

## AUDIT REPORT AND FINANCIAL STATEMENTS



### **Independent Auditors' Report to the Trustees of The Dunhill Medical Trust**

*We have audited the financial statements of the Dunhill Medical Trust for the year ended 31st March 2009 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.*

*This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.*

### **Respective responsibilities of trustees and auditors**

*The trustees' responsibilities 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) are set out in the Statement of Trustees' Responsibilities.*

*We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. 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 Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.*

*We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.*

### **Basis of audit opinion**

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

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

## **Opinion**

*In our opinion:*

- *the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charity as at 31st March 2009, and of its incoming resources and application of resources for the year then ended; and*
- *the financial statements have been properly prepared in accordance with the Charities Act 1993.*

**HLB Vantis Audit plc.**

*Chartered Accountants*

*Registered Auditors*

47 Holywell Hill

St Albans

Herts

AL1 1HD

Date 20 October 2009

# The DUNHILL MEDICAL TRUST

BALANCE SHEET at 31 March 2009



|  | Notes | Unrestricted<br>income fund<br>£ | Expendable<br>endowment<br>£ | Total funds<br>31.03.09<br>£ | Total funds<br>31.03.08<br>£ |
|--|-------|----------------------------------|------------------------------|------------------------------|------------------------------|
| <b>FIXED ASSETS</b>                    |       |                                  |                              |                              |                              |
| Tangible assets                        | 3     | –                                | 2,438,264                    | 2,438,264                    | 2,427,219                    |
| Investments                            | 4     | –                                | 71,058,904                   | 71,058,904                   | 83,612,805                   |
|  |       | <u>–</u>                         | <u>73,497,168</u>            | <u>73,497,168</u>            | <u>86,040,024</u>            |
| <b>CURRENT ASSETS</b>                  |       |                                  |                              |                              |                              |
| Debtors                                |       | 60,799                           | –                            | 60,799                       | 33,081                       |
| Cash at bank and in hand               |       | 2,103,412                        | 1,061,538                    | 3,164,950                    | 1,214,385                    |
|  |       | <u>2,164,211</u>                 | <u>1,061,538</u>             | <u>3,225,749</u>             | <u>1,247,466</u>             |
| <b>CREDITORS – due within one year</b> |       |                                  |                              |                              |                              |
| Committed grants                       | 11    | 2,021,134                        | –                            | 2,021,134                    | 1,065,219                    |
| Sundry Creditors                       |       | 38,070                           | 50,643                       | 88,713                       | 167,618                      |
|  |       | <u>2,059,204</u>                 | <u>50,643</u>                | <u>2,109,847</u>             | <u>1,232,837</u>             |
| NET CURRENT ASSETS                     |       | <u>105,007</u>                   | <u>1,010,895</u>             | <u>1,115,902</u>             | <u>14,629</u>                |
| TOTAL NET ASSETS                       |       | <u>105,007</u>                   | <u>74,508,063</u>            | <u>74,613,070</u>            | <u>86,054,653</u>            |
| <b>FUNDS OF THE CHARITY</b>            |       |                                  |                              |                              |                              |
| Per Statement of Financial Activities  |       | <u>105,007</u>                   | <u>74,508,063</u>            | <u>74,613,070</u>            | <u>86,054,653</u>            |

Approved by the Board of Trustees and signed on its behalf by:

**R E Perry**

Trustee

Date 20 October 2009



|  | Note or Section | Unrestricted income fund<br>£ | Expendable endowment<br>£ | 31.03.09<br>£       | 31.03.08<br>£      |
|--|-----------------|-------------------------------|---------------------------|---------------------|--------------------|
| <b>Incoming resources from generated funds</b>                             |                 |                               |                           |                     |                    |
| Investment Income  |                 |                               |                           |                     |                    |
| Dividends and Interest on quoted investments                               | <b>S4</b>       | 3,275,827                     | -                         | 3,275,827           | 3,152,462          |
| Income Tax reclaimed   |                 | 1,808                         | -                         | 1,808               | 1,541              |
| Rents  |                 | 74,531                        | -                         | 74,531              | 63,855             |
| Bank Interest  |                 | 35,526                        | -                         | 35,526              | 94,325             |
|  |                 | <u>3,387,692</u>              | <u>-</u>                  | <u>3,387,692</u>    | <u>3,312,183</u>   |
| <b>RESOURCES EXPENDED</b>  |                 |                               |                           |                     |                    |
| <b>Costs of generating funds</b>   |                 |                               |                           |                     |                    |
| Investment managers' fees  |                 | -                             | 234,333                   | 234,333             | 293,200            |
| <b>Charitable activities</b>   |                 |                               |                           |                     |                    |
| Grants   | <b>S3</b>       | 3,081,951                     | -                         | 3,081,951           | 3,064,069          |
| Support costs  | <b>5</b>        | 178,676                       | 79,695                    | 258,371             | 267,411            |
| <b>Governance costs</b>  | <b>5</b>        | 37,586                        | -                         | 37,586              | 35,339             |
| <b>Total resources expended</b>  |                 | <u>3,298,213</u>              | <u>314,028</u>            | <u>3,612,241</u>    | <u>3,660,019</u>   |
| <b>NET INCOMING/(OUTGOING) RESOURCES</b>                                   |                 |                               |                           |                     |                    |
| <b>before transfers</b>  |                 | 89,479                        | (314,028)                 | (224,549)           | (347,836)          |
| TRANSFERS BETWEEN FUNDS  |                 |                               |                           |                     |                    |
|  |                 | <u>-</u>                      | <u>-</u>                  | <u>-</u>            | <u>-</u>           |
| <b>NET INCOMING/(OUTGOING) RESOURCES</b>                                   |                 |                               |                           |                     |                    |
| <b>before other recognised gains &amp; losses</b>                          |                 | 89,479                        | (314,028)                 | (224,549)           | (347,836)          |
| <b>OTHER RECOGNISED GAINS &amp; LOSSES</b>                                 |                 |                               |                           |                     |                    |
| Gains/(losses) on revaluation and disposal of assets for charity's own use |                 | -                             | 9,000                     | 9,000               | (252,615)          |
| Gains/(losses) from Investment assets                                      | <b>4</b>        | -                             | (12,692,528)              | (12,692,528)        | (2,805,573)        |
| Exchange gains/(losses)  |                 | -                             | 1,466,494                 | 1,466,494           | (140,691)          |
| <b>Net movement in funds</b>   |                 | <u>89,479</u>                 | <u>(11,531,062)</u>       | <u>(11,441,583)</u> | <u>(3,546,715)</u> |
| <b>Reconciliation of funds</b>   |                 |                               |                           |                     |                    |
| <b>Total funds brought forward</b>   |                 | <u>15,528</u>                 | <u>86,039,125</u>         | <u>86,054,653</u>   | <u>89,601,368</u>  |
| <b>Total funds carried forward</b>   |                 | <u>105,007</u>                | <u>74,508,063</u>         | <u>74,613,070</u>   | <u>86,054,653</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 grantmaking. This activity is a continuing operation.

### 1 BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the statement of recommended practice *Accounting and Reporting by Charities* (SORP 2005) issued by the Charity Commission in March 2005 and with applicable UK Accounting Standards (except as detailed in note 2).

#### Accounting Convention

The Financial Statements are prepared under the historical cost convention as modified to include the revaluation of investment assets and functional properties.

#### Funds Structure

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.

### 2 ACCOUNTING POLICIES

- (a) Investments and development land are stated at the market value at the Balance Sheet date.
- (b) Quoted investments have been valued at middle market prices at the Balance Sheet date. Fixed interest stocks exclude accrued interest.
- (c) Income from investments is credited to the income fund in the year in which it is received. Bank deposit interest is credited to the income fund in the year in which it is received.
- (d) Rental income, less related costs, and commissions are credited to the income fund in the year in which they are receivable.
- (e) Expenditure has been charged to the income fund on an accruals basis. Overheads have been allocated to charitable and governance costs per notes 5 & 6.
- (f) Foreign currency transactions – dividends received, acquisitions and disposals of foreign investments are converted using the actual daily exchange rate. Bank balances held in foreign currencies are converted using the year end exchange rate and any exchange gain/loss resulting is credited to the Endowment Fund.
- (g) Functional property is stated at valuation as detailed in note 3, other fixed assets are stated at cost less provision for depreciation. The Trustees obtained a valuation of the property at 31 March 2007 and this valuation has been included in these accounts.
- (h) Depreciation – provision is made for depreciation on tangible assets, other than freehold property, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

|                  |                   |
|------------------|-------------------|
| motor vehicles   | 25% straight line |
| office equipment | 20% straight line |

Depreciation has not been provided on the freehold building. The freehold property is maintained in a continual state of sound repair; the Trustees consider that the life of the property is so long and the residual value, based upon current values is so high, that depreciation is immaterial. On this basis, any depreciation charge under FRS 15 would be immaterial and no depreciation has been charged.
- (i) The Trust makes grants to a variety of applicants in line with their policy stated in the Trustees report and on the fulfilment of specific conditions. The Trustees approve the payment of these grants at their quarterly meetings and it is on this basis that they are included in the accounts and charged against income or endowment as appropriate.

The financial statements also provide for grants awarded under the research fellowships partnership arrangements for which irrevocable commitment has been made.

3 FIXED ASSETS – Tangible

|                         | Freehold<br>property<br>£ | Motor<br>vehicle<br>£ | Office<br>equipment<br>£ | Total<br>£       |
|-------------------------|---------------------------|-----------------------|--------------------------|------------------|
| <b>Cost / valuation</b> |                           |                       |                          |                  |
| At 1 April 2008         | 2,420,000                 | 18,845                | 39,940                   | 2,478,785        |
| Additions in the year   | –                         | 19,390                | –                        | 19,390           |
| Disposals in the year   | –                         | (18,845)              | –                        | (18,845)         |
| At 31 March 2009        | <u>2,420,000</u>          | <u>19,390</u>         | <u>39,940</u>            | <u>2,479,330</u> |
| <b>Depreciation</b>     |                           |                       |                          |                  |
|                         | –                         | 25% SL                | 20% SL                   | –                |
| At 1 April 2008         | –                         | 18,845                | 32,721                   | 51,566           |
| Charge for the year     | –                         | 4,848                 | 3,497                    | 8,345            |
| On disposals            | –                         | (18,845)              | –                        | (18,845)         |
| At 31 March 2009        | <u>–</u>                  | <u>4,848</u>          | <u>36,218</u>            | <u>41,066</u>    |
| <b>Net book value</b>   |                           |                       |                          |                  |
| At 31 March 2009        | <u>2,420,000</u>          | <u>14,542</u>         | <u>3,722</u>             | <u>2,438,264</u> |
| At 31 March 2008        | <u>2,420,000</u>          | <u>–</u>              | <u>7,219</u>             | <u>2,427,219</u> |

The Trust's freehold interest was valued on 31 March 2007 by an External Valuer, Daniel Watney Chartered Surveyors, in accordance with the requirements of the RICS *Appraisal and Valuation Standards* and *FRS 15*.

The valuation approach adopted was Market Value assuming that the property would be sold subject to the existing leases and was primarily derived from comparable recent market transactions on arm's length terms.

4 FIXED ASSET INVESTMENTS

|  | Market<br>Value at<br>31.3.08<br>£ | Additions<br>at cost<br>£ | Disposal<br>Proceeds<br>£ | Unrealised<br>& Realised<br>Gain/(Loss)<br>£ | Market<br>Value at<br>31.3.09<br>£ |
|--|------------------------------------|---------------------------|---------------------------|--|------------------------------------|
| Quoted Investments                                 | 81,759,504                         | 18,691,445                | 18,565,727                | (12,692,528)                                 | 69,192,694                         |
| Development Land                                   | 481,000                            | –                         | –                         | –  | 481,000                            |
|  | <u>82,240,504</u>                  | <u>18,691,445</u>         | <u>18,565,727</u>         | <u>(12,692,528)</u>                          | <u>69,673,694</u>                  |
| Bank balances controlled<br>by Investment Managers | 1,372,301                          |                           |                           |  | 1,385,210                          |
|  | <u>83,612,805</u>                  |                           |                           |  | <u>71,058,904</u>                  |

|   | Market<br>Value at<br>31.3.09<br>£ | Market<br>Value at<br>31.3.08<br>£ |
|---|------------------------------------|------------------------------------|
| <b>Quoted investments</b>                       |                                    |                                    |
| <b>Managed funds</b>                            |                                    |                                    |
| UK – Property Fund                              | 2,996,815                          | 4,237,879                          |
| UK Investments                                  | 1,937,254                          | 2,499,640                          |
| International Investments                       | 30,589,572                         | 29,969,087                         |
| <b>Equities &amp; fixed interest securities</b> |                                    |                                    |
| UK  | 20,507,870                         | 32,031,872                         |
| International                                   | 13,161,183                         | 13,021,026                         |
|   | <u>69,192,694</u>                  | <u>81,759,504</u>                  |

None of the direct holdings in equities and fixed interest securities exceed 5% of the portfolio and there are no restrictions on realisation

5 Allocation of Support Costs and Overheads

| Unrestricted Income Fund                 | Charitable<br>Activities<br>£ | Governance<br>Costs<br>£ | Total<br>Year ended<br>31.3.09<br>£ | Total<br>Year ended<br>31.3.08<br>£ |
|--|-------------------------------|--------------------------|-------------------------------------|-------------------------------------|
| <b>Establishment expenses</b>            |                               |                          |                                     |                                     |
| Light and heat                           | 413                           | –                        | 413                                 | 177                                 |
| Rates and water and service charge       | (3,038)                       | –                        | (3,038)                             | 7,911                               |
| Repairs and renewals                     | 6,446                         | –                        | 6,446                               | 3,990                               |
| Insurance                                | 6,411                         | –                        | 6,411                               | 11,587                              |
| Cleaning                                 | 49                            | –                        | 49                                  | 858                                 |
|  | 10,281                        | –                        | 10,281                              | 24,523                              |
| <b>Administration expenses</b>           |                               |                          |                                     |                                     |
| Salaries and National Insurance          | 99,649                        | 24,912                   | 124,561                             | 119,368                             |
| Staff recruitment & training             | 324                           | 81                       | 405                                 | 405                                 |
| Pension contributions                    | 8,854                         | 2,213                    | 11,067                              | 10,733                              |
| Telephone                                | 1,162                         | –                        | 1,162                               | 1,158                               |
| Stationery & postage                     | 4,700                         | –                        | 4,700                               | 3,928                               |
| Subscriptions                            | 3,217                         | –                        | 3,217                               | 2,197                               |
| Computers & photocopiers                 | 7,790                         | –                        | 7,790                               | 8,485                               |
| Motor and petrol expenses                | 1,117                         | –                        | 1,117                               | 1,271                               |
| Travel and hotel expenses                | 4,621                         | –                        | 4,621                               | 4,331                               |
| Catering, trustee, & management meetings | 1,518                         | 380                      | 1,898                               | 1,184                               |
| Depreciation                             |                               |                          |                                     |                                     |
|  | 4,848                         | –                        | 4,848                               | 4,712                               |
|  | 3,497                         | –                        | 3,497                               | 3,997                               |
| Sundry                                   | 4,273                         | –                        | 4,273                               | 4,532                               |
| Insurance                                | 5,378                         | –                        | 5,378                               | 5,792                               |
|  | 150,948                       | 27,586                   | 178,534                             | 172,093                             |
| <b>Finance Expenses</b>                  |                               |                          |                                     |                                     |
| Bank charges                             | 257                           | –                        | 257                                 | 220                                 |
| Legal and professional                   | 6,276                         | –                        | 6,276                               | 19,340                              |
| Accountancy & audit fees                 | 10,914                        | 10,000                   | 20,914                              | 19,210                              |
|  | 17,447                        | 10,000                   | 27,447                              | 38,770                              |
| <b>Expendable Endowment</b>              |                               |                          |                                     |                                     |
| Legal and accountancy fees               | 79,695                        | –                        | 79,695                              | 67,364                              |
| <b>Total per SOFA</b>                    | <b>258,371</b>                | <b>37,586</b>            | <b>295,957</b>                      | <b>302,750</b>                      |

## 6 GOVERNANCE COSTS & 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 & basis of analysis             | Total   | Governance    | Support costs  |
|---|---------|---------------|----------------|
| Staff Salaries and NI (Staff time)        | 124,561 | 24,912        | 99,649         |
| Staff Pension (Staff time)                | 11,067  | 2,213         | 8,854          |
| Catering, trustee and management meetings | 1,898   | 380           | 1,518          |
| Training (Staff time)                     | 405     | 81            | 324            |
|   |         | <u>27,586</u> | <u>110,345</u> |

## 7 AUDIT AND ACCOUNTANCY FEES

|  | Year ended<br>31.03.09 | Year ended<br>31.03.08 |
|--|------------------------|------------------------|
| Total fees comprise                                    | £                      | £                      |
| Audit fees   | 10,000                 | 9,000                  |
| Taxation fees  | 8,000                  | 8,000                  |
| Management accounts, book-keeping and consultancy fees | 65,656                 | 55,838                 |
|  | <u>83,656</u>          | <u>72,838</u>          |

## 8 TRUSTEES LIABILITY INSURANCE

|                          | Year ended<br>31.03.09 | Year ended<br>31.03.08 |
|--------------------------|------------------------|------------------------|
|                          | £                      | £                      |
| Premiums charged in year | <u>5,378</u>           | <u>5,792</u>           |

## 9 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

- i) Mr R Perry is a partner in *Vizards Tweedie LLP*, solicitors. Legal fees amounting to £22,604 were paid by the Trust to Vizards Tweedie during the year.
- ii) Trustees were reimbursed expenses of £1,497 during the year.
- iii) Grants paid to institutions where the Trustees of Dunhill Medical Trust have an involvement are disclosed in section 3.

**10 EMOLUMENTS OF EMPLOYEES**

|                       | Year ended<br>31.03.09 | Year ended<br>31.03.08 |
|-----------------------|------------------------|------------------------|
|                       | £                      | £                      |
| Directors emoluments  | 73,057                 | 70,691                 |
| Employees emoluments  | 40,404                 | 39,621                 |
| Pension Contributions | 11,067                 | 10,737                 |
| Employers N.I.        | 13,177                 | 12,372                 |
|                       | <u>137,705</u>         | <u>133,421</u>         |

In the year ended 31st March 2009 and 31st March 2008 one employee received emoluments in the band £70,000 to £80,000.

In the year ended 31st March 2009, pension contributions were made in respect of two employees. The contributions were paid to defined contribution plans and accounted for in line with FRS 17.

There were two employees during the year.

**11 COMMITMENTS AND CONTINGENT LIABILITIES**

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

Provision of £1,781,356 has been made in the accounts for grants which will be settled in 2009/2010.

The Trustees have expressed the intention to grant funds totalling £1,836,000 to various projects which will be spread over the next three years. The Trustees retain the option to discontinue future instalments on these projects if various conditions are not met. No provision has been made for these grants in the Financial Statements.