

Registered Charity Number: 1142529

**THE CAXTON FOUNDATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

THE CAXTON FOUNDATION

TRUSTEE'S REPORT

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THE CAXTON FOUNDATION

TRUSTEE'S REPORT

STATEMENT FROM THE CHAIR OF CAXTON TRUSTEE LIMITED

2016/17 has been a challenging year for the Caxton Foundation, and one which has been dominated by uncertainty about the organisation's future and its role in supporting those who were infected with Hepatitis C as a result of contaminated blood, and their families.

In my last statement I reported on the changes which the Department of Health (DH) in England had announced in July 2016, many of which were positive for Caxton's beneficiary community overall because of the additional support they would receive via the Skipton Fund. DH had also announced that it intended to move towards a single scheme administrator, instead of the five existing Alliance House organisations, of which Caxton is one. In September 2016 DH announced that it would be using a public procurement exercise to appoint the new administrator, and Caxton and the other four Alliance House organisations had intended to submit a joint bid when the Invitation to Tender was published. Following long delays to the procurement timetable which DH had originally published, in March 2017 the Minister announced that the procurement process would not take place and that the NHS Business Services Authority (BSA) would take on the role of the new scheme administrator during 2017/18.

Caxton and the other Alliance House organisations are disappointed not to have been given an opportunity to submit proposals to continue to administer support for those infected with Hepatitis C and HIV, given their combined experience which dates back to 1988 in the case of the Macfarlane Trust (MFT). DH have stressed that the decision to appoint BSA is no reflection on the service that Caxton and the other organisations have been providing. At the time of writing, we have been advised that the service will transfer to BSA on 1 November 2017. BSA has also undertaken to run the service from offices in central London until February 2019. However, as BSA is based in Newcastle, there is a real risk that in the medium term, the expertise of Caxton Staff, and staff of the other Alliance House entities, will be lost.

Caxton is concerned that BSA may not be able to provide the level of individual support to beneficiaries that the existing schemes - in particular Caxton and the other charities - have been providing for many years. As further consultation was announced by DH in March 2017 - which contains proposals to reduce new levels of support only announced in July 2016 but not yet implemented - Caxton is concerned that the beneficiary community will receive less support in future. We will do our very best to persuade BSA to continue delivering Caxton's Mission and Values. At the time of writing, the Government had not published its response to the consultation. Shortly before the signing of these accounts, on 11 July 2017, the Prime Minister announced that there would be a public inquiry into contaminated blood. At this stage, we do not know what impact, if any, there will be on the reforms to the schemes that are already in progress.

This has been an extremely unsettling year for staff. We have been very fortunate that staff have stayed with us during this difficult time and have continued to provide a high level of service to beneficiaries whilst their own futures have been uncertain, and on behalf of the entire board I would like to thank them for their dedication. I would particularly like to thank Jan Barlow, our Chief Executive, for her leadership during this time, ensuring that the organisation has continued to meet its objectives.

Chris Pond
Chair of Caxton Trustee Limited

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TRUSTEE'S REPORT

Registered Charity Number 1142529

Registered Address

Alliance House
12 Caxton Street
London SW1H 0QS

www.caxtonfoundation.org.uk

Trustee

Caxton Trustee Limited

Directors of Caxton Trustee Limited

Chris Pond (Chair)
Richard Finlay
Siobhain Butterworth
Margaret Kennedy
Vijay Sharma
David Atterbury Thomas
Professor Howard Thomas

Chief Executive

Jan Barlow

Bankers

Lloyds TSB Bank
Butler Place Branch, PO Box 132
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Westminster SW1H 0PR

Solicitors

Governance & Charity Law

Wilsons Solicitors LLP
Steynings House
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Employment Law

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Auditors

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Belgrave House, 39-43 Monument Hill
Weybridge, Surrey, KT13 8RN

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GOVERNANCE AND ADMINISTRATION

Caxton is directed by Caxton Trustee Limited (CTL), a company limited by guarantee, the board of which comprises those who would otherwise have been individual Trustees with unlimited personal liability. CTL is bound by Caxton's Trust Deed. The appointments of the directors of Caxton Trustee Ltd are approved by the Health Minister. Upon appointment, each board member is given a comprehensive induction pack and visits Caxton's offices for briefing and operational information. Caxton currently has two board sub-committees: a National Welfare Committee and an Audit Committee.

Five organisations involved in supporting people infected with HIV and/or Hepatitis C operate out of Alliance House; three of these are charities and two are limited companies. Details of these five organisations are set out below. All are wholly-funded by the DH.

Since its establishment in 2011, Caxton has provided administrative support to the other four Alliance House entities. It acts as the employer for all staff. The "service delivery" costs for staff and rent are shared according to the budgeted operating costs across the Alliance House entities; in the case of the Macfarlane Trust, there is a Service Level Agreement with Caxton. The DH pays Caxton directly for these service delivery costs for all five Alliance House entities. Some staff are employed solely to work on one particular organisation, others undertake work for more than one.

The Macfarlane Trust, registered charity number 298863, was set up in 1988 to support people with haemophilia who were infected with HIV as a result of contaminated NHS blood products, and their spouses, parents, children and dependents. There are no joint board members between Caxton and MFT, but there is a Joint Liaison Committee, comprising members of the Caxton and MFT boards, which oversees the Service Level Agreement between the two organisations.

Eileen Trust, a registered charity number 1028027, was set up in 1993 to support people without haemophilia who were infected with HIV as a result of contaminated blood or tissue products. One MFT Trustee is also a Trustee of the Eileen Trust.

MFET Limited (The Macfarlane & Eileen Trust Ltd), a registered company number 07121661, was set up in 2010 to make non-discretionary payments to infected registrants of the Macfarlane Trust and the Eileen Trust, ie to people infected with HIV as a result of contaminated blood/blood products/tissue. The Chair of MFT and the Chair of the Eileen Trust are sole Directors of MFET.

Skipton Fund Limited, a registered company number 05084964, was set up in 2004 to make payments to certain people who were chronically infected with Hepatitis C through treatment with NHS blood or blood products prior to September 1991 and other persons eligible for payment in accordance with the scheme's provisions. The Scheme makes Stage 1 and Stage 2 lump sum payments. Stage 1 payments are made to people who can prove, on the balance of probabilities, that they were infected with NHS blood/blood products, regardless of the stage of progression of the infection, or the impact it is having on their health or lives. Stage 2 payments are made to those who have progressed to categories of advanced liver disease or B cell non-Hodgkin's lymphoma. In addition, those who have received a Stage 1 or Stage 2 lump sum payment also receive an annual payment; the annual payment for those at Stage 1, which is lower than for those at Stage 2, was introduced in 2016/17. One MFT Trustee, one Eileen Trust Trustee and one Caxton board member are currently Directors of Skipton.

OPERATIONAL REVIEW

Objectives

Caxton's objectives, as specified in its Trust Deed, are to provide financial assistance and other benefits to meet any charitable need of:

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- individuals who have received blood, blood products or tissues from the National Health Service and in consequence have been infected with Hepatitis C, and any individual who has been so infected by such a person, each of whom has received a non-discretionary Stage 1 payment from Skipton (these people being termed Primary Beneficiaries); and
- the partners, parents, carers, children and dependants both of Primary Beneficiaries who have died, and of any other individuals who died before 29 August 2003 and whose estates have received a payment from Skipton.

Vision, Mission, Values

Vision: Caxton wants everyone who has been affected by Hepatitis C derived from the NHS to be able to live a positive, fulfilling and independent life.

Mission: We will reach out to all those affected by Hepatitis C derived from the NHS and work with them to improve the quality of their lives.

Values:

Respect – We will treat our beneficiaries with respect

Fairness – We will treat our beneficiaries fairly and consistently

Sound stewardship – We will use our resources in the most efficient way

Confidentiality – We will respect the confidentiality of all our beneficiaries

Caring and responsiveness – We will be caring and responsive in the way we engage with our beneficiaries

Empowerment – We will support our beneficiaries in ways which help them to live fulfilling and independent lives and try to be as creative as possible when developing policy

Engaging – We will work to engage our beneficiaries and other stakeholders in developing policy, and consult them about our plans for the future

How Caxton's activities deliver public benefit

The Trustee board has referred to the Charity Commission's guidance on public benefit when reviewing the charity's objectives and in planning its future activities. In particular, it considers how planned activities will contribute to the objectives that have been set.

Caxton's main activities and those whom it seeks to help are described below. All the charitable activities of Caxton focus on its main objectives and are undertaken to further its charitable purposes for the benefit of others.

Skipton and Caxton

Skipton makes two levels of lump sum payment and two levels of regular payment:

Stage 1 payment of £20,000

Stage 1 payments are made to people (or to the estates of such people who have died) who were chronically infected with Hepatitis C. Skipton has made over 5,450 Stage 1 payments, and continues to make about 110 new Stage 1 payments annually.

Stage 2 payment of £50,000

Stage 2 payments are made to people (or to the estates of such people who have died) whose Hepatitis C infection has led to cirrhosis, primary liver cancer, the need for a liver transplant or to B-cell non-Hodgkin's lymphoma. The Stage 2 payment, initially set at £25,000, was doubled at the same time as the intention to

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set up Caxton was announced. By 31 March 2017 1,751 Stage 2 payments had been made, 32% of the number of Stage 1 payments, a proportion which is gradually rising.

Regular annual payment

Living recipients of Stage 1 and Stage 2 payments receive annual payments from Skipton, in monthly or quarterly instalments, which in the year under review amounted to £3,500 for those at Stage 1 and £15,500 for those at Stage 2. The regular payments for those at Stage 1 were introduced in 2016/17. Both annual amounts incorporate a £500 winter fuel payment.

Caxton's beneficiary community

As at 31 March 2017, a total of 1,323 beneficiaries were registered with Caxton, an increase of 10% on the previous year. 1,036 were primary beneficiaries infected with Hepatitis C.

Support to beneficiaries in 2016/17 and future plans

Grants

The National Welfare Committee (NWC) is a subcommittee of the board, and meets approximately every six weeks to consider grant applications. In between meetings there is also a mechanism for the NWC to consider urgent requests; in emergencies, we have been able to approve applications within 24 hours once all the necessary information has been received from a beneficiary. Certain grants can also be approved by staff, working to criteria set by the board, to enable many routine grant requests to be processed more quickly than through the NWC. As in previous years, during the course of 2016/17 the NWC continued to delegate further grant areas to staff for approval, enabling even more grant applications to be processed more quickly. As at 31 March 2017 the average turnaround times for NWC grants was 9 days (9 days in 2015/16), and the average turnaround times for grants approved by staff was 2 days (2 days in 2015/16).

The types of support that have been provided have been quite wide-ranging, and some of the most common types of assistance provided have included:

- financial support whilst people undergo treatment for Hepatitis C to ensure that the prospect of loss of earnings and additional costs associated with the treatment, such as travel, do not deter people from opting for treatment
- respite breaks for those with Hepatitis C and their spouses/partners/carers
- health and mobility-related repairs and adaptations to people's homes
- support with debt and money management, including referrals to a specialist debt counsellor and benefits adviser
- financial assistance with the purchase of essential household items
- support with vehicle maintenance costs to ensure people can retain their mobility and independence
- financial support to enable people to undergo re-training

When Caxton was set up, because of the uncertainty around the number of people who would come forward for support, a poverty benchmark of £14,000 income per annum based on external benchmarks was initially set, and people were asked to declare full details of their financial circumstances at the time of registration. In practice it has not proved necessary to apply this benchmark, and therefore from 2013/14 onwards the organisation stopped requesting this information as routine from everyone when they register. However, experience has shown that having information regarding beneficiaries' income and expenditure situation when grant applications are being considered has been beneficial. Often, the item for which support is being requested is symptomatic of a deeper, underlying problem, particularly in relation to debt, money management, and accessing benefits. We have been able to offer people far more holistic support as a result of having information about household finances and therefore, even though we do not request this from everyone on registration, we continue to request this information as part of the grant application process.

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Winter fuel payments

In 2016/17 we made a £500 winter fuel payment to bereaved spouses and partners. Winter fuel payments for those infected with Hepatitis C are now made by Skipton (see above).

Regular payments scheme

It had become clear from the trends in grant applications that there was a proportion of Caxton's beneficiary community who were living on extremely low incomes. Therefore, at the end of 2013, Caxton had submitted a business case to the DH for additional funding for a regular payments scheme to enable Caxton to provide regular support to those in most financial need. Unfortunately, the DH declined to grant additional funding for this purpose. During 2014/15 Caxton therefore developed a limited regular payments scheme from within its existing financial allocation to give additional support to those on the lowest incomes, specifically those living on incomes below 70% median income, and has been pleased to be able to continue this scheme in subsequent years.

In total, we were able to provide additional financial support to 22% of Caxton's primary beneficiary and bereaved community under this scheme during 2016/17, an increase from 18% in the previous year.

Political developments and the future of the Caxton Foundation

In the 2015/16 report, we set out the political developments that had taken place during the course of the year with regard to support for those infected with HIV and Hepatitis C as a result of contaminated blood.

In England, DH had published a consultation in January 2016, the response to which was announced in July 2016, which included the following key changes to support:

- New annual payments of £3,500 for those infected with Hepatitis C stage 1 with effect from 2016/17 without the need for individual assessments. Payments would rise to £4,500 in 2018/19.
- The continuation of annual payments for those infected with severe Hepatitis C (Stage 2) or HIV of £15,500 from 2016/17 year (an increase from the current £14,749), rising to £18,500 in 2018/19.
- For those co-infected with HIV and Hepatitis C Stage 1, annual payments would be £18,500 in 2016/17 and 2017/18, rising to £22,500 in 2018/19.
- For those co-infected with HIV and Hepatitis C Stage 2, annual payments would be £30,500 in 2016/17 and 2017/18, rising to £36,500 in 2018/19.
- Annual payments would be linked to the consumer price index (CPI) and include the £500 winter fuel payment as a standard payment without the need to apply for it.
- The continuation of the £50k lump sum payment for those infected with Hepatitis C Stage 1 who progressed to stage 2.
- From 2017/18, and when the new scheme administrator was in place, the introduction of a new special appeals mechanism for those at Hepatitis C Stage 1 who considered that the impact of their infection may mean they could qualify for Stage 2 annual payments and the £50k lump sum payment.
- New Hepatitis C entrants to the scheme to continue to receive a one-off £20,000 lump sum payment. New HIV entrants' lump sums to remain.
- The continuation of a discretionary scheme for infected and affected, as well as 'softer' support with an increased budget from 2018/19.
- A one-off lump sum payment of £10,000 to all those who were the partner or spouse of a primary beneficiary when they passed away and where infection with HIV and/or Hepatitis C contributed to the death of their partner/spouse. This would apply to those already bereaved and newly bereaved from 2016/17 and beyond.
- All payments would continue to be ex-gratia, ie funded voluntarily by government. These payments would also continue to be additional to any other income a beneficiary may receive, and would be disregarded for the purposes of calculating income tax and eligibility for other state benefits.

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- In addition, all annual payments would continue to be linked to the consumer price index (CPI).

The increased payments to those infected with HIV and Hepatitis C were made by Skipton and MFET in 2016/17, as were payments to the bereaved.

However, in March 2017, DH launched a further consultation, which included the intention to reduce some of the payments only announced in July 2016. Caxton and the other Alliance House organisations are concerned that ultimately, the new support scheme as it is now envisaged will leave some beneficiaries considerably worse off financially. At the time of writing, the Government had not published its response to the consultation. On 11 July 2017 the Prime Minister announced that there would be a public inquiry into contaminated blood. At this stage, it is not known whether this will impact upon the reforms that are already underway.

In July 2016, DH had also announced that there would be a single scheme administrator, which would combine the functions of the existing schemes, and that this would become operational during 2017/18. In September 2016 DH announced that it would be running a public procurement exercise to appoint the new administrator, and it had been Caxton's intention, together with the other Alliance House organisations, to submit a joint bid when the Invitation to Tender was published. However, following delays to the original procurement timetable which DH published, the Minister subsequently announced in March 2017 that the procurement exercise would no longer go ahead and that instead, the NHS Business Services Authority (BSA) would take on the role of the new scheme administrator during 2017/18. Caxton, together with the other Alliance House organisations, are extremely disappointed at this decision, and in particular are concerned that BSA will not be able to provide the level of individual support to beneficiaries that the existing schemes, in particular the charities, have been providing for many years. Whilst BSA has undertaken to run the service from offices in central London until February 2019, as BSA is based in Newcastle, there is a real risk that in the medium term, the expertise of staff from the Alliance House organisations, including Caxton, will be lost.

DH have advised Caxton and the other Alliance House entities that they will continue to be funded until such time as the handover to BSA takes place, which, at the time of writing, we understand will be 1 November 2017.

The Scottish Government made the decision to appoint NHS National Services Scotland to administer support for those infected in Scotland from 1 April 2017. In April 2017, the Welsh Government announced that support for those infected in Wales would be administered by Velindre NHS Trust from 1 October 2017. In May 2017 it was announced that the Northern Ireland Regional Business Services Organisation will administer support for those infected in Northern Ireland from 1 October 2017.

As Caxton is wholly funded by DH and the devolved administrations, once the handover to BSA has taken place, and any final governance requirements such as audits have been met, Caxton will be closed.

FINANCIAL REVIEW

Caxton has been funded wholly by the Department of Health in England, which has sought reimbursement from the other UK Health Departments. The Caxton Chief Executive meets regularly with DH officials. In 2016/17 Caxton's total annual allocation was made up of individual allocations from the four UK countries.

Income

During 2016/17, Caxton's income totalled £1,932,513 (2015/16:£2,533,070). The majority of this came from DH, with a small amount of bank deposit interest.

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Expenditure

During 2016/17 spend totalled £2,023,570 (2015/16: £2,379,711), of which £412,567 (2015/16: £369,029) related to support costs for the other Alliance House entities. The reduction in spend compared with the previous year was largely due to the fact that in 2016/17, winter fuel payments for primary beneficiaries were paid through the Skipton Fund and not through Caxton.

Of the £1,611,003 (2015/16: £2,010,682) that was spent on Caxton alone, £1,315,269 (2015/16: £1,728,500) was spent on support to beneficiaries, in the form of grants, regular payments, benefits and money management advice, and winter fuel payments. This figure also included £36,077 (2015/16: £59,471) which was committed and accrued for, for example in relation to grants awarded near the end of the financial year but not yet paid to beneficiaries.

Of the remaining spend of £295,734 (2015/16: £282,182), £25,590 (2015/16: £47,306) was spent on governance and the remaining £270,144 (2015/16: £234,876) was spent on administration costs. This £295,734 represented 18% of total spend (14% in 2015/16), an increase compared with the previous year due to the reduction in charitable expenditure as a result of winter fuel payments for primary beneficiaries being paid through the Skipton Fund and not through Caxton.

The deficit of income over expenditure for the year of £91,057 is due to over funding in the previous year, with previous year surplus funds of £153,359 carried forward and deducted from the 2016/17 funding allocation.

Risk Assessment

The Trustee board has identified the major risks to which Caxton might be exposed and has satisfied itself, through regular and periodic reviews of these risks, that both the risk assessment and risk management procedures remain up to date and effective.

Reserves Policy

Caxton is required by the Charity Commission and by the Charities Statement of Recommended Practice to publish its policy on holding a financial reserve.

Because we have been funded by annual allocations, it was agreed with the DH that Caxton would not hold a reserve, but would work to an operating balance to ensure an appropriate level of cash flow. This has been kept under review.

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TRUSTEE'S REPORT

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee is responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Trust Deed. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee on 9.8.17 and signed on its behalf by

GRO-C

Richard Finlay
Vice Chair of Caxton Trustee Limited

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE OF

THE CAXTON FOUNDATION

We have audited the financial statements of The Caxton Foundation for the year ended 31 March 2017, as set out on pages 14 to 26. 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 Trustee, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's Trustee 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 Trustee as a body, for our audit work, for the audit report, or for the opinions we have formed.

Respective responsibilities of trustee and auditors

As explained more fully in the Trustee's Responsibilities Statement set out on page 11, the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. 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 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 Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Report 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 Charity's affairs as at 31 March 2017 and of its incoming resources and application of resources, 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 Charities Act 2011.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1(b) to the financial statements concerning the Charity's ability to continue as a going concern. The Charity is wholly funded by the Department of Health, who have recently announced that the Charity (along with 4 other entities at Alliance House) will be replaced by a single scheme administrator, the NHS Business Services Authority, with effect from 1 November 2017, after which time the Charity will cease activities and be wound up. This means that the Charity is not a going concern and therefore the accounts have been prepared on this basis.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE OF
THE CAXTON FOUNDATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

GRO-C

WARD WILLIAMS
Statutory Auditors

10/10/17

Belgrave House
39-43 Monument Hill
Weybridge
Surrey KT13 8RN

Ward Williams is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2017

	Note	Unrestricted	Restricted	2017	Unrestricted	Restricted	2016
	1(c)	General	Funds	Total	General	Funds	Total
		£	£	£	£	£	£
Income and endowments from:							
Incoming resources from generated funds	2						
Donations and legacies		1,339,836	592,289	1,932,125	1,963,389	569,245	2,532,634
Investments		388	-	388	436	-	436
Total income and endowments		1,340,224	592,289	1,932,513	1,963,825	569,245	2,533,070
Expenditure on:							
Charitable activities	3	1,407,440	616,130	2,023,570	1,821,633	558,078	2,379,711
Total expenditure		1,407,440	616,130	2,023,570	1,821,633	558,078	2,379,711
Net (expenditure)/Income		(67,216)	(23,841)	(91,057)	142,192	11,167	153,359
Transfers between funds		(4,343)	4,343	-	-	-	-
Net movement in funds		(71,559)	(19,498)	(91,057)	142,192	11,167	153,359
Reconciliation of Funds							
Total funds brought forward at 1 April 2016	7	322,192	81,301	403,493	180,000	70,134	250,134
Total funds carried forward at 31 March 2017	7	250,633	61,803	312,436	322,192	81,301	403,493

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

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BALANCE SHEET

AT 31 MARCH 2017

	Note	£	2017 £	2016 £
Fixed assets				
Tangible fixed assets	4		7,647 (2)	11,388 (6)
Current assets				
Debtors	5	163,417		68,515
Cash at bank and in hand		271,945 (9)		426,698
		435,362 (8)		495,213
Creditors: Amounts falling due within one year	6	(122,926) (10)		(91,720)
Current assets less current liabilities			312,436	403,493
Total assets less current liabilities			320,083 (14)	414,881
Funds				
Unrestricted	7		250,633 (17)	322,192
Restricted				
Setting up costs	7	61,803 (11)		61,803
Service delivery payments	7	-	258,280 (12)	19,498
			61,803	81,301
Valuation of fixed assets	4		7,647	11,388
			320,083 (13)	414,881

Approved by the Trustee on 9.8.17 and signed on its behalf by

GRO-C

Richard Finlay
Vice Chair of Caxton Trustee Limited

THE CAXTON FOUNDATION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
Cash flow from operating activities (see reconciliation below):		
Net cash flow from operating activities	(155,141)	244,321
Cash flow from investing activities		
Interest received	388	436
Net cash flow from investing activities	388	436
Net (decrease) / increase in cash and cash equivalents	(154,753)	244,757
Cash and cash equivalents at 1 April 2016	426,698	181,941
Cash and cash equivalents at 31 March 2017	271,945	426,698
	2017 £	2016 £
Reconciliation of net income / (expenditure) to net cash flow from operating activities		
Net (expenditure) / income for the year	(91,057)	153,359
Interest receivable	(388)	(436)
(Increase) / decrease in debtors	(94,902)	147,301
Increase / (decrease) in creditors	31,206	(55,903)
Net cash flow from operating activities	(155,141)	244,321

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

1. Summary of significant accounting policies

(a) General information and basis of preparation

The Caxton Foundation is a Charity registered in the United Kingdom and governed by its trust deed. The address of the Charity is given in the Charity information on page 4 of these financial statements. The nature of the Charity's operations and principal activities are stated in the trustees report on pages 5 to 11.

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 Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the 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 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value. They have not been prepared on the going concern basis (see note b below). The financial statements are prepared in sterling which is the functional currency of the Charity and rounded to the nearest £.

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.

The financial statements for the year ended 31 March 2017 are the first statements of The Caxton Foundation prepared in accordance with FRS 102. The date of transition to FRS 102 was the 1 April 2015. The reported financial position and financial performance for the previous year are not affected by the transition to FRS 102.

(b) Going concern

The Department of Health have indicated that the activities of the Charity (along with all other Alliance House entities) will be taken over by the NHS Business Services Authority from 1 November 2017, after which time the Charity will cease activities and be wound up.

On the basis that the Charity is likely to cease activities within the next 12 months, these accounts have not been prepared on a going concern basis. The next period of accounts of the Charity are likely to be a final cessation period. For further details regarding the future of the Charity and likely closure please read the chairman's statement on page 3 and trustees report on pages 5 to 11.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (Continued)

(e) Funds

Two types of funds were held by the Charity during the year, 'Unrestricted' and 'Restricted' funds.

The **Unrestricted Fund** incorporates all income and expenditure in respect of beneficiaries and all income and expenditure that relate to the support and governance costs of the Charity.

The **Restricted Fund** consists of two different funds, being the setting up costs fund and the service delivery payments fund.

The setting up costs fund is a restricted fund to be used towards the setting up costs of the Charity, including future premises costs, which are being directly funded by the Department of Health.

The service delivery payments fund is a restricted fund to be used to cover the service delivery costs of all the Alliance House entities (staff costs, rent, service charges and rates). Again these costs are directly funded by the Department of Health, and the balance carried forward on the fund is to be used against the future years' service delivery costs for all the Alliance House entities.

(d) 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.

The main income of the Charity is received direct from the Department of Health to fund the principal activities of the Charity. The Charity receives a funding allocation set by the Department of Health each year, and income is recognised in line with this funding allocation.

Interest income is received on bank funds.

(e) 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.

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

Grants payable to beneficiaries are recognised once they have been approved by either office or the grants committee board. The accounts includes a provision with regards grants that have been approved by the Grants Committee board but not paid, as it is considered that grants are likely to be payable once the required information is provided by the beneficiary as set out by the Grants Committee.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (Continued)

(f) Shared support and premises costs

The Charity operates in offices in Alliance House, Caxton Street, London SW1, which it shares with a number of other entities involved with financial support to people infected through the use during NHS treatment of contaminated blood, blood products and tissue. For reasons of efficiency, the Charity undertakes the administration functions of all the Alliance House entities, including the employment of the staff. The part of the Charity's costs that is attributable to the other entities is the subject of an adjustment through the Department's funding mechanism. For further details please refer to note 12.

(g) Operating leases

Rentals payable under operating leases are charged to the SoFA as incurred over the term of the lease.

(h) Defined contribution pension scheme

The Charity operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the SoFA in the period to which they relate.

(i) Tangible Fixed Assets

The Trustee, however, considers that expenditure by the Charity on tangible fixed assets is part of the annual expenditure and is therefore included within the SoFA and it is written off as it arises.

A valuation for Tangible fixed assets however is also shown in the balance sheet at cost less depreciation (note 4). Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	33 1/3 % on cost per annum
Furniture and other office equipment	20 % on cost per annum

The Trustee considers that the current accounting policy gives a truer reflection of the funds expended.

(j) Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Debtors and creditor 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.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

2. Incoming resources from generated funds

	2017 £	2016 £
Donations and legacies		
Department of Health funding	1,931,979	2,532,630
Donations	146	4
	<u>1,932,125</u>	<u>2,532,634</u>
Investment income		
Bank deposit interest	388	436
	<u>388</u>	<u>436</u>
Total	<u><u>1,932,513</u></u>	<u><u>2,533,070</u></u>

The Department of Health funding receivable for the year comprises £1,293,873 (2016: £1,860,534) for payments to/regarding beneficiaries, £45,817 (2016: £102,851) for support and governance costs and £592,289 (2016: £569,245) for service delivery costs (Restricted Fund) of which £412,567 (2016: £369,029) relates to other Alliance House Entities. All the funds were received directly from the Department of Health.

THE CAXTON FOUNDATION**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 MARCH 2017****3. Charitable activities**

		2017 £	2016 £
Unrestricted Funds	Note		
Grants payable			
Approved grants and benefits advice		610,016	692,397
Regular payments		558,253	512,103
Winter payments		147,000	524,000
		<u>1,315,269</u>	<u>1,728,500</u>
Support costs			
Staff recruitment and retention		37,401	-
Temporary staff		-	1,810
Staff training		-	1,900
Travel & subsistence		7,405	8,997
Electricity		1,526	317
Premises maintenance		1,906	1,739
Postage & telephone		5,024	8,904
Stationery, printing & publications		3,243	3,548
Bank charges		943	1,835
Computer support & maintenance		1,965	8,436
Insurances		4,532	6,393
Subscriptions		654	549
Partnership group meetings		-	1,154
Conferences		-	240
Sundry		428	5
Equipment and software renewal	4	1,554	-
		<u>* 66,581</u>	<u>45,827</u>
Governance Costs			
Legal & professional fees		15,356	17,503
External audit fees		4,500	4,500
Accountancy		3,907	4,363
Trustees recruitment		-	20,940
England Reform		1,827	-
		<u>25,590 *</u>	<u>47,306</u>
		<u>1,407,440</u>	<u>1,821,633</u>
Restricted Fund			
Support costs			
Staff salaries and costs		408,260	430,780
Temporary staff		135,800	56,800
Rent, service charges & rates		72,070	69,099
Setting up costs – furniture & equipment	4	-	1,399
		<u>616,130 *</u>	<u>558,078</u>
Total		<u>2,023,570</u>	<u>2,379,711</u>

Support Costs

 $66,581 + 25,590 + 616,130 = £708,301$

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

The unrestricted grants payable of £1,315,269 (2016: £1,728,500) consisted of approved grants, benefit advice, regular payments and winter payments to beneficiaries in England which totalled £994,796 (2016: £1,376,193), Scotland £189,428 (2016: £205,185), Wales £78,040 (2016: £109,699) and Northern Ireland £53,005 (2016: £37,423).

The restricted support costs of £616,130 (2016: £558,078) includes £412,567 (2016: £369,029) which relate to other Alliance House entities.

The external audit and accountancy fees included in governance costs were payable to the auditor for services rendered.

4. Fixed assets

	Note	Computer Equipment £	Office Furniture and Equipment £	Total £
Cost				
At 1 April 2016		15,503	23,877	39,380
Additions	3	972	582	1,554
Disposals		(424)	-	(424)
At 31 March 2017		16,051	24,459	40,510
Accumulated depreciation				
At 1 April 2016		15,503	12,489	27,992
Charge for year		324	4,971	5,925
On disposals		(424)	-	(424)
At 31 March 2017		15,403	17,460	32,863
Net book values				
At 31 March 2017		648	6,999	7,647
At 31 March 2016		-	11,388	11,388

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

5. Debtors

	2017 £	2016 £
Staff season ticket loans	3,031	3,264
Other debtors	112,105	45,846
Prepayments and accrued income	48,821	19,405
	<u>163,417</u>	<u>68,515</u>

Other debtors includes £99,539 (2016: £29,522) which was due from other Alliance House entities.

6. Creditors: Amounts falling due within one year

	2017 £	2016 £
Accruals and deferred income	63,837	83,420
Other creditors	59,089	8,300
	<u>122,926</u>	<u>91,720</u>

Accruals and deferred income includes £36,077 (2016: £59,471) which relates to grants/regular/winter payments that have been approved but not paid at 31 March.

7. Restricted and Unrestricted Funds

	Balance 01.04.16	Receipts in period	Allocations	Expenditure in period	Balance 31.03.17
<u>Unrestricted Funds</u>	£	£	£	£	£
Charitable activities	132,474	1,294,407	(4,343)	(1,315,269)	107,269
Support/Governance costs	9,718	45,817	-	(92,171)	(36,636)
Operating reserves	180,000	-	-	-	180,000
Total Unrestricted Funds	<u>322,192</u>	<u>1,340,224</u>	<u>(4,343)</u>	<u>(1,407,440)</u>	<u>250,633</u>
<u>Restricted Funds</u>					
Setting up costs	61,803	-	-	-	61,803
Service delivery payments	19,498	592,289	4,343	(616,130)	-
Total Restricted Funds	<u>81,301</u>	<u>592,289</u>	<u>4,343</u>	<u>(616,130)</u>	<u>61,803</u>
Total Funds	<u>403,493</u>	<u>1,932,513</u>	<u>-</u>	<u>(2,023,570)</u>	<u>312,436</u>

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

7. Restricted and Unrestricted Funds (Continued)

With regard to unrestricted funds, the Department of Health has approved an operating reserves level of £180,000. Any over/under spends regarding charitable activities and support/governance costs will be taken into account on the next years funding.

The setting up costs balance will be used for future property related expenditure, following renegotiation and renewal of the lease at Alliance House. The balance includes £12,566 which has been paid and is being held as a deposit regarding the new lease.

The service delivery payments balance at the year-end is £nil, with a transfer done from unrestricted funds received from the Department of Health above to cover the deficit balance for the year.

8. Employees and salaries

	2017	2016
	No.	No.
The average number of employees was:	9	10
	==	==
Staff costs includes:	£	£
Wages and salaries	516,042	374,344
Social security costs	57,123	38,012
Pension costs	19,458	18,423
Other costs	135,800	60,510
	==	==
	581,461	491,289
	==	==

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2017	2016
	No.	No.
£60,001 - £70,000	2	-
£80,001 - £90,000	-	1
£110,001 - £120,000	1	-
	==	==

Pension contributions totalling £10,739 (2016: £4,574) were paid during the year regarding the above members of staff.

Other costs of £135,800 (2016: £60,510) includes £135,800 (2016: £58,610) for temporary staff and £nil (2016: £1,900) for staff training.

9. Trustee expenses and remuneration

The travel and subsistence costs shown in note 3 include the sum of £7,195 (2016: £8,802) reimbursed to board members for travel and other out of pocket expenses, principally in connection with Board and Committee meetings. This amount is the total sum paid to board members during the year.

No remuneration was paid to the board members in this year (2016: £nil).

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

10. Pension costs

The Charity operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Charity in independently administered funds. The pension cost for the period of £19,458 (2016: £18,423) represents contributions paid by the Charity to the funds. At the year-end there were outstanding contributions payable of £2,905 (2016: £867).

11. Financial commitments

At 31 March 2017 the Charity had annual commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Operating leases which expire within 1 year	50,265	50,265
between 2- 5 years	45,996	96,261
in over 5 years	-	-
	<u>96,261</u>	<u>146,526</u>

The Charity operates in offices which are shared with a number of other entities. In previous years the lease for the premises was in the name of The Macfarlane Trust ('MFT'). The lease was renewed in 2014 however in the name of Caxton Trustee Limited, the Corporate Trustee of the Charity.

For reasons of efficiency, the Charity undertakes the administrative functions formerly provided by MFT, including the employment of the staff of the various Alliance House entities. These costs are borne in full by the Charity and are then reimbursed by the Department of Health (Service delivery payments – note 7).

A commitment has been shown in these accounts regarding the lease for the premises, with Caxton Trustee Limited entering into the agreement on behalf of the Charity.

12. Related party transactions

The Charity operates from offices in Alliance House, Caxton Street, London SW1, which it shares with a number of other entities involved with financial support to people infected through the use of contaminated blood, blood products and tissue. These other entities are The Macfarlane Trust ('MFT'), Skipton Fund Limited ('Skipton'), Eileen Trust, and MFET Limited ('MFET'). Together they are sometimes referred to as the Alliance House entities.

Caxton Trustee Limited is the Corporate Trustee of the Charity. One of the Directors of Caxton Trustee Limited is also a Director of Skipton Fund Limited. The Chief Executive of the Charity is also the Chief Executive of The Macfarlane Trust.

With effect from 1 October 2011 the Charity took over the administrative functions formerly provided by MFT, including the employment of the staff of the various Alliance House entities. The costs of performing these functions are now borne by the Charity.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

12. Related party transactions (Continued)

Hitherto a number of recharges were made between the various entities in order to allocate the costs of services to the entities for which they were performed. Under arrangements that have come into force following the formation of the Charity, the part of the Charity's costs that was attributable to the other entities were the subject of an adjustment through the Department of Health's funding mechanism.

	MFT	MFET	Eileen Trust	Skipton	Total
	£	£	£	£	£
Services costs incurred by Caxton for:	204,601	31,587	28,501	147,878	412,567
2016:	189,666	24,791	24,739	129,833	369,029
Funding received by Caxton to cover services costs for:	204,601	31,587	28,501	147,878	412,567
2016:	189,666	24,791	24,739	129,833	369,029

No adjustments have been made to the figures in the other entities accounts regarding the above costs borne by the Charity and refunded to them by the Department of Health.

As well as the above service delivery costs, the Alliance House entities also have various shared costs. The Charity incurred various shared and direct costs which it then recharged to the other entities as necessary.

	MFT	MFET	Eileen Trust	Skipton	Total
	£	£	£	£	£
Shared costs recharged by Caxton to:	61,831	6,487	6,204	34,307	108,829
2016:	37,306	3,409	1,856	15,962	58,533
Shared costs recharged to Caxton by:	1,411	-	-	7,879	9,290
2016:	3,353	-	-	18,304	21,657
At the year-end Caxton was owed:	60,420	6,487	6,204	26,428	99,539
2016:	19,417	6,770	2,944	391	29,522

During the year the Charity received short term loans from The Skipton Fund Limited totalling £nil (2016: £190,000).

Finally remuneration, including pension contributions, paid to employees deemed to be key management personnel totalled £118,078 (2016: £91,864) for the year.

13. Controlling party

The Charity is controlled by the Corporate Trustee, Caxton Trustee Limited.