

The Eileen Trust

Annual Report and Accounts

for the period ending

31st March 1994

The Eileen Trust

Trustees

The Reverend Prebendary Alan Tanner (Chairman)

Dr Elizabeth Mayne

Alan Palmer

Susan Phipps

Patricia Winterton

Registered Office

PO Box 627

London

SW1H 0QG

Trust Staff

(Staff of the Macfarlane Trust, appointed by the Trustees
to act for the Eileen Trust in their respective capacities)

John Williams - Secretary to the Trustees

Tudur Williams - Social Worker

Patricia Le Sage - Secretary

Funmi Hassan - Clerical Officer

Bankers

Lloyds Bank plc

1 Butler Place

Victoria Street

London

SW1H 0PR

Auditors

Glazers

843 Finchley Road

London

NW11 8NA

Introduction

In 1992 the Government established a "Scheme of payments for those infected with HIV through blood or tissue transfer", with the intention of making settlement payments to them, or the dependants of any who had died, at a level comparable with the payments previously made to people with haemophilia who had acquired HIV through contaminated blood products.

As part of this scheme it was declared that "a special needs fund shall be set up by the Secretary of State for the benefit of qualifying persons under the Scheme". This again would provide a service similar to that already provided by the Macfarlane Trust for people with haemophilia.

It was known that the group would be small and hence that an organisation to administer the fund would be unlikely to be viable as a self-contained unit. The Department of Health therefore invited the Macfarlane Trust to consider providing the administrative backing for the new fund. This would also provide the advantage of staff already experienced with a similar condition and similar problems.

Full integration with the Macfarlane Trust was considered, and would have been acceptable to the various parties involved, but legal difficulties with the necessary changes to the Macfarlane Trust Deed would have created unacceptable delays. It was therefore agreed that the special needs fund should be controlled by a new charitable Trust and that the administration of this charity should be provided as a service by the Macfarlane Trust under terms to be agreed between the two Trusts.

The Eileen Trust was therefore created for this purpose and the Deed of Declaration of the Trust was signed on 29th March 1993.

Trustees Report

In setting up the Eileen Trust it had been acknowledged that the Eileen and Macfarlane Trusts, in dealing with people whose situations and problems had much in common, would be likely to pursue or develop broadly similar policies. In so far as the needs of the two groups were the same, major differences in policy between the two Trusts could have created a sense of dissatisfaction in people cared for by one or the other.

Without intruding on the autonomy of either a close exchange of information between the Trusts has therefore been implicit, and it was agreed by the Secretary of State that for as long as the Eileen Trust remained lodged with the Macfarlane Trust some of the existing Trustees would serve on both Trusts.

Thus three Trustees of the Macfarlane Trust were appointed as the 'original' Trustees to the Eileen Trust, enabling the Trust to be founded before the end of March 1993 and to receive the founding grant of £500,000 from the Department of Health.

These original Trustees were able to open Trust accounts and to give directives to the staff to make the necessary preparations for the administration of Trust affairs but they avoided making major policy decisions until all five Trustees had been appointed. This was not until late June 1993 and the first full and formal meeting of Trustees was held on Thursday, 1st July 1993.

This did not delay bringing assistance to beneficiaries as the setting up of the Trust had proceeded in parallel with the approach by the Department of Health to those eligible for help from the new Trust, to seek their authority for their names to be forwarded to the Trust. The first short list of 10 nominees had been received from the Department on 28th June 1993.

At this stage it was known that 46 people in England, Wales and Northern Ireland and 11 from Scotland had qualified for the scheme of settlement payments.

Not all of these would be eligible for registration with the Trust, but allowing for applications still under validation with the Department it was estimated that the eventual registration with the Trust would probably be between 50 and 60, and possibly but most unlikely as high as 100.

This uncertainty over the eventual number of registrants continues. At 31st March 1994 only 24 people had registered with the Trust and the forecast of eventual numbers was very little more reliable than the initial estimates, though tending to retreat from the upper limit.

This clearly inhibits the ability to forecast likely future expenditure. At this early stage it is not a serious problem but it does mean that decisions on expenditure must be pragmatic and to a degree even tentative.

Fortunately demands on the Trust have not been excessive and it has been possible to respond to requests for help without fear that any undesirable precedents have been established.

Assistance - Financial

Financial assistance has been in three forms:

Single Grants Either at the request of individuals or as the result of investigations by the Social Worker a number of single grants have been approved. The 15 grants made total £11,149. Each of these grants has been considered individually and no standard responses have been developed. However as a result of this experience it is likely that a certain number of general guidelines can be developed in order that authority for making grants for certain purposes can be delegated to the staff within specified financial limits.

Regular Payments Having closely reviewed the experience and investigations of the Macfarlane Trust it was agreed that the extra cost of living directly attributable to HIV was a considerable burden to all, irrespective of health or means and that this should be recognised by payment on a continuous basis to anyone who requested it. The extra burden to those on lower incomes, particularly those living entirely on benefits, was also considered as justifying a graded addition to this basic payment; and the rapidly escalating costs of advancing sickness as calling for a supplement over whatever basic or higher payment was made.

The regular payments system was started in August 1993 at a standard basic rate of £70 a month. Income based higher rates, up to a maximum of £230 a month were introduced in January 1994 and the sickness related addition of £50 a month was available from March.

At the end of the year a total of 15 people were receiving a regular payment of some kind (all the living registered people). A total of £13,585 had been paid out in this way.

Winter Payments The Trustees recognised that there are extra costs of caring for health in the winter, principally by way of domestic heating costs but also from clothing and dietary needs. These costs also frequently arise as single large bills rather than as routine costs and hence support was approved in the form of a lump sum extra payment of £500, made in November. A total of 17 such payments (including 2 for infected intimates) was made at a cost of £8,500.

Total Payments A total of £33,234 was therefore paid in financial help during the year. For two thirds of this total (£22,085) the choice of the use of the money was deliberately given to the individuals so that they could determine their own priorities according to their needs. At the same time they would be spared the stress of having to make repeated applications for day-to-day expenses which were not individually significant but overall could add up to a major burden.

Assistance Other than Financial

The Trust maintains a helpline open throughout normal office hours. Advice and assistance is available on a number of potential problems, particularly in dealing with welfare benefits, mortgages and housing and general financial matters.

The Trust does not have anyone qualified to give specialist legal or investment advice but can give basic advice and guide enquirers on how to obtain any professional help they may need.

Equally the Trust has no-one qualified to offer in-depth counselling but the staff are always available for confidential discussion of personal problems of any kind with a view to providing practical advice and guidance.

In addition to this telephone service a home visit service is available where this would be of value. This has invariably been offered at first registration, to enable people to get to know someone from the Trust and to receive a full explanation of the Trust service and a review of their personal needs. Eleven (46%) new registrants took advantage of this offer.

Finance

A founding grant of £500,000 was received from the Government on 29th March 1993.

The Trustees considered possible investment strategies and obtained advice and proposals from a number of sources. It was decided not to attempt any direct control of investment nor to employ managers under any type of discretionary control but to opt for the security and simplicity of charitable common investment funds.

It was decided to invest the money in three tiers, the first in cash, the second in a fund which would provide a good overall yield and could also be readily drawn on without penalty to provide further cash as needed, and the third in a longer term fund aimed at capital growth as a hedge against inflation.

After consideration of various options to meet this strategy it was decided to divide the investment as follows:

Cash: £30,000 at Bank

£70,000 at Charities Aid Foundation 'CAFCASH' Deposit

Mid-term: £250,000 with CAF Income Fund

Long-term: £150,000 with Schroders Charity Equity Fund (Accumulation)

Investment in charitable common funds could not be completed until the Trust had been registered with the Charity Commissioners. This process was not handled by the Trust but by the Department of Health, and was completed in November 1993. In the meantime the grant money had been left in a premium account at the bank.

The delay in registration meant that the Trust was not able to take advantage of the strong rise in the equity market in 1993 and that the investment was made at a time that proved to be only just short of a peak, since when the Trust has suffered from the falling market of the first quarter of 1994, seeing the value of the £400,000 invested fall by £35,742.

Although this loss should be regained before there is a need to draw upon any of these funds it is nevertheless a considerable disappointment to the Trustees that the opportunity to make a gainful start with the investment of the fund had been lost in this way. Nonetheless no immediate change is envisaged in the overall strategy or the distribution of investment funds.

Conclusion

The Trustees wish to acknowledge their satisfaction with the agreement made with the Macfarlane Trust and with the administrative support that has been provided as a result of that agreement.

The Trustees believe that in this first year a sound start has been made on the process of providing the assistance for which the Trust was founded. In the development of policies and procedures the experience of the Macfarlane Trust has been used as an example rather than as a pattern, and this has enabled some decisions to be made which would have been very difficult while this Trust still has so little information on the eventual number of people who will become eligible for its help.

So far the similarities between the two groups are probably more evident than the differences. However, some differences do exist and the Eileen Trust will continue to examine the needs of the people registered and seek to provide the appropriate response to them.

Accounts

From the foundation of the Trust to 31st March 1994

Responsibilities of Trustees

The Trustees of the Eileen Trust are responsible for the preparation of the financial statements for each financial year which shall give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that year. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue its operations.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Trust which will enable it to ensure that the financial statements comply with the terms of the Trust. They are also responsible for safeguarding assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts on pages 6 to 8 have been prepared in accordance with these responsibilities. The Auditors Report is on page 9.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 1994

	<u>Notes</u>	<u>Unrestricted Funds</u> <u>General</u>	<u>Designated</u> <u>(Management)</u>	<u>Total</u>	<u>Founding</u> <u>Grants</u>
		£	£	£	£
Resources Arising					
Donations		-	-	-	10
Investment Income					
Bank Deposit Interest		17347	-	17347	
CAF Cash Interest		1071	-	1071	
Section 64 Grant		-	25000	25000	
Government Capital Grant		-	-	-	500000
		-----	-----	-----	-----
Gross resources arising in the year		18418	25000	43418	500010
		-----	-----	-----	-----
Use of Resources					
Direct Charitable Expenditure (2)					
Grants		11149	-	11149	-
Special Winter Payments		8500	-	8500	-
Regular Payments		13585	-	13585	-
Administrative Costs (3)		-	19919	19919	-
Returnable Sec 64 Grant		-	5081	5081	-
		-----	-----	-----	-----
Resources Used in year		33234	25000	58234	-
		-----	-----	-----	-----
Changes in resources before transfers & valuations		(14816)	-	(14816)	500010
Unrealised Gains & Losses					
Unrealised Loss on Investments		(35742)	-	(35742)	-
		-----	-----	-----	-----
Net Increase/(decrease) of resources in year		(50558)	-	(50558)	500010
		=====	=====	=====	=====

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 1994

	<u>Notes</u>	Unrestricted Funds <u>General</u> £	<u>Management</u> £	<u>Total</u> £
Founding Grant - April 1993		500010	-	500010
Movement in year				
Changes to fixed assets		-	-	-
Net decrease of resources		(50558)	-	(50558)
		-----	-----	-----
Balance carried forward				
31 March 1994		449452	-	449452
		=====	=====	=====
Represented By: -				
Investment assets: Schrodgers (4)		140375	-	140375
CAFIInvest (5)		223883	-	223883
Cash assets: Bank		14123	6256	20379
CAFCash		71071	-	71071
Current liabilities - S64 Grants (6)		-	(5081)	(5081)
- Accruals		-	(1175)	(1175)
		-----	-----	-----
		449452	-	449452
		=====	=====	=====
Unrealised gains/(losses) included above:				
Schrodgers		(9625)	-	(9625)
CAFIInvest		(26117)	-	(26117)
		-----	-----	-----
Total unrealised loss		(35742)	-	(35742)
		=====	=====	=====

The financial statements on pages 6 to 8 were approved by the Trustees on 24th May 1994 (M94.19) and are signed on their behalf by: -

GRO-C: J Williams

.....
Secretary to the Trustees

14th June 1994

NOTES TO THE ACCOUNTS

1. Accounting Policies

- a. The accounts have been prepared under the historical cost convention.
- b. The accounts have been prepared on the basis of payments and receipts in the year and not on an accruals basis.

2. Direct Charitable Expenditure

- a. 15 single grants were made of amounts varying from £100 to £3000.
- b. 17 winter payments were made at a standard rate of £500.
- c. 15 people have received regular payments at rates varying from £70 to £225 a month according to circumstances. To this a supplement of £50 per month may be added for health reasons.

3. Administrative Costs

The majority of administrative costs are paid by fee to the Macfarlane Trust under the terms of a management agreement made between the Trustees of the two Trusts.

	Payments		Total
	By fee	Direct	Costs
Salaries	7860	-	7860
Travel and subsistence	-	1263	1263
Rent and rates	3004	-	3004
Premises maintenance	748	-	748
Telephone and fax	928	-	928
Equipment and furniture	3163	-	3163
Stationery and printing	665	377	1042
Postage	395	180	575
Audit and accountancy	-	1175	1175
Bank charges	-	110	110
General expenses	51	-	51
	-----	-----	-----
	16814	3105	19919
	-----	-----	-----

4. Investments - Schroders Charity Equity Fund

£150000 was invested in this fund on 21 December 1993 purchasing 97320.4438 accumulated units.

5. Investment - Charities Aid Foundation

£250000 was invested in the CAF Income Fund on 28th December 1993 purchasing 363742.18 units.

6. Section 64 Grants

Section 64 Grants are made on the understanding that unused funds are returnable to the Department of Health.

Auditors' Report to the Trustees of the Eileen Trust

We have audited the financial statement on pages 6 to 8 which have been prepared on the basis of the accounting policies set out on page 8.

Respective Responsibilities of Trustees and Auditors

As described on page 5 the Trustees of the Eileen Trust are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances, are consistently applied and are 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 mis-statement, 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 of the state of affairs of the Eileen Trust as at 31 March 1994 and of the Trusts surplus/(deficit) for the year then ended.

Glaziers
Chartered Accountants
Registered Auditors
843 Finchley Road
London
NW11 8NA

14 June 1994