

A company limited by guarantee

Registered charity number 1140372
Registered company number 07472301



Trustees' report and accounts
for the year ended 31 March, 2017

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Reference and administrative information

The Dunhill Medical Trust is a charitable company limited by guarantee registered in England (Company Number 07472301; Charity Number 1140372).

Trustees

Professor Sir Roger M Boyle CBE (to 08/06/17)
The Right Reverend Christopher T J Chessun
Mrs Helen C S Davies
Professor Deborah Dunn-Walters
Mrs Kay Glendinning MBE
Professor Roderick J Hay (to 08/06/17)
Ms Claire Keatinge
Professor Thomas B L Kirkwood CBE (appointed 08/06/17)

Professor Peter R Lansley MBE
Mr James Lorigan (appointed 08/06/17)
Professor James McEwen Chair (appointed 01/06/16)
Ronald E Perry Chair (to 31/5/16; resigned 01/01/17)
Professor Alison Petch OBE
Mr John A Ransford CBE
Professor Martin P Severs OBE
Mr Keith Shepherd (appointed 08/06/17)

Executive Officers

Mrs Claire Large Executive Director (to 30/06/16)
Ms Susan Kay Executive Director (from 01/07/16)

Mrs Sarah Allport Director of Grants and Research
Ms Shirley Jones Administration and Governance Officer
Ms Jenna Horsfield Grants Officer

Registered Office

5th Floor, 6 New Bridge Street, London EC4V 6AB

Auditors

Williamson Morton Thornton LLP
St. Albans
Herts AL1 3AW

Accountants

Rouse Partners LLP
Beaconsfield
Bucks HP9 1QL

Solicitors

Veale Wasbrough Vizards LLP
London EC4A 1AD

Bankers

C Hoare & Co
London EC4P 4DQ

Investment Advisors

Stanhope Consulting
London W1H 6LR

Investment Managers

Cazenove Capital Management (Schroder & Co Ltd)
London EC2V 7QA (to 14/11/16)

Cedar Rock Capital Fund plc
London W1U 3RW

The Charities Property Fund
c/o Savills Investment Management LLP
London W1G 0JD

Colchester Global Investors Ltd
London W1S 3PR

Dalton Capital (Guernsey) Ltd (to 17/02/17)
Guernsey GY1 1DB

Findlay Park Partners LLP
London W1K 2BU

Heronbridge Investment Management LLP
Bath BA1 1HE

Rathbone Brothers plc (to 06/04/16)
London W1J 5FB

Silchester International Investors Ltd
London W1J 6TL

Somerset Capital Management LLP
London SW1W 9SA

Troy Asset Management Ltd (from 16/11/16)
London W1K 4BP

M&G Securities Ltd (from 28/11/16)
London EC4R 0HH

1. Report of the Trustees for the year ended 31 March, 2017

The Trustees of the Dunhill Medical Trust present their report and audited financial statements for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities, published in 2015. Advantage has been taken of the exemptions available to small companies in the preparation of this report.

This report is a Directors' Report as required by s417 of the Companies Act 2006.

1. Structure, governance and management

1.1 History of the Dunhill Medical Trust

The funds of the Dunhill Medical Trust originated from the Will Trust of Herbert Edward Dunhill who died on 8 November 1950. They were intended to be used for the furtherance of medical knowledge and research, in the light of Herbert Dunhill's own experience of some twenty five years of ill-health resulting from the effects of tuberculosis.

With the agreement of the Charity Commissioners, the funds comprising the Charitable Trust previously contained in Clause 17(B) of the Will of Herbert Edward Dunhill were reconstituted by a Declaration of Trust dated 15 April, 1986, which broadened the charitable objects to include research into the care of older people and the provision of accommodation and care for older people.

By a Scheme dated 15 April, 1988, the Charity Commissioners for England and Wales directed that the property hitherto administered under the terms of Clause 17(B) of the Will of Herbert Edward Dunhill should thenceforth be administered and managed as part of the property of the Charity called The Dunhill Medical Trust.

In 2010 the Trustees resolved that, in line with best practice for charities with substantial assets, the Trust should adopt a corporate form

and become a charitable company limited by guarantee. As a result, a process for incorporation of the Trust was put into effect, with the Articles of Association being adopted on 16 December, 2010 and all assets and undertakings of the Trust being transferred to the new corporate entity on 1 April, 2011. The operation of the Trust was unaffected by the change of structure and the charitable objects remained unchanged. All Trustees of The Dunhill Medical Trust are also Directors and Members of the charitable company.

1.2 Connection with the tobacco industry

The Dunhill Medical Trust promotes the highest standards of ethical practice in scientific and medical research. It does not receive or seek funds from any external body and complies fully with the Joint Protocol of Cancer Research and Universities UK on Tobacco Industry Funding to Universities (2004) which states that:

"The following do not constitute tobacco funding for the purposes of this Code: funding from a trust or foundation no longer having any connection with the tobacco industry even though it may bear a name that (for historical reasons) has tobacco industry associations."

1.3 The Board of Trustees and its sub-committees

Under the Articles of Association, the Trustees are responsible for the charity, its property and funds and are appointed by the Board of Trustees. During the financial year, an indemnity insurance policy existed in respect of the Trustees of the Charitable Company. Trustees serve for four years, after which period they may put themselves forward for reappointment for one further term of office. Although the Articles provide for a minimum of three trustees, no maximum number is specified to ensure the Board's ability to have access to a wide range of expertise appropriate to the strategic development of the Trust.

Trustees' meetings are held quarterly (normally in June, September, December and March of each year). At these meetings, the Trustees agree the broad strategy and priorities for the Trust. The administration and management is delegated to the Executive Director, who is

supported by the Director of Grants and Research, an Administration and Governance Officer and a Grants Officer.

The Trust has a conflict of interest policy and code of conduct based on the Nolan Principles of Good Governance. All Trustees and sub-committee members are required to declare all relevant interests, details of which are kept in a Register of Interests which is verified and updated regularly to ensure its completeness and accuracy. A code of conduct has also been agreed which sets out what is expected from Trustees as members of the Board and its sub-committees.

Trustees and external advisers give their time on a voluntary basis, with out-of-pocket expenses being reimbursed in line with an agreed expenses policy. Details of Trustees' expenses and related party transactions for the year 2016/17 are disclosed in Notes 9 and 21 to the accounts. Grants to institutions and charities where Trustees or external advisers have a significant interest are noted in the list of grants (see section 3).

1.3.1 Grants and Research Committee

The Grants and Research Committee is an established sub-committee of the Board, its purpose to assist the Trustees in ensuring rigorous appraisal of grant applications. It is chaired by a suitably qualified Trustee and includes a number of external academic advisers with expertise in subject disciplines appropriate to the interests of the Trust. It meets quarterly to consider grant applications which meet the criteria and priority areas for support, and to make recommendations to the Trustees. The Committee also advises the Board on the on-going development of the Trust's research funding strategy and its implementation, and acts as a reference point in matters relating to the monitoring of grants awarded by the Trust and to developments in research which have implications for the grant-making programmes.

The Grants and Research Committee has its own code of conduct which sets out how conflicts of interest relating to grant applications will be dealt with and provides

rigorous governance arrangements. Whilst the code does not prevent external advisers (most of whom are active researchers) from being able to be named applicants on research proposals, it ensures that they have no involvement in the decision-making process relating to these proposals. As Trustees may not benefit from the charity, Trustee members of the Committee may not apply for funding, either as lead or co-applicants.

During 2016/17, additional external advisers were appointed to the Grants and Research Committee:

- Professor Tim Cawston of Newcastle University
- Dr Daniel Davis of University College, London
- Dr Andrew Devitt of Aston University
- Dr Diane Gyi of Loughborough University
- Dr Sian Henson of Queen Mary, University of London
- Professor Karen Lowton of the University of Sussex.

Their willingness to serve on the Committee is much appreciated by the Trustees.

1.3.2 Investment Committee

Also reporting to the Board is an Investment Committee, the purpose of which is to provide strategic direction on investment matters appropriate to meeting the Trust's charitable aims, and to recommend to the Trustees any changes in investment arrangements which the Committee considers appropriate. The Committee is also responsible for monitoring the performance of the Trust's investment managers. It meets quarterly and includes Trustees and external advisers with relevant investment/ financial expertise. In June 2014, the Trustees appointed Stanhope Consulting as investment advisors to the Trust and representatives from Stanhope also attend Investment Committee meetings to provide appropriate input and advice on investment matters.

1.4 Recruitment, induction and training of new Trustees

The Dunhill Medical Trust has a policy and process for the appointment of trustees which is based on the Charity Commission's requirements to demonstrate openness and good governance. Regular reviews of the existing skill mix are carried out by the Board of Trustees to identify any gaps needing to be filled. Open advertisement is used to ensure that the widest possible range of potential candidates is reached. A formal selection process is followed, including interview of the shortlisted candidates and appropriate due diligence carried out to confirm eligibility to act. Recommended candidates are then asked to confirm in writing that they are eligible to act both as trustee and director and invited to attend the next available Trustees' meeting, at which he/she is formally proposed and appointed as a Trustee, Director and Member of The Dunhill Medical Trust.

New Trustees are provided with a comprehensive induction and ongoing access to a secure area of the Trust's website containing all key governance documents, committee papers and the Trustees' library. All Trustees are encouraged to keep up to date with best governance practice and are supported in this through identification and provision of suitable materials and training, funded by the Trust.

1.5 Risk management

The Trustees have adopted a formal risk policy and undertake an annual risk assessment for each of the principal areas of the Trust's operations. In addition, the Investment Committee reviews risks specifically related to finance and investments at its quarterly meetings, with any issues raised being reported to the Trustees.

In the opinion of the Trustees, the Trust has established resources and review systems which, under normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in its day-to-day operations. It is recognised that systems can only provide reasonable, but not absolute,

assurance that major risks have been adequately managed.

1.6 Policy on staff pay

The Board of Trustees values its executive team highly and acknowledges the importance of employing high quality staff to ensure both the ongoing strategic development and efficient administration of the charity. The overall aim of the Trust's policy is to offer fair pay to attract and retain appropriately qualified staff to lead, manage and administer the charity and to fulfil the charitable objects on behalf of the Trustees.

The Chair of the Trust is responsible for reviewing staff salaries on behalf of the Board. Relevant benchmarking information (such as *Croner Charities Rewards*), the advice of suitably experienced professionals and the achievements of staff as demonstrated by annual appraisals are taken into account when determining pay awards.

2. Objectives and activities for the public benefit

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives, in setting grant-making policy and in planning future activities. In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set.

Under the terms of the governing document, the charitable objects of the Dunhill Medical Trust are:

- the furtherance of medical knowledge and research and the publication of the useful results thereof and the provision of medical care and facilities in such manner as the Trustees shall from time to time in their absolute discretion think fit; and
- research into the care of older people and the publication of the useful results thereof and the provision of accommodation and care for older people.

The Dunhill Medical Trust carries out this aim by:

- providing research project and programme grants relating to the main priority areas identified for support, i.e:
 - care of older people, including rehabilitation and palliative care;
 - research into the causes and treatment of diseases, disability and frailty related to ageing.
- supporting pilot and proof-of-concept research studies in these priority areas which could establish whether major funding is justified;
- supporting community-based projects that seek to provide innovative services or facilities relating to the designated priority areas which can subsequently be evaluated to establish their effectiveness and transferability;
- supporting research fellowships and other research training opportunities aimed at expanding research capacity in the designated priority areas;
- exceptionally, providing endowments for innovative academic posts within the designated priority areas;
- where appropriate, developing special initiatives (both research and community-based) aimed at improving the health and well-being of older people.

3. Grant-making policy

The Trust's strategic aims and objectives underpin its grant-making policy, which is kept under regular review to ensure its continued suitability and clarity in terms of public benefit.

The main beneficiaries of the Trust's grant-making programmes are ultimately older people within the UK and those with age-related diseases, or with disabilities, or requiring rehabilitation as a result of ageing. This focus on ageing and the need to improve the health and well-being of older people reflects the ongoing demographic changes towards increased life expectancy and a rapidly increasing proportion of older people in the population. It applies to both research programmes and projects undertaken by community-based charities. The Trust's research programmes are undertaken by academic and clinical researchers at all levels

within higher education institutions (HEIs) and NHS institutions. Any benefit received by researchers, HEIs, health and social care bodies, or charities is purely incidental to the objects of the Trust's charitable grants.

Non-research projects are mainly supported via UK registered charities, with the beneficiaries being older people. In order to ensure the widest benefit for older people from projects supported, an underlying principle of the Trust's grant-making is that applicant organizations should not be unduly restrictive in determining who should benefit from their services and should operate a policy of inclusiveness, equality and non-discrimination.

The main method by which the Trust invites grant applications is via its website at dunhillmedical.org.uk, on which its Grant-making Policy, Research Strategy, method of assessment and detailed guidelines for all its funding schemes and initiatives may be found, together with the Trust's latest annual report and accounts, and details of grants awarded.

The Trust aims to provide a prompt response to all grant applications and requests for information and provides details of its methods of assessment on its website. Applications which meet its eligibility criteria and strategic priorities are considered by the Grants and Research Committee (supported by a process of peer review), which makes recommendations to the Trustees on those which are deemed worthy of support. Final decisions are taken at Trustees' meetings and applicants are informed as soon as practicable thereafter.

The Dunhill Medical Trust is a member of the Association of Medical Research Charities (AMRC) and a recognised non-commercial partner of the National Institute for Health Research (NIHR). In line with AMRC and NIHR standards, the Trust follows best practice in maintaining the independence of research funding and in requiring researchers funded by the Trust to abide by research governance regulations and practice. In the case of an application for a research grant involving human participants, organs, tissue or data, the

Trust requires evidence that ethical approval and NHS Research and Development approval have been secured before any grant monies can be released. In addition, written confirmation is required that the research has a formally approved and explicitly stated research sponsor (as required under the terms of the NHS Research Governance Framework) or, alternatively, is not applicable.

The Trust also seeks to maintain the highest standards with regard to the use of protected animals in research, with the aim of minimizing the likelihood of harm to research volunteers and animals, by requiring grant holders to comply with the Animals in Research: Reporting *In Vivo* Experiments (ARRIVE) guidelines published by the National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs). A rigorous system of both external and internal peer review is in operation in respect of all research and research-related grants, with independent opinion being sought from at least two (and normally three) appropriate external referees, both from within the UK and internationally. This is provided by a very wide range of clinicians and academics, identified via literature searches using Europe PubMed Central (EPMC) and PubMed (the US National Institutes of Health National Library of Medicine bibliographic database) to ensure that the most appropriate expert opinion is being sought. When providing a report on an application, referees are asked to declare any conflicts of interest that they might have, to ensure that opinion sought is as independent as possible. Referees' reports are taken into consideration by the Grants and Research Committee alongside the detailed internal scrutiny to which applications are subjected.

3.1 Monitoring, audit and evaluation

All grants awarded by the Trust are monitored through:

- annual reports submitted by grant holders (which must demonstrate appropriate progress to ensure continuation of a grant made for longer than a period of one year);

- where appropriate, visits by the Trust executive officers and/or Trustees/members of the Grants and Research Committee, which may be made at any time during the duration of the grant.

The Trust's grant-making programmes are subject to audit processes to assess their effectiveness and to help inform future grant-making strategy. Progress reports for both research and general grants are requested through completion of an audit form and a financial statement for the period, in lieu of conventional progress reports, with the purpose of achieving more focused, comparable information to assess how well the Trust funding is being used and whether the aims and objectives of work supported are being met by grant recipients. This system has proved to be a useful and effective grant-making tool.

Following consideration of a progress report and/or any monitoring visit, the Trustees reserve the right to terminate the grant or to withhold payment of subsequent instalments of the grant as they consider fit in the circumstances. On conclusion of the project, the grant holder is expected to submit a final report within 3 months of the end of the grant, detailing fully the results and outputs/outcomes from the project.

The Trust is also keen to encourage rigorous independent evaluation of all community-based project developments and initiatives it supports to ensure that the best possible use is made of the charitable funds at the Trustees' disposal. Plans for sustainability of projects seeking support and the financial viability of applicant organisations are important elements in the assessment of applications received from community-based organisations.

4. Achievements and performance

During 2016/17, key activities have included:

- continuing to promote and maintain the current grant-making programmes;
- launching the next major phase of the *Older People's Care Improvement*

Initiative. This has involved awarding £1m to a major social prescribing network and initiating a scoping study to ascertain linkages between levels and standards of education and training amongst healthcare and clinical professionals and health outcomes for older people;

- continuing the investment in attracting and sustaining careers in ageing-related research through a further round of Research Training Fellowships for early career clinicians and allied health professionals;
- implementing the succession plan, both for the Board and the staff of the Trust, with the aim of ensuring that the Trust has the relevant skills, knowledge and expertise at a strategic, management and administrative level to take the Trust to the next stage of its strategic development;
- reviewing current operations and governance, with a view to a) improving the accessibility of information for applicants and other stakeholders and b) improving the effectiveness and efficiency of administrative processes including financial procedures and monitoring, re-development of the website and launch of a social media presence on Twitter and Linked-in;
- developing a new three year plan for the Trust, to establish a sound platform for future strategic development.

4.1 Maintenance of current grant programmes

In 2016/17, grants awarded totalled £6,372,260 (2015/16: £4,324,312), the largest annual distribution the Trust has ever made. At the year end, the Trust was committed to pay an amount of £10,630,731 for grants to be spread over the next three years (see Notes 14 and 15 to the Accounts).

Until January, 2017, the Trust continued to invite applications to its current grant schemes which included:

Grants for academic and clinical researchers:

- Project and programme grants
- Research-related building and equipment grants

- Joint Research Fellowships with partner organisations
- Research Training Fellowships.

Grants for community-based organisations:

- Core cost and staffing grants
- Building grants
- Equipment grants
- Small grants under £20,000

In the 10 month period that the Trust was open to applications during 2016/17, 270 applications¹ were received from all over the UK (a 14% increase compared with the same period in the previous year). Two thirds of these were from academic and clinical researchers. While the proportion of applications received from researchers is generally always greater than that received from community-based organisations, this represents a significant increase on previous years. The uncertainty regarding the future of European research funding, together with the ending of the themed focus on ageing-related research in the Research Councils being issues are likely to have contributed to this increase. The number of applications from community-based organisations also increased. This was also to be expected as, consistent with the experience of recent years, charities have been seeking core funding to replace lost funding to replace ongoing cuts to statutory services. The Trust's "*Developing Networks of Care*" element of the Trust's *Older People's Care Improvement Initiative*, launched in 2015 was conceived partly as a response to this pressing need. It aimed to make a significant award to an organisation that could demonstrate the potential to innovate and make systemic change in the quality and method of providing care for older people. This major award was made during 2016/17 and is outlined in more detail in section 4.2 below.

A full list of grants awarded in 2016/17 is provided in section 3.

In December, 2016 and as part of the process of strategic review, the Board took the decision

¹ It should be noted that grant awards are recognised in the accounts at the date they are approved by the Board and so may not be awarded in same financial year as the one in which the application was received.

to suspend acceptance of new applications for funding from January until June 2017 to facilitate a review of the schemes and the supporting processes for communication, application and assessment. Given the volume of applications already in the pipeline, this did not reduce the number of awards the Trust made in 2016/17, rather, it allowed for an orderly transition from the old to the new schemes and supporting processes.

4.2 Older People's Care Improvement Initiative

Work continued during 2016/17 on the Trust's flagship *Older People's Care Improvement Initiative*, a multi-strand strategic programme aimed at improving the health and wellbeing of older people that will commit approximately £3-4m over a 4 year period from 2014 to 2018.

In November 2015, the Trust launched a call for proposals for organisations which could "*develop a network of care and support for older people at a local level, creating a bottom-up, asset based approach, using all the resources in a local area, to provide care and/or support to ensure the health and wellbeing of older people*". This was intended to address the need to achieve a radical change in public sector provision building on the aspiration to combine health and social care budgets and the increasing engagement in developing models of "social prescription". Successful bids would need to have the clear and achievable aim of improving the care and support provided to older people on a local basis and have outcomes that could be reproduced/adapted in other local areas and thus influence systemic change.

The call was for £1m over three years. 22 applications were received of which nearly half were from Northern Ireland. These were shortlisted to five applicants resulting in one award to the *Mid and East Antrim Agewell Partnership* (MEAAP) for its IMPACT programme. The project will support the development of six localised health and wellbeing hubs, co-ordinated by one strategic hub. The six local hubs will partner with six GP practices, Community Pharmacists and staff from the Health and Social Care and voluntary sectors to offer person centred care and community

based support. This will be delivered to a minimum of 1,100 older people aged 70 years and over, via up to 13,200 funded alternative care prescriptions. These will be facilitated by at least 36 co-produced Community Partnership Agreements to deliver a wide range of activities, services and support programmes. The older person will be supported by a key worker who will help provide them with person-centred services and support to improve and meet the health outcomes that matter most to them. It puts the older person's wellbeing needs on par with their medical needs, using an integrated healthcare model, thereby reducing dependency on the unscheduled use of primary and secondary health and social care services and ultimately having the potential to reduce the increasing costs of health care and support associated with an ageing population. The service was launched on 1 June, 2017 and the Trust has made an award of a further £60k to the *Social Care Institute for Excellence* to evaluate progress and outcomes.

4.3 The Dunhill Medical Trust's Research Training Fellowships: 5th round

Continuing the Trust's commitment to maintaining and increasing the capacity for research into ageing and innovation in the care of older people, a fifth round of Research Training Fellowships (RTFs) was launched in October 2016, resulting in 42 high quality applications (more than twice as many as had been received in previous rounds)². RTFs are personal training fellowships to provide opportunities for talented clinicians, health professionals and scientists who are planning a future career in research in the fields of ageing, rehabilitation or palliative care. The Fellow is expected to undertake a practical research project as well as complete a robust training programme in research methods, thus providing a sound basis for a future academic or clinical research career.

² Four Research Training Fellowships were awarded in May 2017, demonstrating a good geographical and disciplinary spread (one physiotherapist; two doctors and one pharmacist) and as their award will be approved and taken up during 2017/18, will be accounted for financially during that year.

4.4 Succession planning

During 2015/16, a succession plan was developed by the Board, owing to the planned retirement during 2016/17 of the Chair, Ron Perry, and Executive Director, Claire Large, both of whom had served the Trust with dedication for over 15 years. The plan sought to ensure that the Trust has the relevant skills, knowledge and expertise at a strategic, management and administrative level to respond to changes in the external environment and to ensure that it can take its place as a leader in its field. The following appointments were made:

- Professor Jim McEwen, as Chair of the Board of Trustees, with effect from 1 June 2016;
- Ms Susan Kay, as Executive Director, with effect from 1 July 2016.

The Board feels confident that these appointments will allow the Trust to develop its unique role and leadership aspirations.

4.5 Review of operations and governance

As part of the process of developing a new three year plan, the executive team, in consultation with the Board of Trustees and Grants and Research Committee advisers, embarked on a review of its operations and governance procedures. As a result, in December, 2016, the Board approved a number of actions as part of a wider plan of operational transformation and good governance:

- To initiate a process of rolling review of the Trust's contractual relationships, starting with the accounting service and website hosting and design contract. Requests for proposals were sought and the competitive selection process resulted in the appointment of accountants *Kingston Smith*, who took up their appointment on 1 April, 2017. *Ave Design* was selected to assist in the development of a new website, which was launched in January, 2017. The Trustees would like to thank accountants, *Rouse Partners LLP*, for their service to the Trust over many decades, and in particular, Rouse's representative,

Mr Geoffrey Gaffney, who will retire as a member *ex officio* of the Investment Committee and as an adviser to the Board.

- To move to an online grants application system. Again, a request for proposals was developed and due diligence undertaken to identify a system which could support the process of application for both researchers and community charities, as well as provide a robust database to support the Trust in its grant-giving activities. Fluent Technology's *Flexigrant®* product was selected and the process of implementation initiated in January, 2017. Related to this was the decision to suspend acceptance of new applications to allow for a clear and orderly delineation for applicants to the old and new schemes and application processes. The launch of the new schemes and online application system was agreed to be summer 2017.

4.6 Development of the three year plan

In September 2016, the executive team, together with the Board of Trustees and its advisors, embarked upon a process of consultation in support of its development of a medium term transition plan. This encompassed a review of external sectoral developments, together with an examination of the funding schemes offered by the Trust and supporting administrative systems and processes. The resulting plan and recommendations were approved by the Board in June, 2017.

5. Financial review and investment policy

Under the terms of the Articles of Association of the charitable company, the Trustees have full powers to hold the Trust's funds in any form of investment which they deem to be suitable in furtherance of the charitable objects.

The strategic aim of the Trust is to achieve long term overall return and, in order to minimise risk from market turbulence, a diverse range of assets are held by a number of mostly specialist investment managers.

As required by the Trustee Act 2000, the Investment Policy is reviewed annually by the

Investment Committee, with any subsequent changes being recommended to the Trustees for approval. As the policy continues to meet the overall investment objectives of the Trust, no significant changes have been made since it was originally approved in June 2001. The policy outlines the Trust's current long and medium term objectives, as well as restrictions with regard to capital, income and financial investments, and establishes the broad parameters within which fund managers are appointed and individual mandates given.

Performance against the Investment Policy is monitored by the Investment Committee on an on-going basis. The Trust's investment advisors, Stanhope Consulting, provide detailed quarterly performance reports to the Investment Committee and the Trustees which also include any specific issues which require consideration and/or any proposals for changes which might be made to the Trust's portfolio. Recommendations based on this advice are made by the Committee to the Board of Trustees, with the final approval resting with the Trustees.

Regular presentations to the Committee are made by the Trust's investment managers, including question and answer sessions to inform the Committee's assessment of performance, process and personnel. The Committee also invites presentations from potential new/replacement managers as and when required, based on advice provided by Stanhope Consulting.

During 2016/17, the value of the Trust's investment portfolio increased significantly: by 17.1% in absolute terms. This was owed largely to the strength in underlying markets and positive impact of the fall in sterling on the value of overseas assets. It has returned 11.8% p.a. since inception, comfortably ahead of cash and its long term objective of RPI +4.5%. Over the rolling year, the portfolio has outperformed its benchmark by 1.1% due largely to good performance in equities, bonds, absolute return funds and property and the portfolio's underweight exposure to specialist UK equity funds.

The Board is also aware that the market outlook for coming years is likely to be turbulent and, on the advice of its consultants and the Investment Committee, has taken the appropriate mitigating actions. Its principal financial objective of maintaining the real value of the investment funds whilst maximising distributions over the period, had been met and in view of this, the Trustees accepted the Committee's recommendation to maintain the current policy of making distributions based on total return from investments. On current performance, this indicates an average distribution level over a 3 year period of c.£5m per year.

Income received by the Trust during 2016/17 was slightly higher than the amount for the previous year, with total net income amounting to £3,936,920 (2015/16: £3,406,882). £3,924,497 of this amount arose from income from quoted securities.

The total funds of the charity at the year-end were represented as follows:

	£m	%
Fixed assets	0.16	0.1
Investments: Quoted – other	130.15	92.2
Quoted– property	11.87	8.4
Property	0.91	0.6
Bank balances	8.63	6.1
Net current liabilities (excl. bank balances)	(4.71)	(3.3)
Long term liabilities	(5.79)	(4.1)
	<u>141.22</u>	<u>100.0</u>

The Schedule of Quoted Investments may be found in Section 4.

6. Financial risk

The Board of Trustees considers the Trust's risk profile on an annual basis, with specific risks relating to finance and investments being reviewed by the Investment Committee at their quarterly meetings, and any additional risks being brought to the attention of the Board. The Trust's principal material financial risks, including foreign exchange exposures, relate to its investment portfolio and are in line with

similar long-term endowment funds in the sector. Overall investment risk management is predicated on running a diversified portfolio of high quality assets across a wide variety of asset classes and markets. In recent years, the longer term strategic asset mix has been set by the Investment Committee, based upon principles employed by reputable investment advisory companies. With the appointment of Stanhope Consulting in 2014, independent external advice on asset allocation provides another method of risk mitigation for the Trust. Individual investment mandates are awarded to specialist managers after scrutiny by both Stanhope Consulting and the Investment Committee.

The Trustees have been acutely conscious of the risks related to the UK having voted to leave the European Union in the referendum held on 23 June, 2016, together with those arising from turbulent global financial markets. These matters have been kept under regular and detailed review by the Investment Committee (and will continue to be monitored on an ongoing basis). The Trustees accept that the consequences continue to be largely uncertain and may remain so for some time, but consider that the Trust has protected its assets in as far as this is possible through maintaining and enhancing the diversification of its portfolio.

7. Reserves policy

It is the policy of the Trustees to distribute the annual net income each year in the form of grants to charitable institutions and organisations. At the Trustees' discretion, grants may also be made out of the capital of the Trust.

The Trust holds a very large proportion of its assets in cash or relatively liquid equity and fixed income instruments. These are unrestricted assets, the value of which greatly exceeds current annual grants, annual running costs and the current financial commitments of the Trust.

8. Plans for the future

As outlined above, following the appointment of the new Executive Director and Chair in July 2016, the Trustees initiated a process of strategic review, with a view to developing a medium term transformation plan for approval in summer 2017.

The main priority of the plan will be on further development of the Trust's grant-making activities. The Trustees will also continue to place a strong emphasis on using the resources at their disposal to influence a systemic improvement in the care that older people receive, both in health care settings and in the community. The Trustees also wish to ensure that the charity has the most appropriate framework for it to continue to develop and meet its charitable objects in the future.

The main objectives for the year will therefore be:

- to approve and launch the 3 year transformation plan, with a focus on developing the mechanisms, including technological platforms and partnerships, to enable the impact of the Trust's work to be communicated more widely and hence contribute to the delivery of its strategic objectives;
- to complete the review of and re-launch the Trust's suite of grant-making programmes, including a new, online grants management portal to assist in improving accessibility for applicants and streamlining and further improving the governance procedures around assessment and award;
- to continue the work of the Trust's *Older People's Care Improvement Initiative*, primarily supporting the *Mid and East Antrim Agewell Partnership* in launching its IMPACT programme and to carry out a scoping review to ascertain linkages between levels and standards of education and training amongst healthcare and clinical professionals and health outcomes for older people;

- to launch a series of events aimed at a) supporting a network of early career researchers, contributing to the objective of attracting and sustaining careers in ageing-related research and b) expanding our networks and partnerships to increase understanding and awareness of the Trust's objectives and impact;
- to continue to develop an evidence base and website content in support of our applicants and other stakeholders, together with our social media presence.

9. Statement of Trustees' responsibilities

The Trustees (who are also Directors of The Dunhill Medical Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business. The Trustees are responsible for keeping adequate accounting records

that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on
7 September, 2017

and signed on its behalf by:



Professor James McEwen
Chair

Dated: 15 September, 2017

2. Audit report and financial statements

Independent auditor's report to the members of the Dunhill Medical Trust

We have audited the financial statements of the Dunhill Medical Trust for the year ended 31 March 2017 which comprise the Statement of Financial Activity, the Balance Sheet, the Statement of Cash Flows, and the related notes numbered 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' Annual Report.



Dated: 22 September, 2017

Elizabeth Irvine (Senior Statutory Auditor)
For and on behalf of WMT
Chartered Accountants
Statutory Auditor

2nd Floor
45 Grosvenor Road
St Albans
Herts
AL1 3AW

Balance Sheet

Total funds as at 31 March, 2017

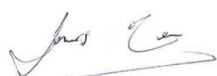
	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	11	155,170	188,170
Investments	12	143,386,373	122,425,001
		<u>143,541,543</u>	<u>122,613,171</u>
CURRENT ASSETS			
Debtors	13	230,081	79,351
Cash at bank and in hand		8,182,320	5,970,299
		<u>8,412,401</u>	<u>6,049,650</u>
Creditors: amounts falling due within one year	14	4,944,395	4,556,815
Net current assets / (liabilities)		3,486,006	1,492,835
		<u>147,009,549</u>	<u>124,106,006</u>
Creditors: amounts falling due after more than one year	15	5,789,785	3,351,665
Net assets / (liabilities)		<u>141,219,764</u>	<u>120,754,341</u>
CHARITY FUNDS			
Endowment funds			
Expendable endowment	18	140,714,565	120,667,001
Unrestricted funds	18	505,199	87,340
Total charity funds / (deficit)		<u>141,219,764</u>	<u>120,754,341</u>

Under the Companies Act 2006, s454, on a voluntary basis the trustees can amend these financial statements if they subsequently prove to be defective.

The notes on pages 20 to 33 form part of these accounts.

The financial statements were approved and authorised for issue by the Board on 7 September, 2017.

Signed on behalf of the Board of Trustees



Professor James McEwen

Chair

Dated: 15 September, 2017

Statement of Financial Activities

Including income and expenditure account for the year ended 31 March, 2017

	Note	Unrestricted Income Fund £	Expendable Endowment £	2017 £	2016 £
Income and endowments from:					
Investment income	2	3,936,920	-	3,936,920	3,406,882
Total income and endowments		<u>3,936,920</u>	<u>-</u>	<u>3,936,920</u>	<u>3,406,882</u>
Expenditure on:					
Raising funds	3	-	201,475	201,475	194,379
Charitable activities	4	3,519,061	3,528,308	7,047,369	5,020,867
Total expenditure		<u>3,519,061</u>	<u>3,729,783</u>	<u>7,248,844</u>	<u>5,215,246</u>
Net gains / (losses) on investments		-	21,693,800	21,693,800	(2,471,734)
Profit/(Loss) on disposal of investment		-	2,609,267	2,609,267	(23,830)
Net income / (expenditure)	7	<u>417,859</u>	<u>20,573,284</u>	<u>20,991,143</u>	<u>(4,303,928)</u>
Other recognised gains / (losses):					
Other gains / (losses) - exchange gains		-	(525,720)	(525,720)	369,751
Net movement in funds		<u>417,859</u>	<u>20,047,564</u>	<u>20,465,423</u>	<u>(3,934,177)</u>
Reconciliation of funds:					
Total funds brought forward		87,340	120,667,001	120,754,341	124,688,518
Total funds carried forward	18	<u>505,199</u>	<u>140,714,565</u>	<u>141,219,764</u>	<u>120,754,341</u>

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended relate to the charity's one main activity, which is that of grant making. This activity is a continuing operation.

Statement of Cash Flows

For the year ended 31 March, 2017

	Note	2017 £	2016 £
Cash flow from operating activities	20	(1,133,668)	218,416
Net cash flow from operating activities		<u>(1,133,668)</u>	<u>218,416</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(3,507)	(11,545)
Receipts from sales of tangible fixed assets		7,500	-
Payments to acquire fixed asset investments		(26,383,011)	(8,149,819)
Receipts from sales of fixed asset investments		29,863,117	7,107,890
Net cash flow from investing activities		<u>3,484,099</u>	<u>(1,053,474)</u>
Net increase/(decrease) in cash and cash equivalents		2,350,431	(835,058)
Cash and cash equivalents at 1 April 2016		6,286,805	7,121,863
Cash and cash equivalents at 31 March 2017		<u>8,637,236</u>	<u>6,286,805</u>
		2017	2016
	Note	£	£
Cash at bank and in hand		8,182,320	5,970,299
Bank balances controlled by investment managers	980,636	(53,245)	
Change in bank balances controlled by investment managers due to exchange rate movements	(525,720)	369,751	
Bank balances controlled by investment managers at year end	12	454,916	316,506
Cash and cash equivalents at 31 March 2017		<u>8,637,236</u>	<u>6,286,805</u>

1. Summary of significant accounting policies

(a) General information and basis of preparation

The Dunhill Medical Trust is a charitable company limited by guarantee registered in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the Reference and Administrative Information at the front of the Annual Report. The nature of the charity's operations and principal activities are the furtherance of medical knowledge and research including research into care of the elderly and the provision of accommodation and care for the elderly.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

The charity has a single expendable endowment and the Trustees distribute the income therefrom as grants. At the Trustees' discretion grants may also be made out of the endowment.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Other income includes the conversion of endowment funds into income which arises when capital funds are released to an income fund from expendable endowments or when a charity has authority to adopt a total return approach to its permanent endowment fund. It also includes other income such as gains on disposals of tangible fixed assets.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes investment managers fees;
- Expenditure on charitable activities includes grants payable to charities and institutions as well as support and governance costs; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

The Trust makes grants to a variety of applicants in line with their policy stated in the Trustees Report and on the fulfilment of certain specific conditions. The trustees approve these grants at their quarterly meetings following a rigorous assessment of the viability of the projects. The full cost of the grant commitment is recognised on approval by the trustees and, where appropriate, is recognised as a long term liability within the financial statements. It is on this basis that they are included in the accounts and charged against income or endowment as appropriate.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises overheads have been allocated on an actual basis and other overheads have been allocated on an actual basis to the relevant support expense heading.

The analysis of these costs is included in note 5.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold property	Over life of the lease
Fixtures and fittings	20% reducing balance
Motor vehicles	25% straight line

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Investments in subsidiaries are measured at cost less impairment. The DMT (Fontwell Land) Limited is a dormant company as at 31 March 2017. No consolidated accounts are prepared as the subsidiary is not material to the charity.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

(j) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(k) Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

(l) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(m) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity provides a defined contribution to the employees' personal pensions. Contributions are expensed as they become payable.

(n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(o) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

(p) Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure), except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to unrelated third party.

Financial Liabilities

Basic financial liabilities, including creditors are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less or if not, they are presented as non-current liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

(q) Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2. Income from investments

	2017	2016
	£	£
Dividends and interest on quoted investments	3,924,497	3,388,459
Rental income	4,471	4,804
Bank interest	7,952	13,619
	<u>3,936,920</u>	<u>3,406,882</u>

Income from investments was £3,936,920 (2016 - £3,406,882) all of which was attributable to unrestricted funds.

3. Investment management costs

	2017	2016
	£	£
Investment managers' fees	201,475	194,379
	<u>201,475</u>	<u>194,379</u>

£201,475 (2016 - £194,379) of the above costs were attributable to endowment funds.

Investment managers' fees include only the separately identifiable direct costs relating to portfolio management and the cost of obtaining investment advice. Further indirect costs were incurred and are included within the costs of acquisition of investments or within returns on investments.

4. Analysis of expenditure on charitable activities

	2017	2016
	£	£
Grants*	6,372,260	4,324,312
Support costs	675,109	696,555
	<u>7,047,369</u>	<u>5,020,867</u>

£3,528,308 (2016 - £1,707,368) of the above costs were attributable to endowment funds and £3,519,061 (2016 - £3,313,499) of the above costs were attributable to unrestricted funds.

* £6,486,744 less £ 114,484 withdrawn or amounts returned during year

5. Allocation of support costs and overheads

Unrestricted Income Fund	Charitable	Governance	Total	Total
	activities	costs	Year ended 31/3/17	Year ended 31/3/16
	£	£	£	£
Establishment expenses				
Rent, rates, water and service charge	123,669	-	123,669	104,604
Repairs and renewals	1,119	-	1,119	1,046
Insurance	2,435	-	2,435	3,976
Cleaning	2,485	-	2,485	2,762
Electricity	4,445	-	4,445	7,062
	134,153	-	134,153	119,450
Administration expenses				
Salaries and National Insurance	208,015	52,004	260,019	226,129
Staff recruitment and training	2,100	525	2,625	49,432
Pension contributions	17,812	4,453	22,265	20,873
Telephone	1,661	-	1,661	1,650
Stationery and postage	4,521	-	4,521	9,631
Subscriptions	9,049	-	9,049	4,805
Computers and photocopiers	30,294	-	30,294	32,826
Motor and petrol expenses	28	-	28	3,892
Travel and subsistence expenses	12,069	-	12,069	6,817
Catering, trustee and management meetings	3,617	904	4,521	5,859
Depreciation				
- Motor vehicles	-	-	-	6,538
- Office equipment	493	-	493	178
- Leasehold	22,939	-	22,939	22,939
Loss on disposal of motor vehicle	5,574	-	5,574	-
Sundry	15,172	-	15,172	7,457
Equipment rental	3,589	-	3,589	3,736
Insurance	2,755	-	2,755	4,490
	339,688	57,886	397,574	407,252
Finance expenses				
Bank charges	655	-	655	560
Legal and professional	12,474	-	12,474	11,348
Accountancy and audit fees	9,408	3,450	12,858	20,625
	22,537	3,450	25,987	32,533
Expendable Endowment				
Legal, accountancy and audit fees	107,045	10,350	117,395	137,320
	603,423	71,686	675,109	696,555
Total per Statement of Financial Activities (SOFA)				

Note 6

6. Governance costs and support costs allocation

The breakdown of support costs and how these were allocated between Governance and Charitable activities is shown in the table below.

Cost type and basis of analysis	Total	Governance	Support costs
	£	£	£
Staff Salaries and NI (staff time)	260,019	52,004	208,015
Staff Pension (staff time)	22,265	4,453	17,812
Catering, trustee and management meetings	4,521	904	3,617
Staff recruitment and training	2,625	525	2,100
Audit fees (Finance expenses)	3,450	3,450	-
Audit fees (Expendable endowment)	10,350	10,350	-
	303,230	71,686	231,544
		Note 5	(included in note 5)

7. Net income / (expenditure) for the year / period

Net income / (expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets	23,432	29,655
Operating lease rentals	119,296	100,131
Net gains / (losses) on foreign exchange	(525,720)	369,751
(Profit) / loss on fair value movement of investments	(21,693,800)	2,471,734

8. Auditor's and accountant's remuneration

	2017	2016
	£	£
Fees payable to the charity's auditor for the audit of the charity's annual accounts	16,000	15,870
Fees payable to the charity's accountant for other services:		
Taxation	9,500	9,500
Management accounts, book-keeping, consultancy fees and financial statements	67,000	82,661
	92,500	108,031

9. Trustees' and key management personnel remuneration and expenses

The Trustees neither received nor waived any remuneration during the year (2016: £Nil).

Eight Trustees were reimbursed travel expenses of £6,967 (2016: £4,606) during the year.

The total amount of employee travel expenses received by key management personnel is £466 (2016 - £3,928). The Trust considers its key management personnel comprises of its Executive Director, Ms Susan Kay, who succeeded Mrs Claire Large in that role in June 2016.

10. Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2017	2017	2016	2016
	Number	FTE	Number	FTE
Charitable activities	3	3	3	3
Governance	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
	4	4	4	4

The total staff costs and employee's benefits was as follows:

	2017	2016
	£	£
Directors' emoluments	94,769	74,742
Employees' emoluments	139,050	129,318
Social security	26,200	22,069
Pension contributions	22,265	20,873
	<hr/>	<hr/>
	282,284	247,002

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2017	2016
	Number	Number
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	-	-
	<hr/>	<hr/>
	1	1

11. Fixed assets - tangible

	Short leasehold property £	Motor vehicles £	Office equipment £	Total £
Cost / Valuation				
At 1 April 2016	229,392	26,150	42,989	298,531
Additions in the year	-	-	3,507	3,507
Disposals in the year	-	(26,150)	-	(26,150)
At 31 March 2017	229,392	-	46,496	275,888
Depreciation				
At 1 April 2016	55,009	13,075	42,277	110,361
Charge for the year	22,939	-	493	23,432
On disposals	-	(13,075)	-	(13,075)
At 31 March 2017	77,948	-	42,770	120,718
Net Book Value				
At 31 March 2017	151,444	-	3,726	155,170
At 31 March 2016	174,383	13,075	712	188,170

12. Fixed asset investments

	Quoted Investments	Development land	Bank balances controlled by Investment Managers	Investment in subsidiary	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2016	121,230,878	877,616	316,506	1	122,425,001
Additions	26,351,995	31,016	138,410	-	26,521,421
Disposals	(27,253,849)	-	-	-	(27,253,849)
Revaluation	21,693,800	-	-	-	21,693,800
At 31 March 2017	<u>142,022,824</u>	<u>908,632</u>	<u>454,916</u>	<u>1</u>	<u>143,386,373</u>
Carrying amount:					
At 31 March 2017	<u>142,022,824</u>	<u>908,632</u>	<u>454,916</u>	<u>1</u>	<u>143,386,373</u>
At 31 March 2016	<u>121,230,878</u>	<u>877,616</u>	<u>316,506</u>	<u>1</u>	<u>122,425,001</u>
Revaluation of Quoted Investments:					
Unrealised gain	22,011,665				
Realised loss	<u>(317,865)</u>				
	<u>21,693,800</u>				

Investments at fair value comprise:

	2017 £	2016 £
Managed funds		
UK- Property fund	11,868,527	11,794,287
UK investments	33,376,885	5,511,991
International investments	81,673,063	73,262,333
Equities and Fixed Interest Securities		
UK	3,123,944	20,434,539
International	11,980,405	10,227,728
	<u>142,022,824</u>	<u>121,230,878</u>

None of the direct holdings in equities and fixed interest securities exceed 5% of the portfolio and there are no restrictions on realisation. Managed funds exceeding 5% of the portfolio valuation can be seen in Section 4.

The investment in subsidiary above relates to the Trust's investment in The DMT (Fontwell Land) Limited, company number 08464560. The Trust holds 100% of the company's share capital. The DMT (Fontwell Land) Limited was incorporated on 27 March 2013 and was dormant for the period to 31 March 2017.

Development land was valued on an open market value basis, as at 31 March 2013, by an External Valuer, Mr SJ Lush (FRICS, FAAV) of Henry Adams LLP. The valuation was carried out in accordance with the requirements of the *RICS Appraisal and Valuation Standards* (March 2012 Edition).

13. Debtors

	2017	2016
	£	£
Other debtors	78,040	79,351
Accrued income	152,041	-
	<u>230,081</u>	<u>79,351</u>

Other debtors includes £50,000 due from subsidiary undertakings in respect of The DMT (Fontwell Land) Limited.

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	95,759	95,567
Other tax and social security	7,690	6,483
Committed grants	4,840,946	4,454,765
	<u>4,944,395</u>	<u>4,556,815</u>

15. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Committed grants	5,789,785	3,351,665
	<u>5,789,785</u>	<u>3,351,665</u>

16. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than one year	71,412	71,412
Later than one year and not later than five years	285,648	285,648
Later than five years	107,118	178,530
	<u>464,178</u>	<u>535,590</u>

17. Contingent liabilities / assets

In the opinion of the Trustees, the charity had no contingent liabilities or assets.

18. Reserves

	Balance at 1 April 2016	Incoming Resources	Resources Expended	Total
	£	£	£	£
Unrestricted Income Fund	87,340	3,936,920	(3,519,061)	505,199
Expendable Endowment	120,667,001	24,303,067	(4,255,503)	140,714,565
	<u>120,754,341</u>	<u>28,239,987</u>	<u>(7,774,564)</u>	<u>141,219,764</u>

Fund descriptions

All of the funds are unrestricted and available to meet the objectives of the Trust.

19. Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Total
	£	£	£
Fixed assets	-	143,541,543	143,541,543
Cash	11,009,298	(2,826,978)	8,182,320
Current assets	230,081	-	230,081
Creditors less than one year	(4,944,395)	-	(4,944,395)
Creditors more than one year	(5,789,785)	-	(5,789,785)
Total	<u>505,199</u>	<u>140,714,565</u>	<u>141,219,764</u>

20. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017	2016
	£	£
Net income / (expenditure) for year	20,465,423	(3,934,177)
Depreciation of tangible fixed assets	23,432	29,655
(Gains) / losses on investments	(21,693,800)	2,471,734
Loss on disposal of tangible fixed assets	5,574	-
(Profit)/Loss on disposal of fixed asset investments	(2,609,267)	23,829
(Increase) / decrease in debtors	(150,730)	6,696
Increase / (decrease) in creditors	2,825,700	1,620,679
Net cash flow from operating activities	<u>(1,133,668)</u>	<u>218,416</u>

21. Related party transactions

Until 30 April 2014, Mr R Perry was a partner in Veale Wasbrough Vizards LLP, and has remained a consultant to the firm since that date. Legal fees amounting to £16,274 (2016 - £20,840) were paid by the Trust to Veale Wasbrough Vizards during the year to 31 March 2017. At the year-end there is a balance due to Veale Wasbrough Vizards of £1,168 (2016: £1,710).

Grants paid to institutions where the Trustees of Dunhill Medical Trust have an involvement are disclosed in section 3.

22. Financial instruments

	2017	2016
	£	£
Financial assets measured at amortised cost		
Other debtors	78,040	79,351
Per accounts	<u>78,040</u>	<u>79,351</u>
Financial liabilities measured at amortised cost		
Trade creditors	95,759	95,567
Committed grants	<u>10,630,731</u>	<u>7,806,430</u>
	<u>10,726,490</u>	<u>7,901,997</u>

Assets generally covered would be basic loans made, trade debtors, other debtors, cash/bank deposits.

Financial assets measured at fair value through profit and loss comprise of quoted investments, details of which are given in note 12.

Liabilities would include basic loans received, trade creditors and other creditors, such as grant recipients.

3. New grants awarded, by category

GRANTS FOR ACADEMIC AND CLINICAL RESEARCHERS: PROJECT/PROGRAMME GRANTS

Principal Investigator	Institution	Topic of research	Grant award (£)
Dr C Price	Newcastle University	Development of a validated model to predict how the centralisation of emergency medical services will affect the health and care of older patients	£41,420
Professor D Young	Newcastle University	MicroRNAs are key mediators of cartilage destruction in osteoarthritis: <i>in vivo</i> , <i>in vitro</i> and <i>in silico</i> studies	£998,965
Dr L Bearne	King's College London	A brief physiotherapist-led behaviour-change intervention to facilitate walking in older people with peripheral arterial disease: A randomised controlled trial	£299,495
Professor A Bronstein	Imperial College London	Dizziness in the elderly – the role of small vessel disease	£242,621
Dr V Cvorc	NHS Fife	Associations between brain computed tomography (CT) abnormalities and delirium: a study in 3300 older emergency medical patients	£185,751
Professor M Kadhim	Oxford Brookes University	Cross Modulation between Stress Responses: The role of exosomes	£115,194
Dr T Etheridge	University of Exeter	Does NAD ⁺ precursor supplementation rejuvenate skeletal muscle mitochondrial function and physical capacity in ageing humans?	£73,983
Professor H Dawes	Oxford Brookes University	Exploration of the utility of standard physical, cognitive and visual functioning tests in order to determine the need for an on-road driving assessment in the ageing population	£48,807
Professor A Hollander	University of Liverpool	Providing a rational basis for the development of an injectable stem cell therapy for the treatment of osteoarthritis in ageing patients.	£212,603
Dr M Hollands	Liverpool John Moores University	Looking In the Right Places to Prevent Stair Falls in Older Adults	£134,797
Professor C Childs	Sheffield Hallam University	Assessment of thermal comfort in old and frail older people living in care homes: a feasibility study	£84,757
Dr B McGuinness	Queen's University Belfast	Periodontitis and future cognitive decline	£272,286
Professor A Jones	University of Manchester	Measuring and enhancing resilience to chronic pain in elderly patients with arthritis using neurofeedback	£155,424
Dr C Cooper*	University College London	Ethnic inequalities in access to dementia diagnosis and good quality care in the United Kingdom	£87,206
Dr K Whysall	University of Liverpool	Targeting oxidised microRNAs as potential therapeutic against sarcopaenia.	£197,222
Ms J Moriarty*	King's College London	Exploring working relationships between primary care and directly employed home care workers	£134,387
Dr R Parsons	King's College London	Investigating mechanisms underlying axonal death in Parkinson's disease - are SARM1 and NMNAT expression altered in the Parkinsonian brain?	£60,743
Professor K Rooney	University of the West of Scotland	Validation of an older person's pre hospital early warning score	£84,473

GRANTS FOR ACADEMIC AND CLINICAL RESEARCHERS: RESEARCH TRAINING FELLOWSHIPS

J Mehta	University of Liverpool	Impact of visual impairment on falls and fear of falling	£210,826
S Finnegan	University of Warwick	Life After Falls prevention Therapy involving ExeRcise (LAFTER)	£194,075
M McGlinchey	Kings College London	Improving the quality of physical rehabilitation for survivors of severe stroke- a preliminary investigation	£211,215
J Davies	Kings College London	Understanding the social determinants of outcomes important to older people at the end of life: reducing social inequality in palliative care	£165,906

*Grants in which a Dunhill Medical Trust special adviser has a significant involvement

GRANTS FOR COMMUNITY-BASED ORGANISATIONS

Charity	Purpose	Grant award (£)
Addenbrookes Charitable Trust	Dancing for Health project	£117,045
Age UK Canterbury	Salary of a Community Support Connector	£67,400
Age UK Islington	Social Connections project	£69,066
Age UK Northumberland	Long-term conditions project	£60,126
Age UK Shropshire	Friendship and Wellbeing Service	£60,514
Age UK Wigan	The Connect Up project	£15,000
Amersham United Charities	Renovation of Almshouses (New Staircase)	£25,000
Awyr Las	The Bikewell project	£6,720
Camphill Devon	Contribution to Merlin House Extension	£25,000
Chapter Arts Centre	Contribution to provision of dementia officer	£25,448
Contact the Elderly	The Manchester Tea party project	£40,646
Deafblind Scotland	Connect 2 Support Project	£26,524
Dorset Count Hospital CT	Supporting hospital patients with Dementia	£13,500
E Sussex Hearing RC	Total Communication project	£14,860
Estuary League of Friends	Contribution to new Community Hub	£25,000
Fairshares Gloucester	Gloucester Social Prescribing project	£85,166
Fynvola Foundation	Building - extension of dining room	£22,000
Green Pastures	Contribution towards the building of a new care home	£25,000
Growing Support	Care Home Gardening Activities project	£56,100
Helix Arts	Falling on your Feet dance health programme	£67,817
Lilian Faithfull Care	Contribution to new Day Care Centre at Lilian Faithful House	£25,000
Mid and East Antrim Agewell Partnership (MEAAP)	IMPACT Social Prescribing project	£998,145
Rainbow Centre	Contribution to long-term neurological conditions support project	£59,243
Reading Association for the Blind	Outreach visiting programme	£31,573
Social Care Institute for Excellence	Evaluation of MEAAP IMPACT project	£60,000
Stroud Court	Building - Transition Suite for care home	£25,129
Thorngate Almhouse Trust	Contribution to redevelopment of Lucas Court	£25,000
Us in a Bus	Reigate and Banstead Interaction Sessions	£23,000
Volunteer Now	Volunteer Social Prescribing Pilot (East Belfast)	£89,566
Walthew House	Information Safety Net project	£90,000

Summary of all grants awarded in the financial year 2016/17

Total grants for academic and clinical researchers	£4,212,156
Total grants for community-based organisations	<u>£2,274,588</u>
Grand total	<u>£6,486,744</u>

4. Schedule of quoted investments and income

	At 01.04.16 market value	Additions	Disposals	Gain/(Loss) unrealised	Gain/(Loss) realised	At 31.03.17 market value	Income received
	£	£	£	£	£	£	£
Colchester Global Investors Ltd (Global Bond Fund)	14,302,243	1,258,740	(1,857,435)	1,718,666	(317,865)	15,104,349	815,437
Silchester International Investors Ltd (The Calleva Trust - International equities ex US)	29,452,815	50,243	-	8,431,868	-	37,934,926	941,503
Cedar Rock Capital Fund plc (High quality branded equities)	18,619,016	-	-	4,481,486	-	23,100,502	329,820
Findlay Park Partners LLP (American Fund)	10,625,708	-	-	3,192,847	-	13,818,555	-
Heronbridge Investment Management LLP (UK Equity Fund)	5,511,991	-	-	1,102,473	-	6,614,464	159,947
The Charities Property Fund (Managed property portfolio)	11,794,287	-	-	74,240	-	11,868,527	578,034
Cazenove Capital Management (Schroder & Co Ltd- Income Fund)	16,360,024	-	(16,360,024)	-	-	-	723,551
Rathbone Brothers plc (Active Income & Growth Fund)	6,792,996	-	(6,792,996)	-	-	-	56
Troy - Trojan Investment	-	6,500,000	-	590,446	-	7,090,446	28,053
Troy - Ethical Income Fund	-	9,263,228	-	583,631	-	9,846,859	152,041
Dalton Capital Ltd (Melchior Selected Trust) (European equities)	2,243,394	-	(2,243,394)	-	-	-	-
Somerset Capital Management LLP (Global Emerging markets Fund)	5,528,404	-	-	1,290,676	-	6,819,080	120,437
M&G Investments	-	9,279,784	-	545,332	-	9,825,116	75,618
Total	121,230,878	26,351,995	(27,253,849)	22,011,665	(317,865)	142,022,824	3,924,497
Unrealised loss on Quoted Investments (above)				22,011,665			
Realised loss on Quoted Investments (above)				(317,865)			
Per Statement of Financial Activities				£21,693,800			



The
**Dunhill
Medical
Trust**

The Dunhill Medical Trust

t: 020 7403 3299

e: admin@dunhillmedical.org.uk

w: <http://dunhillmedical.org.uk>