



Biennial Review

2006 - 08

**Supporting Research of International
Quality in Scotland**

Caledonian Research Foundation is a Scottish Charity which has supported independent research in Scotland since 1990. It was originally established in 1977 as a spinout from a scientific research organisation and as a charity, but the emphasis of its activities changed in 1990 and its interest now lies mainly in sponsoring and encouraging research in Scotland. It currently supports a number of Personal Research Fellows in the Biomedical Sciences, European Visiting Research Fellows in the Humanities and several Postgraduate Scholars.

In seeking to achieve its aim of promoting research of international standard in Scotland, the Foundation's Governors, who are all senior figures active in the Scottish academic and business communities, work closely with both the Royal Society of Edinburgh and the Carnegie Trust for the Universities of Scotland.

Caledonian Research Foundation has no share capital and is a charitable company limited by guarantee, each member undertaking to subscribe, up to a limit of £1, such sums as may be necessary to pay the debts of the company in the event of dissolution. The management of the company is the responsibility of the Governing Body, whose members are elected under the terms of the constitution of the company and who receive no emoluments for their services. The members of the Governing Body are the company's directors and are the charity trustees. The company is exempt from taxation under section 505 of the Income & Corporation Taxes Act 1988.

Caledonian Research Foundation has Company Registration No. SC36656 and is Scottish Charity No. SC014705.

Governors

The following served as Governors (Trustees) during the period under review:

Professor John R. Coggins OBE MA PhD DSc FRSE (Chairman)

Professor David T. Baird CBE BA MBChB DM DSc FRCP FRCOG FRSE FMedSci

Professor Colin C Bird CBE MBChB PhD MRCPath FRCPath FRCPE FRSE FRCSE FMedSci (*retired November 2006*)

R Scott Brown MA LLB LLD (*retired November 2007*)

Professor Noreen B Burrows LLB PhD FRSA (*retired November 2006*)

Professor Neva E. Haites OBE BSc(Hons) PhD MBChB(Hons) FRCPath FRCP(Lond) FRCP(Ed) FMedSci

Professor Veronica van Heyningen, MA, MS, DPhil, FRSE, FMedSci (*retired November 2007*)

Professor Walter Kolch MD FRSE (*appointed May 2006, retired November 2007*)

Professor Elizabeth A. Moignard MA DPhil FSA FRSE (*appointed May 2006*)

Dr Walter S. Nimmo BSc MD FRCP(Edin, Glasg) FANZCA FRSE FRCS(Ed)

Professor Jane Ohlmeyer MA PhD FRHistSoc (*retired November 2007*)

Mrs Anne H. Richards BSc(Hons) CDipAF MBA CEng FSI (*appointed May 2007*)

The Revd Canon Professor John Stuart Richardson OBE MA DPhil FRSE

Professor Jonathan Seckl BSc MBBS PhD FRCP FRSE FMedSci (*appointed May 2006*)

Professor Cheryll Tickle CBE MA PhD FRS FRSE FMedSci FIBiol(Hon)

Professor John A Wyke MA VetMB PhD MRCVS FRSE, FMedSci (*retired November 2006*)

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|---|--|
| Secretaries & Solicitors: | Murray Beith Murray WS, 3 Glenfinlas Street, Edinburgh EH3 6AQ |
| Registered Office & Principal Address: | 3 Glenfinlas Street, Edinburgh EH3 6AQ |
| Registered Auditors: | Chiene + Tait, 61 Dublin Street, Edinburgh EH3 6NL |
| Bankers: | Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh EH2 2YB |
| Investment Advisors: | Speirs & Jeffrey, 36 Renfield Street, Glasgow G2 1NA |

Chairman's Introduction

Professor John Coggins, OBE, FRSE



As I look back over the past two years since publication of our last *Biennial Review*, I realise that, in spite of many changes, our fundamental purpose is just as important to the continuing strength of Scotland's research base as ever. We may be small, but we are still able to make a significant contribution by providing the seedcorn funding which helps to provide a solid foundation for research careers across the disciplines.

As was the case two years ago, this publication incorporates the audited accounts for the Foundation in the year to 31 December 2007 (see pp 6-11). [The accounts for the current year will be made available on our website during the summer of 2009.] As these show, although there had been a modest increase in income from our investments during 2006, 2007 saw a decrease. The effects of the turbulence in the markets globally since the autumn of 2007 on our income, when combined with the need for us to meet the increased salary costs now prevailing throughout higher education, means that there is unlikely to be any increase in either the number or value of the awards we offer. We will, however, continue to offer slightly higher stipends to our Postgraduate Scholars than those offered by the Research Councils. The requirement that universities recover the full economic costs for all the research is placing further financial pressure on us and the other charities which have continued to decline to contribute to infrastructure costs. We continue to watch the evolving situation and are investigating several ways in which we might be able to maximise the value of our charitable support within Scotland's research community.

Distinguished philosopher, former Reith Lecturer and President of the British Academy, Baroness Onora O'Neill, was our Prize Lecturer in 2007. We ask recipients of our Prize Lectureship to deliver their lecture on two occasions during their visit to Scotland - in Edinburgh and then, usually a couple of days later, in another academic centre. Baroness O'Neill, however, was generous enough to prepare and deliver two lectures on topics related to data privacy, protection and ethics; the first in Stirling University and the second in the Royal Museum in Edinburgh. Professor Steve Shoelson, head of the Joslin Diabetes Center at Harvard University

visited Scotland in May 2008 and his engaging lecture on links between obesity and diabetes, cardiovascular disease and some cancers, was given to packed audiences in Edinburgh and again in Dundee.

We remain committed to supporting an international Conference, but have decided that the programme should henceforward be contained in one full day, rather than extending over the two of previous years. We had found that many people could no longer afford the 'luxury' of taking the extra time away from their research or studies. At the time of writing, plans are very well advanced for the April 2009 conference, entitled *Stem Cells as Therapy*. Taking place less than a decade after our first conference on this topic, it will review how far research in the field has moved and, in an environment free from the pressures of commercial sponsorship, allow those present to consider how fast the promising results thus far are likely to be translated from bench to bedside and patient benefit.

As can be seen from the previous page, retirements by rotation and resignation have resulted in changes among the list of those who have served as Governors during the past two years. We have lost several whose support and experience has been invaluable during their time with us. Their replacements, however, bring equally valuable experience from fresh perspectives and we are grateful for that, particularly in the uncertain times in which we find ourselves.

None of what we do, however, would be possible without the support of colleagues in the Royal Society of Edinburgh and the Carnegie Trust for the Universities of Scotland. To them, to Murray Beith Murray our Secretaries and to my fellow Governors, I extend my thanks for their continued support of the Foundation.

Supporting Scotland's Research Base

Each year, the Foundation awards two, three-year **Biomedical Research Fellowships** to support postdoctoral scientists in the early stages of their research careers. The following paragraphs are short summaries of the new projects supported in the past two years and currently in progress.

Regulating embryonic development

Many of the essential signals required for precisely-controlled processes of embryonic development in humans are also used by organisms as diverse as mice and flies. One such shared signal is a family of proteins known as Hedgehog, which regulates how embryonic organs develop. Hedgehog proteins are also involved in the maintenance of adult tissues and their disturbance can result in cancer. Dr **Pleasantine Mill** (MRC Human Genetics Unit, Western General Hospital, Edinburgh) will spend her Fellowship studying the genes involved and investigating in detail their role during embryonic development.

Understanding intracellular protein interactions

The nucleus of the cell is compartmentalised to house several different structures which are responsible for specific cellular activities. One of these structures is the nucleolus, which produces ribosomes. In recent years, various proteins involved in many other processes have also been found in the nucleolus, raising the question of what part the nucleolus itself has in these processes. It is well known that interactions between proteins regulate and are responsible for most cellular activities. During her Fellowship, Dr **Michelle Scott** (Division of Biological Chemistry & Drug Discovery, University of Dundee) plans to investigate the network of protein interactions in the nucleolus, to gain a better understanding of the proteins and the processes involved. In turn, this will not only increase understanding of the role of the nucleolus in diseases as varied as cancer and viral infections, but might eventually lead to the development of new treatments.

Repairing DNA

The DNA within cells is constantly at risk of damage, from external factors such as ionising radiation and from internally-created metabolic by-products. If unrepaired, such damage can result in cell death, gene mutations, genome instability or, potentially, cancer. Two very efficient mechanisms exist which can limit or repair DNA damage, as long as the DNA itself can be accessed easily. However, the DNA in cells is organised such that unused DNA is packed into an inaccessible form known as heterochromatin. Very little is known about how DNA repair occurs in heterochromatin. When damage occurs to the DNA in heterochromatin, special mechanisms may first be required to remove or modify this packaging. Alternatively, different repair strategies may have to be used. Dr **Sarah Trewick** (Institute of Cell Biology, University of Edinburgh) plans to spend her Fellowship using a combination of genetic and biochemical approaches to investigate and analyse whether the heterochromatin packing is changed to allow DNA repair and also how the repair process itself is modified to cope with mending DNA damage in heterochromatin.

Developing new vectors for use in gene therapy

The appeal of gene therapy lies in its promise to provide elegant cures for serious disease. To date, the major factor limiting successful gene therapy has been the inability to express new copies of therapeutic genes adequately within target cells and tissues. During the three years of his Fellowship, Dr **Alan Parker** (BHF Glasgow Cardiovascular Research Centre, University of Glasgow) will be building on recent results and creating a new generation of safer vectors that will offer a platform on which to engineer 'designer viruses', targeted specifically on remote sites.

The Foundation's **Postgraduate Scholarships** provide three years of funding for young graduates while they carry out research leading to a PhD degree. These Scholarship awards are not restricted to topics in the biosciences and at least one each year is reserved for research in an arts or humanities subject. During the past two years, PhD projects have been started in Biochemistry & Pharmacology, History, Immunology and Scottish Language & Literature.

The **European Visiting Research Fellowships** in the Humanities are of short duration and specifically restricted to those working in the arts, humanities and social sciences across Europe. Not intended as 'exchange' awards, they aim to create a two-way flow of visiting scholars between Scotland and the rest of Europe outwith the UK. In addition to pursuing their own research interests in the host institution over a period of about six months, Fellows will normally also participate in seminars in their host and other institutions. Up to a total of eight Fellowships (four in each direction) are normally awarded each year.

Supporting Scotland's Research Base

The Foundation's annual Prize Lectureship brings eminent scholars to Scotland, to deliver lectures and to visit research students and staff in universities and research centres throughout the country. The discipline alternates between the Arts & Humanities and the Biomedical Sciences.

Baroness Onora O'Neill was the Foundation's **Prize Lecturer in 2007** and she gave lectures in Stirling and then in Edinburgh. In Stirling, her title was "Autonomy in Medical and Research Ethics" and she noted that the rise of the concept of autonomy has been one of the most striking ethical developments of the past 50 years. This is particularly so in medical and research ethics, where the ethical treatment of patients and research subjects is often equated with respecting their autonomy. She suggested that in fact, it more often equated with using informed consent procedures, which have been developed in ways that often make impossible demands, which are not required ethically. The requirements of informed consent suggest that their importance has more to do with avoiding classical types of wrong-doing, such as coercion and deception, rather than with any robust conception of autonomy.

The lecture in Edinburgh was entitled "Can Information be Private?" and considered information in the era of data protection legislation, when particularly 'personal' and 'sensitive' information about individuals is said to be private and its disclosure prohibited unless special circumstances obtain. Baroness O'Neill argued that this assumption does not stand up to scrutiny. People differ in the inferential links they can draw between different bits of information and may often legitimately come to know information of a sort that is classified as personal or sensitive. The same piece of information may be classified as 'personal' in some contexts, but as 'non-personal' in others, making it difficult to draw the necessary distinction between the two. She suggested that privacy might be better protected by regulating communication, rather than by trying to define categories of information and regulating the way in which they are 'processed'. Communication, rather than information, offers a fruitful focus for rethinking the ethics of privacy and a range of related topics.

*The Foundation's support of an international **Biomedical Sciences Conference** of the Royal Society of Edinburgh, encourages participants to take a multidisciplinary approach to consideration of issues in the chosen subject, discussing and driving forward areas of clinical and scientific importance.*

Inflammation & Inflammatory Disease was the theme for the conference held over two days during November 2007. Inflammation and the processes associated with it are central to many diseases, including cancer, heart disease and arthritis. Until relatively recently, however, there was little in the way of treatment for inflammation. However this is beginning to change and earlier pessimism is being replaced with a sense of hope. In addition to anti-TNF therapy, one of the clinical success stories in treating chronic inflammatory disease, there are other promising new targets for potential new treatments, thanks to improvements in understanding of the molecular basis of diseases such as rheumatoid arthritis and vasculitis. The participants agreed that there was an excellent opportunity for immunologists to follow the example of 'the cancer community' and make a concerted effort to treat patients within clinical trials, sharing knowledge and pushing the field forward.

In May 2008, Professor Steve Shoelson of the Joslin Diabetes Centre at Harvard Medical School, regaled audiences in Edinburgh and two days later in Dundee, with his Prize Lecture entitled, "Fuelling the Fire - How obesity fuels disease".



Professor Shoelson (left) receiving the Prize Lecturer's Caithness Glass bowl from the Chairman. [Photo: Tina Norris]

In the face of the obesity epidemic in the western world, coupled with a dramatic increase in rates of serious illnesses like cardiovascular disease and diabetes, Professor Shoelson asked why weight gain should be so unhealthy. He reviewed what occurs, at the molecular level, as our bodies gain weight and suggested that inflammation and our own immune systems could be contributing to the growing burden of ill health. Having concluded that salicylate treatment inhibits obesity-induced inflammation and the activation of the immune response *via* NF-kappaB, he suggested that salicylates represent a potential new method for treating patients with diabetes and metabolic syndrome. Further, he believes that salicylates may also decrease the risk of other disease associated with obesity-induced inflammation, including cardiovascular disease and possibly certain cancers.

Research Awards Made

In the past two years the Foundation has made the following awards for research.

Personal Research Fellowships in the Biomedical Sciences

Dr Anne Elizabeth King (Developmental Sciences, University of Edinburgh) for research into inflammatory and immune mechanisms in human endometrium. [2006-09]

Dr Francois-Michel Boisvert (School of Life Sciences, University of Dundee) for research into the cell cycle. [2006-09]

Dr **Alan L. Parker** (BHF Glasgow Cardiovascular Research Centre, University of Glasgow), for research to develop optimised adenoviral vectors for *in vivo* gene delivery and therapy. [2007-10]

Dr **Pleasantine C. Mill** (MRC Human Genetics Unit, Western General Hospital, Edinburgh), for the phenotypic and molecular characterisation of novel ENU mouse mutants affecting hedgehog signalling during development and disease. [2007-10]

Postgraduate Research Scholarships

Anne W. Bankier, University of Glasgow : An interdisciplinary analysis of the evidence of the Norse in northern Argyll. [2006-09]

Fiona McAllister, University of Edinburgh: The salivary proteome: developing tools for disease diagnosis. [2006-09]

Juliet Linden Bicket, University of Glasgow: Finding the sacramental in the everyday: Catholicism in the work of George Mackay Brown. [2007-10]

Jennifer Behan, University of Strathclyde: An evaluation of the biochemical mechanisms that may contribute to the failure of methadone therapy. [2007-20]

European Visiting Fellowships in the Humanities

For travel to Scotland

Dr Maurizio Campanelli, Istituto Storico Italiano per il Medio Evo, Rome to visit the Department of Mediaeval History, University of St Andrews,

Dr Emilio Jose Luque Azcona, El Colegio de America, Universidad Pablo de Olavide, Seville, to visit the School of the Built Environment, Heriot Watt University.

Professor Carla Sassi, Facolta di Lingue e Letterature Straniere, Universita Di Verona, Verona, to visit the Department of English Studies, University of Stirling

Professor Deniz Zeyurek, Department of Foreign Language Education & Cognitive Science, Middle East Technical University, Ankara, to visit the School of Informatics, University of Edinburgh.

Professor Samantha Besson, University of Freiburg, to visit the School of Law, University of Glasgow

Dr Jan Jozef Dumolyn Vlaanderen, Foundation for Scientific Research, Flanders, to visit the Department of History, University of Glasgow

Dr Jean-Francois Dunyach, University Paris-Sorbonne Paris IV, to visit the Department of History, University of Strathclyde

Dr Susan Foran, Trinity College Dublin, to visit the School of History & Classics, University of Edinburgh

For travel from Scotland

Dr Andrew Newby, School of History & Classics, University of Edinburgh, to visit the Centre for Nordic Studies, University of Helsinki.

Dr Josefa Toribio-Mateas, Department of Philosophy, University of Edinburgh, to visit the Department of Logic, History & Philosophy of Science, University of Barcelona.

Dr Arnoud Visser, School of Classics, University of St Andrews, to visit the Catholic University of Leuven, Belgium.

Professor Chris Warhurst, Department of Human Resource Management, University of Strathclyde, to visit the Institute of Work & Technology, University of Duisburg & Essen.

Mr Roland Dannreuther, Department of Politics, University of Edinburgh, to visit the Centre etudes Asie, Paris

Dr Tarcisio Gazzini, School of Law, University of Glasgow, to visit the Graduate Institute of International Studies, Geneva

Professor Dina Iordanova, Department of Film Studies, University of St Andrews, to visit the Department of Film Studies, Sorbonne Nouvelle (Paris 3)

Professor C. A Jeffery, School of Social & Political Studies, University of Edinburgh, to visit the Department of Political & Social Sciences, European University Institute, Florence

Financial Review

Performance review for the year

The operations for the financial year ended 31 December 2007 resulted in a net decrease in funds of £(176,278) (2006: increase of £729,179) as set out in the Statement of Financial Activities on page 6. This was explained by a decrease in value of the investment portfolio, by a reduction in investment income and by an increase in the expenditure on charitable activities.

Reserves policy

The Unrestricted Funds are the free reserves of the company. The invested funds produce income to meet annual expenditure used in the furtherance of the company's charitable objectives, although annual expenditure need not be restricted to income and the Governors are free to use capital for this purpose. Capital in this context includes both realised and unrealised gains on Investments. Reserves at 31 December 2007 stood at £8,341,725, including the Revaluation Reserve of £2,264,698.

Investment policy

The Investment Advisors are instructed to seek both capital and income growth. An investment sub-committee of governors is authorised to approve and initiate purchases and sales of investments. The investment portfolio is defensively positioned and the Governing Members are satisfied that the performance is satisfactory in the context of the difficult period for the stock market generally.

Plans for Future Periods

The Governors will continue to support the Biomedical Fellows in post and sustain the current level of grant-making to European Visiting Fellows and the Carnegie PhD students. They plan to award two new Biomedical Fellowships in 2008. They plan to continue with the award of two new Biomedical Fellowships in succeeding years, although they will continue to monitor changes in university funding occasioned by the policy of Full Economic Costing and other policies and will review their grant-making policies in the light of such changes. The Governors will be holding an international conference and the Prize Lectures in 2008 and plan to continue these activities in future years.

Governing Members' responsibilities

Company law requires the Governing Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the Governing Members are required to:

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

The Governing Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Members confirm that:

- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each Governing Member has taken all the steps he or she ought to have taken as a Governing Member in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the year ended 31 December 2007

| | Notes | 2007 £ | 2006 £ |
|--|-------|------------------|------------------|
| Incoming resources | | | |
| Incoming resources from generated funds | | | |
| Investment income | 2 | 395,702 | 428,321 |
| Total incoming resources | | 395,702 | 428,321 |
| Resources expended | | | |
| Charitable activities | 3 | 509,775 | 404,107 |
| Governance costs | 4 | 25,451 | 27,795 |
| Other resources expended | | 6,213 | 4,718 |
| Total resources expended | | 541,439 | 436,620 |
| Net outgoing resources | | (145,737) | (8,299) |
| Other recognised gains and losses | | | |
| Realised gains on investment assets | 5 | 101,561 | 109,233 |
| Net (deficit)/surplus for the year | | (44,176) | 100,934 |
| Unrealised (losses)/gains on investment assets | | (132,102) | 628,245 |
| Net (decrease)/increase in funds | | (176,278) | 729,179 |
| Funds brought forward at 1 January 2007 | | 8,518,003 | 7,788,824 |
| Funds carried forward at 31 December 2007 | | 8,341,725 | 8,518,003 |
| | | ===== | ===== |

All incoming funds and resources expended are derived from continuing activities.

The notes on pages 8 to 10 form part of these financial statements

Balance Sheet

For the year ended 31 December 2007

| | Notes | 2007 | 2006 |
|--|-------|------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Investments | 5 | 8,521,356 | 8,760,826 |
| Current assets | | | |
| Debtors | 6 | 3,044 | 6,262 |
| Cash at bank | | 471,697 | 270,442 |
| | | <u>474,741</u> | <u>276,704</u> |
| Creditors | | | |
| Amounts falling due within one year | 7 | 328,920 | 271,316 |
| | | <u>145,821</u> | <u>5,388</u> |
| Total assets less current liabilities | | 8,667,177 | 8,766,214 |
| Creditors: amounts falling due after one year | 8 | (325,452) | (248,211) |
| Net assets | | <u>8,341,725</u> | <u>8,518,003</u> |
| Unrestricted funds | | | |
| Unrestricted income funds | | 6,077,027 | 5,871,259 |
| Revaluation reserve | | 2,264,698 | 2,646,744 |
| | 9 | <u>8,341,725</u> | <u>8,518,003</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (January 2007).

The financial statements were approved by the Governing Body on 18th April 2008 and signed on its behalf by:

Professor DT Baird, Governing Member

Professor John R Coggins, Governing Member

The notes on pages 8 to 10 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2007

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), with the Companies Act, the Financial Reporting Standard for Smaller Entities (January 2007) and with the Constitution.

Investments

Investments are valued at the middle market price ruling at close of business on the balance sheet date. Realised gains and losses on the sale of investments and unrealised gains and losses in respect of the revaluation of investments are reflected within the Statement of Financial Activities.

Income and expenditure

Investment income is included in the financial statements in the year in which it is receivable. Expenditure is included on an accruals basis. All costs have been directly attributed to one of the functional categories of resources expended.

Charitable activities comprise grants payable, and support costs for processing grants and applications. Governance Costs relate to costs incurred in respect of strategic or constitutional matters and also compliance with statutory reporting requirements.

Grants payable are payments to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where the Governors have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive the grant. Certain additional grants or allowances are only paid when claimed and supported. Such expenditure is reflected in the Statement of Financial Activities when paid.

2. Investment income

| | 2007 | 2006 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Government stocks | 122,275 | 127,475 |
| Other listed investments | 251,909 | 287,215 |
| Bank interest | 21,518 | 13,631 |
| | <u>395,702</u> | <u>428,321</u> |
| | ===== | ===== |

3. Charitable activities

Grants

| | 2007 | 2006 |
|---|---------|---------|
| | £ | £ |
| Biomedical Research Fellowships (inc. support costs £13,513; 2006 £13,512) | 315,444 | 234,193 |
| Royal Society of Edinburgh | | |
| - for other Fellowships | 22,325 | 32,584 |
| - for Prize Lecture and International Conference | 22,840 | 31,262 |

Bursaries

| | | |
|---|----------------|----------------|
| Carnegie Scholarships (inc support costs £1,750; 2006 £1,700) | 149,166 | 106,068 |
| | <u>509,775</u> | <u>404,107</u> |
| | ===== | ===== |

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2007

| 3. Charitable activities (continued) | 2007 | 2006 |
|--|-------------|-------------|
| Analysis of grants (all to individuals): | £ | £ |
| Biomedical Research Fellowships | | |
| - grant awards made in year | 243,090 | 190,296 |
| - additional start-up, support and travel grants paid/adjustment to grants | 58,841 | 30,384 |
| Carnegie Scholarships | | |
| - grant awards made in year | 146,080 | 104,526 |
| - additional research and travel allowances paid/adjustment to grants | 3,086 | 1,532 |
| European Fellowships – 7 grants in total (range £2,405 - £6,000) | | |

| 4. Governance costs | 2007 | 2006 |
|---|---------------|---------------|
| | £ | £ |
| Audit fees | 2,433 | 2,632 |
| Secretarial and administrative expenses | 22,253 | 24,016 |
| Governing Body expenses | 765 | 1,147 |
| | <u>25,451</u> | <u>27,795</u> |
| | ===== | ===== |

Governing Body expenses consists of travelling expenses reimbursed to governing members and costs of meetings. During the year, 4 (2006: 4) Governing Members were reimbursed for expenses. No remuneration was paid to members of the Governing Body.

| 5. Investments | 2007 | 2006 |
|---|------------------|------------------|
| | £ | £ |
| Market value at 31 December 2006 | 8,760,826 | 8,119,218 |
| <u>Less:</u> Disposals at opening book value | (1,451,088) | (716,951) |
| <u>Add:</u> Acquisitions at cost | 1,343,720 | 730,315 |
| Net (deficit)/gain on revaluation at 31 December 2007 | (132,102) | 628,244 |
| | <u>8,521,356</u> | <u>8,760,826</u> |
| | ===== | ===== |
| Market value at 31 December 2007 | 8,521,356 | 8,760,826 |
| | <u>6,256,658</u> | <u>6,114,082</u> |
| | ===== | ===== |
| Historical cost at 31 December 2007 | 6,256,658 | 6,114,082 |
| | <u>1,946,234</u> | <u>1,784,734</u> |
| | 6,575,122 | 6,976,092 |
| | <u>8,521,356</u> | <u>8,760,826</u> |
| | ===== | ===== |
| Gain on disposal of investments: | | |
| Proceeds | 1,552,649 | 826,184 |
| Book value | (1,451,088) | (716,951) |
| | <u>101,561</u> | <u>109,233</u> |
| | ===== | ===== |
| Realised gain | 101,561 | 109,233 |
| | ===== | ===== |

Notes to the Financial Statements *(continued)*

For the year ended 31 December 2007

5. Investments (continued)

| | Market Value |
|--|-------------------------|
| | £ |
| Individual holdings exceeding 5% of the market value of the portfolio: | |
| 8% Treasury Stock 2009 | 863,525 |
| 5% Treasury Stock 2012 | 456,191 |
| 5% Treasury Stock 2014 | 458,039 |
| European Investment Bank - 4.75% Bond 2018 | 468,178 |
| | <hr/> |
| | 2,245,933 |
| | ===== |

6. Debtors

| | 2007 | 2006 |
|----------------|-------------|-------------|
| | £ | £ |
| Accrued income | 1,188 | 742 |
| Other debtors | 1,856 | 5,520 |
| | <hr/> | <hr/> |
| | 3,044 | 6,262 |
| | ===== | ===== |

7. Creditors: Amounts falling due within one year

| | 2007 | 2006 |
|--------------------------|-------------|-------------|
| | £ | £ |
| Accruals | 26,063 | 19,778 |
| Grants to be paid | | |
| - Biomedical Fellowships | 214,007 | 169,838 |
| - Carnegie Scholarships | 88,850 | 81,700 |
| | <hr/> | <hr/> |
| | 328,920 | 271,316 |
| | ===== | ===== |

8. Creditors: Amounts falling due after more than one year

| | 2007 | 2006 |
|--------------------------|-------------|-------------|
| | £ | £ |
| Grants | | |
| - Biomedical Fellowships | 220,852 | 179,911 |
| - Carnegie Scholarships | 104,600 | 68,300 |
| | <hr/> | <hr/> |
| | 325,452 | 248,211 |
| | ===== | ===== |

9. Unrestricted funds

| | 2007 | 2006 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| At 31 December 2006 | 8,518,003 | 7,788,824 |
| Net movement in funds for year | (176,278) | 729,179 |
| | <hr/> | <hr/> |
| At 31 December 2007 | 8,341,725 | 8,518,003 |
| | ===== | ===== |

Independent Auditors' Report to the Governing Members of Caledonian Research Foundation

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. We have audited the financial statements of Caledonian Research Foundation for the year ended 31 December 2007. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the members, as a body, in accordance with section 235 of the Companies Act 1985, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governing members and auditors

The responsibilities of the trustees (who are the directors of the charity for the purposes of company law) for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Governing Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the Report of the Governing Body is consistent with the financial statements, if the charity has not kept proper accounting records, if information specified by law regarding Governing Members' remuneration and transactions with the charity is not disclosed, or if we have not received all the information and explanations we require for our audit.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the Charity's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of the Governing Body is consistent with the financial statements.

CHIENE + TAIT

Chartered Accountants and Registered Auditors

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8 May 2008

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Caledonian Research Foundation is a Scottish Charity incorporated in Scotland as a Company Limited by Guarantee – Registration No. 36656.

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