

**THE BRITISH EYE RESEARCH FOUNDATION  
(Operating as Fight for Sight)**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2008**

Registered Charity number (England): 1111438  
A Company limited by guarantee. Registered in England: 05525503  
Registered office: 1st Floor, 36-38 Botolph Lane, London EC3R 8DE

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as Fight for Sight)**

**CHAIRMAN'S REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

We are pleased to present the report for the charity for the year ended 31 March 2008. This is the second full year for the charity after the merger of Fight for Sight and the British Eye Research Foundation in 2005. Both of these charities have funded research into blindness and eye disease for over 40 years.

These are exciting times for developments in eye research and Fight for Sight has been at the forefront of funding real advances. Thanks to the support of so many people over the years Fight for Sight has helped fund the following key developments which were announced during the year:

- 1) the commencement of the world's first trial for gene therapy for inherited blindness at UCL Institute of Ophthalmology and Moorfields Eye Hospital;
- 2) the breakthrough by City University London in the treatment of amblyopia (lazy eye); and
- 3) the plans by Bristol University to test in clinical trials a pioneering drug to treat age-related macular degeneration (AMD) and diabetic retinopathy.

These are just a few examples of the progress being made and demonstrate the importance of the charity's long term commitment to funding eye research.

In the year ended 31 March 2008 the charity increased the amount it awarded in new grants to £2.5m (2007: £2.0m ). Part of this increase reflects the charity's ambition to increase its research funding and part reflects the change of timing in the award of PhD Studentships which led to two rounds of awards being included in the year. New grants were awarded for research into age-related macular degeneration, glaucoma, diabetic retinopathy, cataracts, retinitis pigmentosa, optic nerve disease, eye cancer, choroideremia and Duane Syndrome at research institutes across the country.

We are now embarking on year two of our five year plan to increase our annual research commitment to £3.0m. As a result of the generosity of the charity's supporters we are currently on target and despite the more difficult current economic climate hope that we will continue to be able to make progress.

We would like to thank all of the people who send donations and fundraise, remember the charity in their wills and the trusts, foundations and companies who contribute and all of our volunteers, regional committees and staff who work so hard. The huge progress that is being made in eye research would not be possible without your support.

Christopher M Moore  
Chairman

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as Fight for Sight)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**LEGAL AND ADMINISTRATIVE DETAILS**

***Constitution***

The company is limited by guarantee and was registered in England with number 05525503 on 2 August 2005. It is governed by its Memorandum and Articles of Association. The registered charity number (England) is 1111438.

***Directors***

|   |                           |
|---|---------------------------|
| Mr Christopher Moore (Chairman) (4)                 | Mrs Judith Mitchell (3)   |
| Professor Desmond Archer (2)                        | Mr Mark Powell (2)        |
| Mr Neil Cox (3)                                     | Mrs Faanya Rose (3)       |
| Professor Alistair Fielder (3)                      | Mr Tom Wiggin (1)         |
| Mr John Hannaford (0) (appointed 13 February 2008)  | Mr Simon Weil (3)         |
| Mr Martin Horwood MP (0) (resigned 1 November 2007) | Professor Alan Wright (2) |
| Mr James Layton (3)                                 |                           |

Mr Martin Horwood MP resigned on 1 November 2007. Mr John Hannaford was appointed on 13 February 2008. No meetings of the Directors were held between that date and 31 March 2008.

All of the other Directors served as Trustees throughout the year. There were four full meetings of the Directors, and the number of meetings which each Director attended is shown alongside their name. This does not include attendance at any of the other committees of the company.

***Chief Executive***

Miss Michele Acton

***Secretary and Registered Office***

Frank Shore, 1st Floor, 36-38 Botolph Lane, London EC3R 8DE

***Principal Office***

1st Floor, 36-38 Botolph Lane, London EC3R 8DE

***Auditors***

Knox Cropper, Chartered Accountants, 8/9 Well Court, London EC4M 9DN

***Legal Advisers***

Bircham Dyson Bell, 50 Broadway, London SW1H 0BL

***Bankers***

National Westminster Bank plc, Parr's Branch, 214 High Holborn, London W1V 7BX  
 CAF Bank Ltd, PO Box 289, Kings Hill, West Malling, Kent, ME19 4TA

***Investment Managers***

Smith & Williamson Investment Management Limited, 25 Moorgate, London, EC2R 6AY  
 Rathbone Investment Management Limited, 159 New Bond Street, London, W1S 2UD

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as Fight for Sight)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

The Directors present their Report together with the Financial Statements for the year ended 31 March 2008.

The financial statements have been prepared on the basis of accounting policies set out in note 1 and comply with the company's memorandum and articles of association, applicable law and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 and the Companies Act 1985.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charity is a company limited by guarantee, registered in England number 05525503, governed by its Memorandum and Articles of Association and incorporated on 2 August 2005. It is registered in England as a charity, number 1111438. The Charity commenced trading on 1 November 2005 when it took over the business activities, assets and liabilities of The Iris Fund for the Prevention of Blindness (Company No. 1929733, Registered Charity No. 293204 and previously registered as British Eye Research Foundation) and of Eye Research UK (Company No. 4424695, Registered Charity No. 1091829 and previously registered as Fight For Sight).

The Directors are appointed by the Board of Directors and serve for three years after which they may put themselves forward for re-appointment.

At each quarterly Directors' Meeting, the Directors agree the strategy and areas of activity for the charity including consideration of grant making, fundraising, investments, reserves, and risk management policies and performance. A Finance Committee comprising five Directors normally meets prior to each Directors' meeting. With regards to research, the Directors are advised by the Research Strategy Advisory Group, which includes certain Directors as well as external expert advisers. The Research Strategy Advisory Group meets at least twice a year. The Grants Allocation Panel is responsible for considering the scientific merit of individual applications for funding in the charity's annual grants round and making recommendations to the Directors. The day-to-day administration of grants and the processing and handling of applications prior to consideration by the Grants Allocation Panel is delegated to the Chief Executive and staff of the charity. Ad hoc committees to consider specific matters are formed from time to time as necessary.

The Board keeps the skill requirements of the Board of Directors under review and in the event that a Director retires, or additional new Directors are required, the Board will set up a committee to recruit the new Director(s). The induction process for a newly appointed Director comprises an initial meeting with the Chairman and the Board followed by a meeting with the Chief Executive. The welcome pack includes a brief history of the charity, recent Board and sub-Committee minutes, a copy of the Memorandum and Articles of Association, latest statutory and management accounts and strategy document, list of current projects and a copy of the Charity Commission's guidance "CC3 - The Essential Trustee : What you need to know".

The charity is a member of the Association of Medical Research Charities (AMRC). The AMRC provides information and support on best practice in the field of research and acts as an authoritative lobby on behalf of medical charities with the government and regulators.

**THE BRITISH EYE RESEARCH FOUNDATION**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

## **Risk Management**

The Directors have considered the major risks to which the charity is exposed, have formulated a risk management schedule and established systems and procedures for managing them and review those risks at each Board meeting.

## **OBJECTIVES AND ACTIVITIES**

Fight for Sight is a UK based charity raising funds for research into the prevention and treatment of blindness and eye disease. It does this by raising funds and making grants to leading medical research institutions.

The majority of grants are to UK based organisations undertaking research primarily in the UK and also overseas.

## **Grant Making Policy**

Applications for grant funding in the charity's annual round are considered by the Grants Allocation Panel which consists of fourteen experts drawn from leading research institutions throughout the UK. The charity invites applications for research grants through advertising on its website and in the specialist press. Applicants are invited to submit their proposals in a specific format, together with outline ethical approval, if applicable. Applications are reviewed against the scientific criteria established by the Research Strategy Advisory Group and the charity's research objectives. Grants are monitored by the charity against milestones and to ensure that the research continues to be in the interest of the charity.

When awarding grants, a key criterion is clarity of milestones contributing to identifiable progress. At the same time a small proportion of grants are made to exceptional research teams with early stage projects with particularly exciting potential.

## **ACHIEVEMENT AND PERFORMANCE**

Significant developments that Fight for Sight has helped fund were announced during the year. These include the world's first trial for gene therapy for inherited blindness, a breakthrough in the treatment of amblyopia (lazy eye); and plans for clinical trials for a pioneering drug to treat age-related macular degeneration (AMD) and diabetic retinopathy. These achievements demonstrate the importance of the charity's long term commitment to funding eye research.

Income during the year increased to £3,485,000 (2007: £2,786,000). The year ended 31 March 2007 included a one-off donation of £498,000 from the British Eye Trust. Excluding this gives an increase in income in the year of £1,197,000. Of this, £928,000 came from an increase in legacy income and £269,000 came from an increase in other sources including income from individuals, companies and trusts and from regional and community groups.

Costs of generating voluntary income remained steady at £627,000 (2007: £631,000) and governance costs fell slightly to £49,000 (2007: £55,000).

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as Fight for Sight)**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**ACHIEVEMENT AND PERFORMANCE (continued)**

In the year, the charity increased the amount it awarded in new grants to £2.5m (2007: £2.0m). Part of this increase reflects the charity's ambition to increase its research funding and part reflects the change of timing in the award of PhD Studentships which led to two rounds of awards being included in the year. After undertaking a review of all outstanding grant commitments during the year £358,000 was identified as no longer required and as such this amount has been released from the balance of grant commitments and is available to be committed. Of this amount £170,000 was released back to restricted funds. Support costs for charitable activities fell slightly in the year to £163,000 (2007: £188,000).

As a result of a fall in world stock markets in the latter part of the year, the charity reported losses on investments of £1,053,000 (2007: gain of £1,139,000). Overall the charity saw a net outflow of funds for the year of £670,000 (2007: inflow of £994,000).

**REVIEW OF FUTURE ACTIVITIES**

The year ended 31 March 2008 represents the first full year of the charity's five year plan to double the annual research commitment to £3,000,000. A further £1,496,713 has been awarded for new grants since the year end. The charity is currently on target and implementing the various measures set out in the plan, include working on ways to raise the awareness of the charity and the research it is funding. The Trustees are aware of the more difficult economic climate but are hopeful that progress will continue to be made.

**REVIEW OF FINANCIAL ACTIVITIES**

**Incoming resources**

Total incoming resources for the year ended 31 March 2008 were £3,485,000.

**Charitable Expenditure**

In June 2007, the charity awarded £1,586,000 to fund various project grants, PhD Studentships and a Clinical Fellowship. In February 2008, a further £370,000 was awarded for PhD Studentships which will commence after the financial year end, bringing the total commitment from unrestricted funds to £1,956,000. £588,000 was committed from restricted funds in the year. £358,000 of commitments were identified as no longer required, and this amount was released.

**Investment Losses**

Losses on investments amounted to £1,053,000 of which £93,000 were realised.

**THE BRITISH EYE RESEARCH FOUNDATION**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

### **Investment Policy**

The investments are managed by two managers, and are invested in investment and unit trusts, and other pooled funds, as well as directly in listed companies. Each manager has an investment performance target, focussed on maximising total returns and benchmarked against appropriate indices. The Finance Committee meet with and receive regular reports from the investment managers.

### **Movement in Funds**

Net incoming resources for the period (before investment losses) were £384,000. After investment losses, the net movement in total funds amounted to an outflow of £670,000.

### **Funds**

The total funds of the charity were £13,903,000 at 31 March 2008, consisting of £2,639,000 restricted funds, £8,064,000 endowment funds and £3,200,000 unrestricted funds.

### **Restricted Funds**

The total of these funds at 31 March 2008 was £2,639,000.

The GlaxoSmithKline Fund amounted to £1,970,000 at 31 March 2008, and now funds the GSK/Fight for Sight Chair in Visual Neuroscience at UCL Institute of Ophthalmology, a post held by Professor Matteo Carandini since 1 October 2007.

A balance of £669,000 was held at 31 March 2008 in over thirty other restricted funds.

### **Endowment Funds**

These are held for long-term investment in order to provide income to fund research projects and studentships. The total of these funds was £8,064,000 at 31 March 2008. However, the policy is that these funds may be used in the event of any shortfall of unrestricted funds in any year.

### **RESERVES POLICY**

The Directors are committed to providing significant funding for research and have committed funds to ensure that they will be able to provide the support they have agreed. The Directors' policy is to maintain sufficient general reserves to ensure that the current level of annual grants awarded can be maintained for the next two years so that research can be maintained at a consistent level over a period of years.

**THE BRITISH EYE RESEARCH FOUNDATION**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**RESERVES POLICY (continued)**

Some important elements of the charity's income stream fluctuate significantly from year to year and reserves are required to ensure that the charity's operations and charitable objectives can be maintained despite these fluctuations. The Directors consider that in normal circumstances the charity needs its current level of reserves to take into account expenditure requirements and income fluctuations that may arise from some or all of the above factors.

At 31 March 2008, unrestricted funds amounted to £3,200,000. As stated above the charity's endowment funds may also be available to cover any shortfall of unrestricted funds in any year. In accordance with this policy, £1,800,000 was transferred from the endowment funds to the reserves, to meet the reserve levels required.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing those financial statements, the Directors 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 charity will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with relevant legislation. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have taken appropriate steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information. As far as the Directors are aware, there is no relevant audit information which has not been disclosed to the auditors.

By order of the Directors

C M Moore

Chairman  
13 August 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as FIGHT FOR SIGHT)**

We have audited the financial statements of the British Eye Research Foundation for the year ended 31 March 2008 on pages 10 to 20 which comprise the Statement of Financial Activities, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention subject to the inclusion of investments at market value and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work for this report or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors' responsibilities for preparing the Annual Report 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 Directors' Responsibilities on page 5.

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 and whether the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. Our responsibilities do not extend to any other information. We read other information contained in the Directors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**BASIS OF AUDIT OPINION**

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**BRITISH EYE RESEARCH FOUNDATION**  
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**OPINION**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its incoming resources and resources expended, including its income and expenditure, for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Directors' report is consistent with the financial statements.

**KNOX CROPPER**

Chartered Accountants  
Registered Auditors

8/9 Well Court  
London  
EC4M 9DN

13 August 2008

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as FIGHT FOR SIGHT)**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2008**  
**(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**

|   |    | Un-<br>restricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Endow-<br>ment<br>Funds<br>£000 | Total<br>Funds<br>31 March<br>2008<br>£000 | Total<br>Funds<br>31 March<br>2007<br>£000 |
|---|----|------------------------------------|-----------------------------|---------------------------------|--|--|
| <b>Incoming resources</b>   |    |                                    |                             |                                 |  |  |
| Incoming resources from generated funds   |    |                                    |                             |                                 |  |  |
| Voluntary income - donations  | 2a | 515                                | 856                         | -                               | 1,371                                      | 1,230                                      |
| - legacies  | 2b | -                                  | 100                         | 1,482                           | 1,582                                      | 654  |
| - British Eye Trust   |    | 1                                  | -                           | -                               | 1  | 498  |
| Activities for generating funds – events  |    | 126                                | 42                          | -                               | 168  | 149  |
| Investment income   | 2c | 310                                | 41                          | -                               | 351  | 255  |
| Rental income   |    | 12                                 | -                           | -                               | 12   | -  |
| <b>Total incoming resources</b>   |    | <b>964</b>                         | <b>1,039</b>                | <b>1,482</b>                    | <b>3,485</b>                               | <b>2,786</b>                               |
| <b>Resources expended</b>   |    |                                    |                             |                                 |  |  |
| Costs of generating funds   |    |                                    |                             |                                 |  |  |
| Costs of generating voluntary income  | 5  | 627                                | -                           | -                               | 627  | 631  |
| Investment management costs   | 5  | 65                                 | 12                          | -                               | 77   | 47   |
| Charitable activities   | 3  | 1,479                              | 870                         | -                               | 2,349                                      | 2,198                                      |
| Governance costs  | 5  | 49                                 | -                           | -                               | 49   | 55   |
| <b>Total resources expended</b>   |    | <b>2,220</b>                       | <b>882</b>                  | <b>-</b>                        | <b>3,102</b>                               | <b>2,931</b>                               |
| <b>Net (outgoing) / incoming resources before transfers</b>                         |    | <b>(1,256)</b>                     | <b>157</b>                  | <b>1,482</b>                    | <b>383</b>                                 | <b>(145)</b>                               |
| Gross transfers between funds   |    | 1,800                              | -                           | (1,800)                         | -  | -  |
| <b>Net (outgoing) / incoming resources before other recognised gains and losses</b> |    | <b>544</b>                         | <b>157</b>                  | <b>(318)</b>                    | <b>383</b>                                 | <b>(145)</b>                               |
| <b>Other recognised gains and (losses)</b>  |    |                                    |                             |                                 |  |  |
| Gains / (losses) on investment assets – realised                                    |    | -                                  | (111)                       | 18                              | (93)                                       | 47   |
| Gains / (losses) on investment assets - unrealised                                  | 7  | -                                  | (72)                        | (888)                           | (960)                                      | 1,092                                      |
| <b>Net movement in funds</b>  |    | <b>544</b>                         | <b>(26)</b>                 | <b>(1,188)</b>                  | <b>(670)</b>                               | <b>994</b>                                 |
| <b>Reconciliation of funds</b>  |    |                                    |                             |                                 |  |  |
| Balances brought forward  |    | 2,656                              | 2,665                       | 9,252                           | 14,573                                     | 13,579                                     |
| <b>Total funds carried forward</b>  |    | <b>3,200</b>                       | <b>2,639</b>                | <b>8,064</b>                    | <b>13,903</b>                              | <b>14,573</b>                              |

The charity has no recognised gains and losses other than those included in the figures above.  
The notes on pages 12 to 20 form part of these financial statements.

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as FIGHT FOR SIGHT)**

**BALANCE SHEET AT 31 MARCH 2008**

|  | Note | 31 March<br>2008<br>£000 | 31 March<br>2007<br>£000 |
|--|------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>                          |      |                          |                          |
| Tangible Assets                              | 6    | 11                       | 18                       |
| Investments                                  | 7    | 15,218                   | 16,543                   |
|  |      | 15,229                   | 16,561                   |
| <b>CURRENT ASSETS</b>                        |      |                          |                          |
| Stock of Christmas cards for resale          |      | 6                        | 6                        |
| Debtors                                      | 8    | 127                      | 580                      |
| Cash at bank and in hand                     |      | 2,328                    | 619                      |
|  |      | 2,461                    | 1,205                    |
| <b>Creditors:</b>                            |      |                          |                          |
| Amounts falling due within one year          | 9    | (1,864)                  | (1,829)                  |
|  |      | 597                      | (624)                    |
| <b>Net Current Assets/liabilities</b>        |      | 597                      | (624)                    |
| Total assets less current liabilities        |      | 15,826                   | 15,937                   |
| <b>Creditors:</b>                            |      |                          |                          |
| Amounts falling due after more than one year | 10   | (1,923)                  | (1,364)                  |
|  |      | 13,903                   | 14,573                   |
| <b>NET ASSETS</b>                            |      | 13,903                   | 14,573                   |
| <b>FUNDS</b>                                 |      |                          |                          |
| Unrestricted                                 |      | 3,200                    | 2,656                    |
| Restricted                                   | 11   | 2,639                    | 2,665                    |
| Endowment                                    | 12   | 8,064                    | 9,252                    |
| <b>TOTAL FUNDS</b>                           | 13   | 13,903                   | 14,573                   |

The notes on pages 12 to 20 form part of these financial statements.

Approved by the Board of Directors on 13 August 2008 and signed on its behalf by:

C M Moore  
Chairman

**THE BRITISH EYE RESEARCH FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

1. **ACCOUNTING POLICIES**

(a) **Basis of Preparation**

These Financial Statements have been prepared under the historical cost convention, subject to the inclusion of investments at market value, in accordance with applicable Accounting Standards and in accordance with Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commissioners in March 2005 and the Companies Act 1985.

(b) **Research Grants**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the objectives of the Charity. The grants are accounted for where either the Directors have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Charity.

(c) **Tangible Fixed Assets and Depreciation**

All assets costing more than £500 are capitalised and all assets are valued at historic cost. Depreciation of fixed assets is calculated on cost at rates estimated to write off the assets, by equal instalments, over their expected working lives which is normally four years.

(d) **Income**

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. All legacies received, unless there is a direction to the contrary, are regarded as capital and added to Endowment Funds.

(e) **Value Added Tax (VAT)**

The Charity is not able to recover any VAT which it suffers on the goods and services it acquires. Accordingly, where applicable, all costs and expenditure incurred are inclusive of VAT.

(f) **Cashflow Statement**

The Charity has not prepared a Cash Flow Statement for the period because the Charity has relied on the exemption available for small undertakings allowed by the Financial Reporting Standard No.1.

**THE BRITISH EYE RESEARCH FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

1. **ACCOUNTING POLICIES (Continued)**

(g) **Allocation of Overhead and Support Costs**

Overhead and support costs have been apportioned between charitable activities and governance. Overhead and support costs relating to charitable activities have been apportioned based on a salary percentage basis. The apportionment of overhead and support costs is analysed in note 5.

(h) **Costs of Generating Voluntary Income**

The costs of generating voluntary income include fundraising costs and a proportion of staff costs.

(i) **Charitable Activities**

Costs of charitable activities include grants made and an apportionment of support costs as shown in note 3.

(j) **Governance Costs**

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.

(k) **Fixed Asset Investments**

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

(l) **Gains and Losses on Investments**

All gains and losses are taken to the statement of financial activities as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

Gains on investments held in the Unrestricted Funds are regarded as capital and are transferred to Endowment Funds.

(m) **Funds**

Unrestricted Funds are those funds which can be used at the Directors' discretion. Restricted Funds are funds whose purposes have been restricted by the donor.

**THE BRITISH EYE RESEARCH FOUNDATION**  
**(Operating as FIGHT FOR SIGHT)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**2. INCOMING RESOURCES**

|   | Un-<br>restricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Year ended<br>31 March<br>2008<br>£000 | Year ended<br>31 March<br>2007<br>£000 |
|---|------------------------------------|-----------------------------|--|--|
| <b>(a) Voluntary Income – Donations</b> |                                    |                             |  |  |
| Individuals                             | 314                                | 51                          | 365                                    | 340                                    |
| Companies and trusts                    | 157                                | 796                         | 953                                    | 842                                    |
| Regions and community groups            | 44                                 | 9                           | 53                                     | 48                                     |
|   | 515                                | 856                         | 1,371                                  | 1,230                                  |

**(b) Voluntary Income - Legacies**

At the year end, the charity had been notified that it was the beneficiary of a number of further legacies which were dependent on the sale of properties and/or financial instruments. Since the year end, certain legacies have been received, the most significant being a legacy of £75,000. Given the uncertainties in the relevant markets at the year end, the income from these legacies was not accrued.

**(c) Investment income**

|                                |     |    |     |     |
|--------------------------------|-----|----|-----|-----|
| Income from listed investments | 239 | 32 | 271 | 213 |
| Interest on cash deposits      | 71  | 9  | 80  | 42  |
| Total                          | 310 | 41 | 351 | 255 |

**3. CHARITABLE ACTIVITIES**

|                                |           |       |       |       |       |
|--------------------------------|-----------|-------|-------|-------|-------|
| Analysis of resources expended |           |       |       |       |       |
| Grants committed               | Note 4(a) | 1,956 | 588   | 2,544 | 2,010 |
| Grants released                | Note 4(c) | (188) | (170) | (358) | -     |
| Transfer from unrestricted     |           | (440) | 440   | -     | -     |
| to restricted                  | Note 4(c) |       |       |       |       |
| Support costs                  | Note 5(a) | 151   | 12    | 163   | 188   |
| Total                          |           | 1,479 | 870   | 2,349 | 2,198 |

**4. GRANTS PAYABLE**

**(a) Amount for Period**

The Directors awarded 13 new grants in June 2007 from unrestricted funds totalling £1.586m.

A further 4 PhD studentships were awarded in February 2008 from unrestricted funds, amounting to £370,000. These awards are for research projects commencing after the financial year end. In addition, grants of £588,000 were made from restricted funds.

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4. **GRANTS PAYABLE** (continued)

All of the grants awarded were to fund medical research related to the prevention and treatment of blindness and eye disease. The following institutes were awarded grants totalling over £100,000:

| Name of Institution                            | Location  | Amount<br>£000 |
|--|-----------|----------------|
| University College London                      | London    | 1,086          |
| Kings College London                           | London    | 474            |
| Queen's University Belfast                     | Belfast   | 242            |
| National Hospital for Neurology & Neurosurgery | London    | 157            |
| University of East Anglia                      | Norwich   | 145            |
| University of Liverpool                        | Liverpool | 131            |

(b) **Reconciliation of grants payable**

|  | Un-<br>restricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Year<br>ended<br>31 March<br>2008<br>£000 | Year<br>ended<br>31 March<br>2007<br>£000 |
|--|------------------------------------|-----------------------------|---|---|
| Grant commitments at start of year                         | 2,023                              | 1,141                       | 3,164                                     | 3,104                                     |
| Grant commitments made in the year                         | 1,956                              | 588                         | 2,544                                     | 2,010                                     |
| Grant commitments released in the year                     | (188)                              | (170)                       | (358)                                     | -   |
| Grant commitments paid during the year                     | (604)                              | (1,221)                     | (1,825)                                   | (1,950)                                   |
| Transfer from unrestricted to restricted grant commitments | (440)                              | 440                         | -   | -   |
| <b>Grant commitments at end of year</b>                    | <b>2,747</b>                       | <b>778</b>                  | <b>3,525</b>                              | <b>3,164</b>                              |
| Within one year (note 9)                                   | 927                                | 675                         | 1,602                                     | 1,800                                     |
| After more than one year (note 10)                         | 1,820                              | 103                         | 1,923                                     | 1,364                                     |
|  | <b>2,747</b>                       | <b>778</b>                  | <b>3,525</b>                              | <b>3,164</b>                              |

- (c) Following a review of all grants, £358,000 of commitments were identified as no longer required. These were released from the balance of grant commitments.

During the year, £440,000 of restricted income was received for unrestricted commitments. This has the impact of reducing the unrestricted commitments, and increasing the restricted commitments.

- (d) Shortly after the year end the charity awarded a further £1,496,713 of grants from unrestricted funds.

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**5. OVERHEADS**

**(a) Analysis and Allocation of Costs**

|                         | <b>Costs of<br/>generating<br/>voluntary<br/>income</b> | <b>Investment<br/>Manage-<br/>ment<br/>costs</b> | <b>Support<br/>costs</b> | <b>Govern-<br/>ance<br/>costs</b> | <b>Year<br/>ended<br/>31 March<br/>2008</b> | <b>Year<br/>ended<br/>31 March<br/>2007</b> |
|-------------------------|---|--|--------------------------|-----------------------------------|---|---|
|                         | £000  | £000   | £000                     | £000                              | £000  | £000  |
| Staff costs (Note 5(b)) | 289   | -  | 128                      | 33                                | 450   | 401   |
| Staff related costs     | 64  | -  | 25                       | 2                                 | 91  | 147   |
| Fundraising costs       | 274   | -  | -                        | -                                 | 274   | 268   |
| Investment management   | -   | 77   | -                        | -                                 | 77  | 59  |
| Legal fees              | -   | -  | 1                        | 2                                 | 3   | 27  |
| Audit fee               | -   | -  | 3                        | 4                                 | 7   | 7   |
| Other                   | -   | -  | 6                        | 8                                 | 14  | 12  |
| <b>Total</b>            | <b>627</b>  | <b>77</b>  | <b>163</b>               | <b>49</b>                         | <b>916</b>                                  | <b>921</b>                                  |

**(b) Staff Costs**

|                                      | <b>Year<br/>ended<br/>31 March<br/>2008</b> | <b>Year<br/>ended<br/>31 March<br/>2007</b> |
|--------------------------------------|---|---|
|                                      | £000  | £000  |
| <b>Permanent staff</b>               |   |   |
| Wages and salaries                   | 326   | 183   |
| Social security costs                | 34  | 20  |
| Pension costs                        | 27  | 22  |
| Recruitment costs                    | 25  | 31  |
| <b>Total</b>                         | <b>412</b>                                  | <b>256</b>                                  |
| <b>Temporary and contract staff</b>  | <b>38</b>                                   | <b>145</b>                                  |
| <b>Total staff costs (Note 5(a))</b> | <b>450</b>                                  | <b>401</b>                                  |

The average number of employees (full time equivalent) during the year ended 31 March 2008 was 9 (6). During this period, one employee's emoluments were between £80,000 and £90,000.

**(c) Pension costs**

The charity has a defined contribution Group Personal Pension Scheme which is open to all employees. Alternatively, the charity will contribute to individual employees' defined contribution personal pension plans. The assets of all schemes are managed separately by the financial services companies concerned and are completely independent of the charity's funds. Contributions have been made on a regular and timely basis and there were no contributions outstanding at 31 March 2008.

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**6. TANGIBLE ASSETS**

|                       | <b>Furniture,<br/>fittings and<br/>equipment<br/>31 March<br/>2008<br/>£000</b> | <b>Furniture,<br/>fittings and<br/>equipment<br/>31 March<br/>2007<br/>£000</b> |
|-----------------------|---|---|
| <b>Cost</b>           |   |   |
| At start of year      | 40  | 20  |
| Additions/disposals   | 1   | 20  |
| At end of year        | 41  | 40  |
| <b>Depreciation</b>   |   |   |
| At start of year      | 22  | 15  |
| Charge for the period | 8   | 7   |
| At end of year        | 30  | 22  |
| <b>Net book value</b> |   |   |
| At end of year        | 11  | 18  |

**7. INVESTMENTS**

|                                 | <b>Un-<br/>restricted<br/>and<br/>Endowment<br/>Funds<br/>£000</b> | <b>Restricted<br/>Funds<br/>£000</b> | <b>Total<br/>Year<br/>ended<br/>31 March<br/>2008<br/>£000</b> | <b>Total<br/>Year<br/>ended<br/>31 March<br/>2007<br/>£000</b> |
|---------------------------------|--|--------------------------------------|--|--|
| At start of year                | 14,393   | 2,150                                | 16,543   | 15,219   |
| Additions in the period at cost | 4,078  | 740                                  | 4,818  | 3,304  |
| Donations at cost               | -  | -                                    | -  | 11   |
| Disposals                       | (4,157)  | (1,026)                              | (5,183)  | (3,083)  |
| Loss in period                  | (888)  | (72)                                 | (960)  | 1,092  |
| Market Value at end of year     | 13,426   | 1,792                                | 15,218   | 16,543   |
| <b>Represented by</b>           |  |                                      |  |  |
| UK Fixed Interest               | 736  | 44                                   | 780  | 877  |
| UK Equities                     | 7,447  | 946                                  | 8,393  | 2,695  |
| Overseas Equities               | 3,745  | 486                                  | 4,231  | 742  |
| UK – Unlisted Securities        | 512  | 157                                  | 669  | 7,164  |
| Overseas – Unlisted Securities  | 986  | 159                                  | 1,145  | 5,065  |
| Total                           | 13,426   | 1,792                                | 15,218   | 16,543   |

No one individual investment is material in the context of the investment portfolio.

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**8. DEBTORS**

|                                | <b>31 March<br/>2008</b> | <b>31 March<br/>2007</b> |
|--------------------------------|--------------------------|--------------------------|
|                                | £000                     | £000                     |
| Gift Aid recoverable           | 28                       | 32                       |
| Donations receivable           | 57                       | 503                      |
| Sundry debtors and prepayments | 42                       | 45                       |
|                                | <u>127</u>               | <u>580</u>               |

**9. CREDITORS:** amounts falling due within one year

|                              |              |              |
|------------------------------|--------------|--------------|
| Grants payable (Note 4)      | 1,602        | 1,800        |
| Other creditors and accruals | 255          | 23           |
| Audit fee                    | 7            | 6            |
|                              | <u>1,864</u> | <u>1,829</u> |

**10. CREDITORS:** amounts falling due after more than one year

|                         |              |              |
|-------------------------|--------------|--------------|
| Grants payable (Note 4) | 1,923        | 1,364        |
|                         | <u>1,923</u> | <u>1,364</u> |

**11. RESTRICTED FUNDS**

|   | <b>GlaxoSmith<br/>-Kline<br/>Fund<br/>£000</b> | <b>Other<br/>Restricted<br/>Funds<br/>£000</b> | <b>Restricted<br/>Funds<br/>Total<br/>£000</b> |
|---|--|--|--|
| At start of year                        | 2,203  | 462  | 2,665  |
| Movement in year:                       |  |  |  |
| Donations                               | -  | 998  | 998  |
| Investment income                       | 41   | -  | 41   |
| Charitable expenditure:                 |  |  |  |
| Grants payable                          | (73)   | (785)  | (858)  |
| Support costs                           | (18)   | (6)  | (24)   |
| Losses on investments                   | (183)  | -  | (183)  |
| Balances carried forward at end of year | <u>1,970</u>                                   | <u>669</u>                                     | <u>2,639</u>                                   |

The GlaxoSmithKline Fund now finances the GSK/Fight for Sight Chair in Visual Neuroscience at UCL Institute of Ophthalmology and, subject to satisfactory future investment returns, will continue on a long term basis. The cost is charged against the fund as incurred.

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An analysis of 'Other Restricted Funds' follows.

|  | <b>Mercer Fund<br/>Age Related<br/>Macular<br/>Degeneration</b> | <b>Other<br/>Restricted<br/>Funds</b> | <b>Total<br/>Restricted<br/>Funds</b> |
|--|---|---------------------------------------|---------------------------------------|
|  | £000  | £000                                  | £000                                  |
| Balances brought forward at<br>1 April 2007  | 38  | 424                                   | 462                                   |
| Donations                                    | 50  | 948                                   | 998                                   |
| Charitable expenditure:                      |   |                                       |                                       |
| Grants no longer required/<br>(payable)      | 12  | (797)                                 | (785)                                 |
| Support costs                                | -   | (6)                                   | (6)                                   |
| Balances carried forward at<br>31 March 2008 | 100   | 569                                   | 669                                   |

All of the restricted funds have been provided for and are used to support medical research consistent with the charity's objectives. The Other Restricted funds comprise over thirty separate accounts each of which has a balance of under £100,000.

## 12. ENDOWMENT FUNDS

The Directors have received legal advice that they have the power to determine (in the absence of any specific direction by the donor) whether incoming resources should be treated as income or capital and that capital amounts should be included in endowment funds. In accordance with this power the Directors determined that all legacies received in the year ended 31 March 2008, in the absence of a direction to the contrary, are to be treated as capital, and that investment gains are also to be treated as capital. This resulted in an addition to endowment funds of £612,000 in the year.

In addition, £1,800,000 was transferred from endowment funds to unrestricted funds. This is in accordance with the charity's policy to maintain sufficient general reserves to ensure that the current level of annual grants awarded can be maintained for the next two years, so that research can be maintained at a consistent level over a period of years.

The remaining balance of £8,064,000 represents expendable endowment funds which the Directors have the power to spend by transfer to unrestricted funds. These funds have no other restriction on their use within the charity.

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**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                                     | <b>Fixed<br/>Asset<br/>Investments</b> | <b>Current<br/>Assets</b> | <b>Creditors<br/>(incl. due<br/>over<br/>one year)</b> | <b>31 March<br/>2008<br/>Total</b> | <b>31 March<br/>2007<br/>Total</b> |
|-------------------------------------|--|---------------------------|--|------------------------------------|------------------------------------|
|                                     | £000                                   | £000                      | £000   | £000                               | £000                               |
| Restricted                          | 1,792                                  | 252                       | (778)  | 1,266                              | 2,665                              |
| Unrestricted and<br>Endowment funds | 13,437                                 | 2,209                     | (3,009)  | 12,637                             | 11,908                             |
|                                     | <u>15,229</u>                          | <u>2,461</u>              | <u>(3,787)</u>   | <u>13,903</u>                      | <u>14,573</u>                      |

**14. TAXATION**

The charity is not liable for Income tax or Corporation tax on income derived from its activities, as these fall within the various exemptions available to charities.

**15. DIRECTORS' REMUNERATION AND EXPENSES**

No Director received any remuneration in the period.

Directors are reimbursed for travel and subsistence properly incurred on the Charity's affairs. For the period ended 31 March 2008, this amounted to £1,006 (£999).

**16. TRANSACTIONS WITH DIRECTORS AND CONNECTED PERSONS**

Mr Simon Weil, a Director, is a partner at Bircham Dyson Bell who act as legal advisers to the charity. While Mr Weil receives no remuneration for the advice he gives personally, Bircham Dyson Bell are remunerated for services provided, as authorised by the Charging clause in the Memorandum of Association. The charges by the firm incurred in the year ended 31 March 2008, inclusive of VAT, amounted to £3,542 (£22,611).

Mr Mark Powell, a Director, is Chairman of Rathbone Investment Management Limited who manage part of the investment funds of the charity. Mr Powell has no direct involvement in the management of the funds. Rathbone Investment Management Limited is remunerated for services provided, as authorised by the Charging clause in the Memorandum of Association. The charges by the firm incurred in the year ended 31 March 2008, inclusive of VAT, amounted to £36,846 (£11,271). The increase in charges arose as a result of a consolidation of the charity's funds with two rather than three investment managers.

**17. SUBSIDIARY COMPANY**

The charity holds two Ordinary Shares of £1 each, a 100% holding, in Fight for Sight Trading Limited. This subsidiary company, not having traded on its own account since 1998, is dormant. Consolidated Financial Statements have not been prepared because the figures for the subsidiary company are immaterial.