluation	2,028	0	(2)	2,026
Impairment	(3,807)	0	0	(3,807)
At 31 March 2015	**628,120**	**3,033**	**218,803**	**849,956**
Depreciation				
At 1 April 2014	**(151,786)**	**0**	**(130,697)**	**(282,483)**
Provided during the year	(10,751)	0	(16,409)	(27,160)
Disposals	273	0	20,542	20,815
Transfers	200	0	0	200
Revaluation	(19,081)	0	(2,344)	(21,425)
Impairment	0	0	0	0
At 31 March 2015	**(181,145)**	**0**	**(128,908)**	**(310,053)**
Net book value				
At 31 March 2015	**446,975**	**3,033**	**89,895**	**539,903**
At 1 April 2014	403,534	19,902	68,663	492,099

The net book value of land and buildings comprises:

	2015 £000	2014 £000
Freehold	116,848	80,543
Long leasehold	322,024	316,945
Short leasehold	8,103	6,046

Property, plant and equipment include £103,163,866 (2014 – £58,645,070) in respect of freehold land which is not depreciated.

In 2014/15 Oakdale Lodge had been actively marketed by MRC and a sale was expected within the next twelve months and so had been classified as an Asset held for sale (see Note 20). This was marketed for £1,411k and was excluded via the transfers line.

The last professional revaluation was performed by Powis Hughes in 2013/14.

The professional revaluation for the research unit in Uganda planned for 2014/15 was not completed in the year. The last valuation that the MRC have for Uganda building assets was dated November 2011. This valuation gives a calculated impairment of £165k, which is not considered to be material to the MRC. Accordingly, no adjustment has been made for this valuation.

MRC	Land and Buildings £000	Assets under Construction £000	Equipment and Vehicles £000	Total £000
Cost or valuation				
At 1 April 2013	**624,758**	**15,985**	**230,411**	**871,154**
Additions	7,966	5,219	13,903	27,088
Disposals	(88,476)	0	(49,408)	(137,884)
Transfers	(27,852)	(1,302)	941	(28,213)
Revaluation	32,354	0	3,513	35,867
Impairment	(7,768)	0	0	(7,768)
Reversal of prior year downward revaluation	14,338	0	0	14,338
At 31 March 2014	**555,320**	**19,902**	**199,360**	**774,582**
Depreciation				
At 1 April 2013	**(203,041)**	**0**	**(151,314)**	**(354,355)**
Provided during the year	(7,176)	0	(14,817)	(21,993)
Disposals	68,200	0	37,519	105,719
Revaluation	(9,769)	0	(2,085)	(11,854)
At 31 March 2014	**(151,786)**	**0**	**(130,697)**	**(282,483)**
Net book value				
At 31 March 2014	**403,534**	**19,902**	**68,663**	**492,099**
At 1 April 2013	421,717	15,985	79,097	516,799

The net book value of land and buildings comprises:

	2014 £000	2013 £000
Freehold	80,543	99,796
Long leasehold	316,945	316,506
Short leasehold	6,046	5,365

18. Investments in Joint Ventures

	Joint venture Francis Crick Institute Ltd	Joint venture Imanova Ltd	Total of Joint ventures
	£000	£000	£000
As at 1 April 2014	229,797	1,250	231,047
Additions	38,044	0	38,044
Share of losses during the year	0	(805)	(805)
Revaluation	0	0	0
As at 31 March 2015	**267,841**	**445**	**268,286**
As at 1 April 2013	115,418	1,125	116,543
Additions	114,379	125	114,504
Share of losses during the year	0	0	0
Revaluation	0	0	0
As at 31 March 2014	**229,797**	**1,250**	**231,047**

The Francis Crick Institute Limited and UKCMRI Construction Limited

The Francis Crick Institute is a UK registered charity and limited company formed to deliver the proposed UK Centre for Medical Research and Innovation. The MRC, in partnership with Cancer Research UK, University College London, Kings College London, Imperial College of Science Technology and Medicine and the Wellcome Trust, own the Francis Crick Institute Ltd. The entity is designed to allow the delivery of the scientific aims of the joint venture. The original Joint Venture Agreement (JVA) was signed on 9th November 2010 which established the Francis Crick Institute as a charity limited by shares, following agreement of the Charity Commission. A Deed of accession varying the original Joint Venture Agreement was signed by all venturers in 11 October 2011.

Until such time as the Institute becomes operational the Council believe that their investment is best represented by the cost of the shares and therefore we have not consolidated the results of the Francis Crick Institute Ltd.

Shares in UKCMRI Construction Limited the construction company owned by the original partners, of which each partner held one £1 share, were transferred to The Francis Crick Institute Ltd upon as part of the JVA and became a wholly owned subsidiary of the Francis Crick Institute Ltd. The funding of the project has been by capital contributions leading to shares. The MRC investment in the Francis Crick Institute Ltd is represented by issued shares.

Shares are issued in respect of payments and these are accounted for as investments. In return for providing the Francis Crick Institute with in year funding under the joint venture agreement of £38.0m, the Francis Crick Institute agreed to issue the Council ordinary shares in the Francis Crick Institute to the same value. In addition at the year end the Francis Crick Institute owed the Council £151,076 (2013/14 £116,349) and the Council owed the Francis Crick Institute £0 (2013/14 £1,525,648).

A lease was made between the original founders and the Francis Crick Institute Ltd on 7th June 2012 granting lease of land at Brill Place, Camden, London (site of the Francis Crick Institute) to the Francis Crick Institute Ltd. The lease term is for a period of 55 years at peppercorn rent. The land had already been revalued by Powis Hughes, Chartered Surveyors on 14th April 2011. The valuation was carried out in accordance with RICS Valuation Manual, as amended April 2010, known as the revised "Red Book", at Market Value. The MRC's interest in the land was valued at £51,163,866 and reflected in the financial statements accordingly, (2013/14 – £49,500,000).

Imanova Limited

Imanova Limited is an innovative alliance (joint venture) between the MRC, Imperial College of Science Technology, Kings College London and University College. Established in April 2011, Imanova and its partners bring together a breadth and depth of knowledge and expertise that will drive research and innovation in imaging sciences. The company creates, manages and operates a new centre of excellence in the field of translational imaging research. The company is a not for profit entity, of which the MRC owns 25% shareholding.

During the year, an award of £0m was made to Imanova (2013/14 £7.2m) in conjunction with JVA initial funding obligations. Additionally, separate from the JVA, an award for £0 (2013/14 – £845,000) was made in respect of work to be undertaken by Imperial College through Imanova.

MRC has accounted for its investment in Imanova as a joint venture, in accordance with IFRS11. It holds 25% of the ordinary shares of the company whose provisional results for financial year 2014/15 record a deficit of £1.135m (2013/14 £0.95m) before tax and net assets of £1.78m (2013/14 £2.47m). MRC's share of the net assets of Imanova is therefore £445k and it has accounted for the losses incurred by Imanova on this basis.

During the year MRC had transactions totalling £3.78m (2013/14 £4.7m) with Imanova. There were no outstanding balances owed from Imanova Limited to MRC and MRC to Imanova Limited at the end of the year.

19. Investments

a. Quoted investments

	2015 £000	2014 £000
As at 1 April	3,346	2,679
Additions	0	0
Disposals	0	0
Revaluation	(197)	667
As at 31 March	**3,149**	**3,346**

	Number of shares held	Holding %	Market value at 31 March 2015 £000
Quoted			
Galapagos NV (Belgium)	59,919	0.47	701
Vectura (formerly Innovata plc)	58,357	0.04	85
Natus Medical Inc (USA)	7,066	0.04	188
Sangamo Biosciences Inc (USA)	165,255	0.54	1,747
Onxeo SA	8,438		33
Vernalis plc	15,519	0.14	7
Avacta Group plc	44,601,073	0.46	388
Total			**3,149**

At the close of business on 31 March 2015 the price per share of council's shareholdings listed on the London stock exchange, the AIM, and the Nasdaq were as follows:

Galapogos NV	€15.99
Vectura (formerly Innovata plc)	147.75p
Natus Medical Inc	$39.47
Sangamo Biosciences Inc	$15.68
Onxeo SA	€5.31
Vernalis plc	46.25p
Avacta Group plc	0.87p

b. Unquoted investments

Private unquoted	Number of shares held
Anaptys Biosciences Inc.	120,000
CMP Therapeutics Ltd	93,600
Bicycle Therapeutics Ltd	72,059
D-Gen Ltd	21,412
Iclectus Ltd	6,400
Oxxon Therapeutics Ltd	10,332
Rain Dance Technologies Inc	200,000
Senexis Ltd	10
Phosphate Therapeutics Ltd	245,871
Inflectis Bioscience SA	12,592
UK SBS Ltd A Shares	1
Francis Crick Limited (note 18)	267,841,639

These companies with the exception of UK SBS and Francis Crick represent the council's interest in enterprises engaged in the commercial development of council inventions and know how. These equity positions were received in return for company access to the council's intellectual property.

During the year Heptares Therapeutics Limited were acquired in a business combination with a third party. MRC's shares were acquired as part of the business arrangement, the MRC receiving £1,775,000. The results are reflected in Note 15.

c. Companies Limited by Guarantee

UK Biobank Limited

UK Biobank Limited is a company limited by guarantee and a registered charity. It is a major UK medical research initiative, with the aim of improving the prevention, diagnosis and treatment of a wide range of serious and life-threatening illnesses – including cancer, heart diseases, diabetes, arthritis and forms of dementia.

The MRC is one of the two members of the company, along with the Wellcome Trust and is one of the prime funders of the organisation. UK Biobank Limited is a related party of the council. As the council is one of nine trustees that manage Biobank and it is a charity, the council is not able to exert any control and so the company is not consolidated in these accounts and its transactions with UK Biobank are expensed as grant payments. Grants payment by the council to UK Biobank Limited during 2014/15 were £3,777,560 (2013/14 = £4,240,030). Additional investments were made during the year totalling £0.0m (2013/14 £5.0m). There were no outstanding balances to / from UK Biobank Limited at the end of the year, or the prior year.

Medical Research Council Technology Limited

Medical Research Council Technology Limited (MRCT) is a company limited by guarantee and a registered charity. Its principal activity is the management, development and exploitation of the Council's intellectual property assets, including its valuable patent rights associated with the production of monoclonal antibodies.

MRC has the right to appoint only one Board member (Director) out of a total of no less than five and normally not more than ten Directors. This ensures that the Chairman of the Board of Trustees and a majority of the Trustees will no longer be MRC employees and are independent of the MRC. MRCT is a related party of the council.

MRCT is associated with the Medical Research Council and received funding during the year for the management of the MRC patent portfolio and for research purposes as follows: Management fees of £4,620,000 (2013/14 – £4,620,000). At the year end, £1,032,220 (2014 – £8,000,000) was due from the MRC to MRCT and £25,364 (2014 – £33,229) was due to the MRC from MRCT.

20. Non-Current assets held for sale

	2015 £000	2014 £000
Assets held for resale	1,411	28,500

Oakdale Lodge was categorised as held for sale in 2014/15. These were flats that were held as part of the NIMR holding of land and building assets but they were marketed for sale as they were surplus to requirements as at 31 March 2015.

The site of the former National Temperance Hospital was categorised as held for sale in 2013/14 as it was expected to be sold to the Department for Transport. This transaction occurred in September 2014.

The asset was sold for the valuation it was held at in the Statement of Financial Position at the year-end of £28.5m. Therefore there was no gain or loss on disposal of this asset.

21. Trade and other receivables

	2015 £000	2014 £000
Trade receivables	15,662	18,577
Less provisions for bad debts	(16)	(16)
	15,646	18,561
Other receivables	1,907	1,763
Accrued income	43,334	37,962
Prepayments	14,248	13,399
Total	**75,135**	**71,685**

	2015 £000	2014 £000
Analysis by source		
Other central government bodies	2,894	8,009
NHS Trusts	229	52
Bodies external to government	72,012	63,624
Total	**75,135**	**71,685**

22. Cash and cash equivalents

	2015 £000	2014 £000
Balance at 1 April	10,566	57,989
Net change in cash and cash equivalent balances	(4,704)	(47,423)
Balance at 31 March	**5,862**	**10,566**
The following balances were held at commercial banks and cash in hand	4,157	2,678
The following balances were held with the Government Banking Service	1,705	7,888
Balance at 31 March	**5,862**	**10,566**

23. Trade and other payables

	2015 £000	2014 £000
Due within 1 year		
Trade payables	(94,973)	(82,708)
Accruals	(133,184)	(140,358)
Taxation and social security	(2,961)	(2,261)
Deferred income	(17,517)	(17,215)
Other payables	(1,433)	(1,656)
Total	**(250,068)**	**(244,198)**
Due after more than 1 year		
Accruals	**(10,913)**	**(21,358)**

	2015 £000	2014 £000
Analysis by source		
Amounts falling due within 1 year		
Other central government bodies	(8,826)	(3,034)
NHS Trusts	(147)	(268)
Bodies external to government	(241,095)	(240,896)
Total	**(250,068)**	**(244,198)**
Amounts falling due after more than 1 year		
Bodies external to government	(10,913)	(21,358)
Total	**(10,913)**	**(21,358)**

24. Provisions for liabilities and charges

	Early retirements compensation scheme	Decommissioning costs	Other costs	Total provisions
	£000	£000	£000	£000
At 1 April 2014	4,098	9,723	1,727	15,548
Amount provided in year	74	0	178	252
Unwinding of the discount	60	0	0	60
Amount expended in year	(751)	(6,120)	0	(6,871)
Write back of provision	0	(2,014)	0	(2,014)
At 31 March 2015	**3,481**	**1,589**	**1,905**	**6,975**
Provisions due within 1 year	585	978	1,905	3,468
Provisions due between 1 and 5 years	1,477	611	0	2,088
Provisions due between 6 and 10 years	855	0	0	855
Provisions due over 10 years	564	0	0	564
Sub-total of provisions over one year	2,896	611	0	3,507
At 31 March 2015	**3,481**	**1,589**	**1,905**	**6,975**

At 1 April 2013	4,149	10,377	1,727	16,253
Amount provided in year	764	1,305	0	2,069
Unwinding of the discount	98	0	0	98
Amount expended in year	(913)	(1,959)	0	(2,872)
At 31 March 2014	**4,098**	**9,723**	**1,727**	**15,548**
Provisions due within 1 year	765	8,049	1,727	10,541
Provisions due between 1 and 5 years	1,761	1,674	0	3,435
Provisions due between 6 and 10 years	930	0	0	930
Provisions due over 10 years	642	0	0	642
Sub-total of provisions over one year	3,333	1,674	0	5,007
At 31 March 2014	**4,098**	**9,723**	**1,727**	**15,548**

Early retirement compensation scheme

These are legacy Council early retirement obligations. Changes in the tax regime for pensions in 2006 meant it was necessary for early retirement benefits to be paid entirely from the pension scheme. As well as those early retirees, provision is made for where there is a difference (increase) between the maximum value of retirement benefits allowed by the employer at that time and the maximum value of benefits allowed by the pension scheme.

Decommissioning

These include provisions for the disposal of the site at Mill Hill, NIMR, £1,151,000 and High Activity Sealed Sources being used in some units, £438,000.

Other

These relate to the dilapidation costs for the old LMB buildings that were vacated as part of the switch to the new LMB facility.

25. Commitments under leases

Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2014/15 £000	2013/14 £000 Restated
Obligations under operating leases for the following periods comprise:		
Other:		
Not later than one year	753	764
Later than one year but not later than five years	2,623	3,009
Later than five years	0	374
Total	**3,376**	**4,147**

26. Contingent liabilities

Contingent liabilities of £1.7m have been identified in relation to dilapidation works, which may be required at the end of the property leases expected to end within the next ten years. These are sites located at Head Office London and Human Nutritional Research Unit Cambridge.

27. Commitments

Capital

The council had estimated future commitments to capital expenditure, which had been contracted but not provided for at the balance sheet date of £1,912,168 (2013/14 =£42,972,857) comprising the following: Crick £1,278,605, EM Microscope £528,563 and 950 Mhz Spectrometer £105,000

Research awards

Forward commitments on research awards:	£000
Within 1 year	502,321
Between 2 & 5 years	506,157
More than 5 years	2,386

28. Related party transactions

The MRC is a non-departmental public body sponsored by BIS. For the purposes of International Accounting Standard 24, BIS is regarded as a related party. During the year, the council has had various material transactions with BIS and other bodies for which BIS is regarded as the parent department; namely the Biotechnology and Biological Sciences Research Council, the Engineering and Physical Sciences Research Council, the Economic and Social Research Council, Innovate UK and the UK SBS Ltd.

The council also had related party transactions with MRCT, the Crick and Imanova. These are detailed within Note 18 for the Crick and Imanova and Note 19 for MRCT.

The council provides administrative services to the Trustees of two registered charities, The Medical Research Foundation and The Fleming Memorial Fund for Medical Research, which are therefore regarded as related party transactions. Two of the Trustees who manage the charities are nominated by the Council.

During the year, the following material transactions with the council, board and committee members took place in respect of awards funded by the council.

Table 1

The table below lists council, board or committee members who are classified as either a Principal Investigator or a Co-Investigator against an award made in the 2014/15 financial year. The value shown is the whole life commitment of the award, if an award is made to more than one related party the value is counted more than once.

Full Name	Number of awards	Value (£)
Professor Ibrahim Abubakar	1	£47,122
Professor Robin Ali	3	£4,913,894
Professor Martin Birchall	1	£495,166
Professor Christopher Brightling	2	£7,305,181
Professor James Carpenter	1	£392,299
Professor Siddharthan Chandran	1	£6,825,000
Professor Patrick Chinnery	2	£4,802,481
Professor Yanick Crow	2	£4,415,476
Professor Helen Curran	1	£477,509
Professor John Danesh	1	£2,066,224
Professor David Dockrell	1	£251,576
Professor Christopher Dowson	2	£3,438,689
Professor Mark Field	1	£21,170
Professor Peter Fischer	1	£743,499
Professor Stuart Forbes	1	£3,065,647
Professor Robin Franklin	1	£318,875
Dr Paramjit Gill	1	£136,103
Professor Kim Graham	2	£8,583,911
Professor Timothy David Griffiths	1	£305,969
Professor Ian Hall	1	£7,712,000
Professor Sian Harding	1	£343,557
Professor Karl Herholz	1	£6,091,000
Professor Peter Holmans	1	£1,062,530
Professor Malcolm Jackson	1	£648,125
Professor Paul Kaye	1	£47,885
Professor Frank Kee	1	£147,723
Professor Cay Kielty	1	£4,916,149
Professor Matthew Lambon Ralph	1	£6,091,000
Professor Susan Lea	1	£796,049
Professor Thomas MacDonald	1	£1,245,035

Full Name	Number of awards	Value (£)
Professor Sheila MacNeil	1	£905,921
Dr Adrian Mander	1	£3,334,710
Professor Patrick Maxwell	2	£18,099,136
Professor Mark McCarthy	1	£1,826,316
Professor Rory McCrimmon	1	£536,302
Professor Stephen McMahon	1	£347,204
Professor Iain McNeish	1	£3,530,449
Professor Paul Moss	1	£7,181,445
Professor Declan Murphy	1	£882,877
Professor Valerie O'Donnell	1	£822,272
Professor Michael O'Donovan	2	£1,300,470
Professor Tracy Palmer	1	£596,617
Professor Sharon Peacock	3	£2,787,425
Professor Neil Pearce	1	£502,813
Professor Stuart Pickering-Brown	1	£2,650,723
Professor Deenan Pillay	1	£2,125,277
Professor Lucilla Poston	1	£45,589
Professor David Ray	1	£4,916,149
Professor Adriano Rossi	1	£465,278
Dr James Rowe	3	£13,803,283
Professor Caroline Sabin	1	£2,125,277
Professor Ian Sabroe	1	£4,786,444
Professor Patricia Salinas	2	£1,853,851
Professor Nilesh Samani	2	£4,584,961
Professor Pamela Shaw	1	£376,445
Professor Kenneth Smith	2	£4,627,249
Professor Ian Tomlinson	1	£5,029,624
Professor Rhian Touyz	1	£3,530,449
Professor Richard Trembath	1	£1,800,000
Professor Jonathan Weber	1	£939,055
Professor Michael White	1	£4,916,149
Professor Paul Williams	1	£358,887
Professor Paula Williamson	1	£293,685
Professor Matthew Wood	1	£1,008,107

Table 2

The table below lists council, board or committee members who are registered at an Organisation that has received funding in the 2014/15 financial year.

Research Organisation	Number of Awards	Amount Awarded
Babraham Institute	**1**	**£568,547**
Dr Martin Turner		
Cardiff University	**10**	**£13,248,047**
Professor Kim Graham		
Professor Peter Holmans		
Professor Valerie O'Donnell		
Professor Michael O'Donovan		
Professor Gavin Wilkinson		
Imperial College London	**32**	**£22,541,147**
Professor Charles Bangham		
Professor Robert Brown		
Professor Gad Frankel		
Professor Paul Freemont		
Professor Azra Ghani		
Professor Nicholas Grassly		
Professor Sian Harding		
Professor Dorian Haskard		
Professor Guy Rutter		
Professor Jonathan Weber		
Professor Martin Wilkins		
Professor William Wisden		
King's College London	**25**	**£21,973,218**
Professor Martin Gulliford		
Professor Joseph Hajnal		
Professor Stephen McMahon		
Professor Declan Murphy		
Professor Lucilla Poston		
Professor Arnie Purushotham		
Professor Anne Ridley		
Professor Jane Sandall		
Professor Tariq Sethi		
Professor Paul Sharpe		
Lancaster University	**4**	**£1,134,700**
Professor Peter Diggle		
Professor Bruce Hollingsworth		
Liverpool School of Tropical Medicine	**7**	**£4,625,804**
Professor Hilary Ranson		

Research Organisation	Number of Awards	Amount Awarded
London Sch of Hygiene and Trop Medicine	**20**	**£9,358,429**
Professor Neil Pearce		
Professor Steven Cummins		
Professor Richard John Hayes		
Professor Michael Kenward		
Professor John Whittaker		
Newcastle University	**11**	**£10,881,860**
Professor John Isaacs		
Professor Caroline Austin		
Professor Patrick Chinnery		
Professor Timothy David Griffiths		
Professor John Lunec		
Professor Fiona Matthews		
Dr Hamish McAllister-Williams		
Professor Herbie Newell		
Professor Alexander Thiele		
Queen Mary, University of London	**16**	**£25,127,890**
Professor Frances Balkwill		
Professor Kairbaan Hodivala-Dilke		
Professor Thomas MacDonald		
Professor Richard Trembath		
Queen's University of Belfast	**4**	**£6,450,071**
Professor Frank Kee		
St George's University of London	**1**	**£510,304**
Professor Thomas Harrison		
The University of Manchester	**20**	**£38,754,788**
Professor Enrique Amaya		
Professor Yanick Crow		
Professor Wael El-Deredy		
Professor Stuart Farrow		
Professor David French		
Professor Richard Grencis		
Professor Neil Hanley		
Professor Karl Herholz		
Professor Cay Kielty		
Professor Henry Kitchener		
Professor Matthew Lambon Ralph		
Professor Rayaz Malik		
Professor Stuart Pickering-Brown		
Professor David Ray		
Professor Michael White		

Research Organisation	Number of Awards	Amount Awarded
University College London	**57**	**£53,366,401**
Professor Helen Curran		
Professor Deenan Pillay		
Professor Ibrahim Abubakar		
Professor Robin Ali		
Professor Martin Birchall		
Professor Peter Brocklehurst		
Professor James Carpenter		
Professor Mary Collins		
Professor Andrew Copp		
Professor Eileen Joyce		
Professor David Lomas		
Professor Rumana Omar		
Professor Massimo Pinzani		
Professor Jugnoo Rahi		
Professor Caroline Sabin		
Professor Patricia Salinas		
University of Aberdeen	**1**	**£147,243**
Professor Gordon Brown		
Dr Sara Maclennan		
Professor Mandy Ryan		
University of Birmingham	**9**	**£10,039,365**
Professor Wiebke Arlt		
Dr Paramjit Gill		
Professor Jane McKeating		
Professor Jayne Parry		
Dr David Simmons		
Professor Paul Moss		
University of Bristol	**12**	**£5,478,468**
Professor Paolo Madeddu		
Professor Timothy James Peters		
Professor Alastair Poole		
University of Cambridge	**35**	**£48,911,833**
Professor John Danesh		
Professor Sadaf Farooqi		
Professor Robin Franklin		
Dr Phil Jones		
Dr Helen Lee		
Professor Nicholas Morrell		
Professor Pradeep Nathan		
Professor Sharon Peacock		
Dr James Rowe		
Professor Kenneth Smith		
Professor Stephen Sutton		

Research Organisation	Number of Awards	Amount Awarded
University of Cambridge *(continued)*		
Professor Colin Taylor		
Professor Patrick Maxwell		
University of Dundee	**5**	**£3,318,202**
Professor Mark Field		
Dr David Gray		
Professor Rory McCrimmon		
Professor Tracy Palmer		
Professor Kate Storey		
Professor Roland Wolf		
University of Edinburgh	**21**	**£24,978,925**
Professor Harry Campbell		
Professor Siddharthan Chandran		
Professor Sarah Cunningham-Burley		
Professor Stuart Forbes		
Professor Giles Hardingham		
Professor Adriano Rossi		
Professor Philippa Saunders		
University of Exeter	**6**	**£3,551,764**
Professor John Terry		
University of Glasgow	**13**	**£28,005,259**
Professor S. Faisal Ahmed		
Professor Andrew Baker		
Professor Margaret MacLean		
Professor Iain McNeish		
Professor Rhian Touyz		
University of Leeds	**7**	**£11,813,695**
Professor Mark Harris		
Professor Sheena Radford		
Professor David Westhead		
University of Leicester	**7**	**£8,454,848**
Professor Christopher Brightling		
Professor Anthony Gershlick		
Professor Nilesh Samani		
University of Liverpool	**7**	**£6,698,299**
Dr Trevor Cox		
Professor Malcolm Jackson		
Professor Paula Williamson		

Research Organisation	Number of Awards	Amount Awarded
University of Nottingham	**15**	**£15,749,586**
Professor Ian Hall		
Professor John Atherton		
Professor Peter Fischer		
Professor Paul Williams		
University of Oxford	**34**	**£43,390,291**
Dr Paul Brennan		
Professor Philip Cowen		
Professor David Jackson		
Professor Susan Lea		
Professor Mark McCarthy		
Professor Ian Tomlinson		
Professor Tonia Vincent		
Professor Paresh Vyas		
Professor Matthew Wood		
University of Sheffield	**11**	**£14,820,888**
Professor Mimoun Azzouz		
Professor David Dockrell		
Professor Sheila MacNeil		
Professor Ian Sabroe		
Professor Pamela Shaw		
Professor Stephen Walters		
University of Southampton	**5**	**£1,302,441**
Professor Nyovani Madise		
Professor Diana Eccles		
Professor Hazel Inskip		
Professor V Hugh Perry		
University of Sussex	**3**	**£1,818,976**
Professor John Atack		
Professor Keith Caldecott		
Professor Simon Ward		
University of Warwick	**5**	**£4,070,572**
Professor Christopher Dowson		
Professor Simon Gates		
Professor Frances Griffiths		
Professor Nigel Stallard		
University of York	**3**	**£715,175**
Professor Martin Chalkley		
Professor Paul Kaye		
Professor Mark Sculpher		

29. Financial Instruments and Derivatives

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the council faces in undertaking its activities. Specifically: (a) the significance of financial instruments affecting financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which it is exposed. Because of the largely non-trading nature of its activities and the way it is financed, the MRC is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a limited role in creating or changing risk on its operational activities.

Liquidity risk

The council's net revenue resource requirements are largely funded by the grant-in-aid from its sponsor department. The capital expenditure is also financed through the grant-in-aid. The council is therefore not exposed to significant liquidity risks.

Interest rate risk

The council has a low level of exposure to interest rate fluctuations; it does not actively seek to invest cash in money markets. Any excess funds held outside of the Government Banking Systems banking framework, which could attract interest, are maintained in low level current accounting arrangements, as part of its banking arrangements with Lloyds Banking Group.

Foreign currency risk

The council maintains US dollar and Euro bank accounts in order to deal with day-to day transactions. There is a risk attached to holding foreign currency denominations but this is not considered to be material.

The council also holds certain balances in overseas bank accounts to help manage day-to-day business transactions of its overseas operations. During the year end, the average monthly float levels were £1,049,858 (2013/14 = £1,135,000).

Foreign currency balances

Amount	As at 31 March 2015	As at 31 March 2014
USD	£1,449,310	£533,471
Euro	£1,312,680	£2,143,491

A 5% (10%) ± movement in exchange rates would equate to £138,100, (£276,200), such events would have minimal impact on council's resources. In 2013/14 the corresponding amounts were £133,848 (£267,696).

Receivables and creditor risk

Financial assets and liabilities are held at fair value and changes in values are recognised in the Statement of Comprehensive Net Expenditure. The fair value of the council's financial assets and liabilities are equivalent to the carrying amount unless stated above. The council has limited powers to borrow or invest funds; financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the council in undertaking its activities. Of current outstanding trade debt 12% is greater than 30 days old (2013/14: 22%).

30. Events after the reporting period

IAS 10 Events after the reporting period requires the disclosure on the date on which the financial statements were authorised for issue and who gave that authorisation. In accordance with the requirements of IAS10, post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue, this is interpreted as the same date as the date of the Certificate Report of the Comptroller and Auditor General. The financial statements do not reflect events after this date.

The MRC's National Institute for Medical Research with 541 employees and 82 postgraduate students transferred to the Francis Crick Institute on 1 April 2015; assets with a net book value of £12,525,876 transferred at the same time. Staff and equipment will remain at their existing locations until they move into the new Institute at St Pancras in early 2016.

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ISBN 978-1-4741-1931-3