

**REGISTERED CHARITY NUMBER: 298863**

**THE MACFARLANE TRUST  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDING 31 MARCH 2014**

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

### CONTENTS

	<b>Page</b>
Chairman's Statement	3
Information Sheet	5
Governance & Administration	6
Operational Review	6
Financial Review	8
Risk Assessment	8
Reserves Policy	8
Auditors' Report	10
Statement of Financial Activities	11
Balance Sheet	12
Notes to the Accounts	13-21

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

### CHAIRMAN'S STATEMENT

During 2013 and early 2014 the Trust experienced a number of changes of personnel – both Trustees and staff. Kate Evans, who was appointed as a Trustee on the recommendation of the Haemophilia Society in September 2012, resigned in September 2013 owing to work and personal commitments. I am very grateful to Kate for the contribution she made during the short time she was on the Board. Kate was able to give us a different perspective and her work on communications was particularly appreciated.

In January 2014 Elizabeth Boyd and Russell Mishcon retired as Trustees, with the expiration of their periods of office. Elizabeth was a Trustee for over 13 years, having been appointed by the Department of Health in October 2000. Elizabeth was Chairman of the National Support Services Committee (NSSC) from September 2004. She devoted a considerable amount of her time to Board affairs, including NSSC work and attending beneficiary events. Her knowledge of welfare legislation, and her good judgement, were invaluable to the Trust Board and to the beneficiary community. Elizabeth will be much missed. I wish her well, and good health, in the future.

Russell was a Trustee from March 2006 and a member of the NSSC from May 2009. Russell was a champion of the interests of the beneficiary community and was always ready to put forward his view. He played an important part in the Board deciding to commit reserve funds to home improvements (see below), which have been of great value to many beneficiaries. I wish him well in the future.

During the year, three new Trustees were appointed. **GRO-A** was appointed by the Haemophilia Society to succeed Kate Evans, and the Trust also appointed Paul Biddle and Alasdair Murray, who bring experience in finance and policy to the board.

In October 2013 Roz Riley left the Trust, following a Board-approved restructuring of the Support Services team. Roz worked for us from September 2000 and as Support Services Manager from December 2005. Roz was well known to most of the beneficiary community, administering the grant application process. Her diplomacy and warm personality enabled her to hold a good rapport with beneficiaries and Trustees alike. Linda Haigh left the Trust in January 2014, having worked for us since October 2003 and as Finance Manager since August 2005. I wish them well in their future careers.

In July 2013 the Board decided to commit funds from its reserves to support beneficiaries by funding improvements to their properties which were related to health and mobility needs. After inviting applications, the Trust allocated funds to 110 beneficiaries, totalling £811,000. This was a one-off exercise; we do not foresee monies being available in the future to do so again. I am confident that we have been able to make a significant positive impact on the lives of those beneficiaries who were awarded grants through this exercise. Many have expressed their appreciation through letters and emails to the Chief Executive and her team.

The Trust had partial success in 2013 regarding its negotiations with the Department of Health (DH) over its financial allocation for 2014/15. The Trust submitted a strong case for increasing its allocation from £2.2 million for 2013/14 to £3.2 million for 2014/15. This was always presenting a major challenge, given the state of the economy and general reductions in public spending. The DH agreed a figure which is, effectively, the same as the previous year. Bearing in mind the reductions being made elsewhere in public spending budgets, this was the best outcome we could have expected in the circumstances. The Board has agreed to continue supplementing the annual DH allocation from the reserve funds; this means that in 2014/15 we will be operating at a similar level to last year. However, the level of reserve funds is now reducing year on year and we are already having, reluctantly, to be discerning when deciding which grants we can fund. Unless the DH and government are able to increase the annual allocation to us, before long we will have no alternative but to review the feasibility of our current funding policies. It cannot be assumed that they will increase our budget. The Trust will, nevertheless, continue to press strongly for an increase in annual funding.

## **THE MACFARLANE TRUST**

### **TRUSTEES' REPORT**

The Board is encouraged that the level of interest and awareness of national politicians has risen tremendously over the last year or so. This is in no small way attributable to a number of beneficiaries lobbying their MPs. There is, sometimes, a misunderstanding as to the responsibilities of MFT. These are confined to allocating regular funding to the beneficiary community and negotiating the best possible financial allocation from the DH to do so. Our responsibilities do not extend to lobbying for the wider interests and needs of the beneficiary community, even if sometimes we would like to do so. This is for others to do and the efforts of the beneficiary community, which I have recognised above, are invaluable in that respect.

Sadly, the Partnership Group, which was re-established in September 2012, is no longer meeting. Whilst understanding the reasons for this, the meetings with the Chief Executive and myself were, potentially, a good forum to exchange information and opinions. We will be looking at how we can resurrect appropriate channels of communication. This can only be achieved, however, with the constructive involvement, and cooperation, of a larger number of beneficiaries.

Finally, I would like to express my appreciation to all those I have worked with over the last year. In particular, the staff who have been working during a period of great change. Jan Barlow, the Chief Executive, has spearheaded the change programme with great skill and determination. I would also like to express my particular appreciation to my colleagues on the Board who devote a considerable amount of their own time in a voluntary, unpaid capacity on Trust matters.

**Roger Evans**  
**Chairman**

# **THE MACFARLANE TRUST**

## **TRUSTEES' REPORT**

**Registered Charity Number 298863**

**Registered Address**

Alliance House  
12 Caxton Street  
London SW1H 0QS

**Trustees**

**Appointed by the Haemophilia Society**

Alan Burgess  
Kate Evans (resigned September 2013)  
Matthew Gregory

GRO-A

**Appointed by the Department of Health**

Elizabeth Boyd (retired January 2014)  
Dr Vanessa Martlew (Medical Trustee)  
Patrick Spellman

**Appointed by the Board of Trustees**

Paul Biddle (appointed February 2014)  
Roger Evans  
Eileen Jackman  
Russell Mishcon (retired January 2014)  
Alasdair Murray (appointed February 2014)

**Chief Executive**

Jan Barlow

**Bankers**

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

**Investment Managers**

Principal Investment Management Limited  
16 South Park  
Sevenoaks TN13 1AN

**Solicitors**

Wilsons Solicitors LLP  
Steynings House  
Summerlock Approach  
Salisbury  
Wiltshire SP2 7RJ

**Auditors**

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

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

### **GOVERNANCE & ADMINISTRATION**

MFT is governed by its Trust Deed and is under the control of its Board which now comprises up to nine Trustees, three of whom are appointed by the Haemophilia Society and three of whom have, historically, been appointed by the DH. The Board itself appoints the remaining Trustees. In 2013 the DH advised that it would no longer be making appointments to the Board as its existing appointees retired from office. MFT's policy for the recruitment of Trustees follows the practices laid down by OCPA, the Office of the Commissioner of Public Appointments.

Since its establishment in 2011, the Caxton Foundation (Caxton) has provided administrative support to the other four entities which operate out of Alliance House: MFT, Eileen Trust, MFET Limited and the Skipton Fund Limited. Caxton 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 5 Alliance House entities. Some staff are employed for work on one particular organisation, others undertake work for more than one. A Liaison Committee comprising members of the boards of both MFT and Caxton meets to discuss issues relating to the Service Level Agreement, and in addition, an MFT trustee attends the Caxton Employment Affairs Committee as an observer. The Chairs of both MFT and Caxton also meet regularly with the Chief Executive to discuss matters of common interest.

### **OPERATIONAL REVIEW**

#### **Objectives**

MFT was established in 1988 to administer a £10 million fund provided by the Government to assist people with haemophilia who had been infected with HIV through NHS treatment of their haemophilia with contaminated blood products. MFT's objectives, as set out in its Trust Deed, are "to relieve those persons....who are in need of assistance or the needy spouses, parents, children or other dependants of such persons and the needy spouses, parents, children or other dependants of such persons who have died."

Further funding was received from time to time from DH in order to enable the work of MFT to be continued and to provide for its administrative costs. It now receives a regular, annual, allocation from DH. The total amount of funding received by MFT over the 25 years since its inception to 31 March 2014 is now in excess of £60 million.

#### **How our activities deliver public benefit**

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their objectives and in planning their future activities. In particular, they consider how planned activities will contribute to the objectives that have been set.

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

#### **Beneficiary Community**

At 31 March 2014, MFT's community of care included 351 infected beneficiaries, comprising 309 survivors of those who were originally registered with MFT (312 in the previous year) and 42 partners of living and deceased beneficiaries who have themselves become HIV positive.

## THE MACFARLANE TRUST

### TRUSTEES' REPORT

In its response to Lord Archer's Inquiry Report, the previous Labour Government committed increased funding from the DH which would ensure that every infected beneficiary received non-discretionary financial support at the rate of £12,800 per annum with effect from May 2009.

After its election in May 2010 the Coalition Government conducted a review of the financial and other support available to those persons who contracted Hepatitis C from NHS blood and blood products. In January 2011 the Government announced a new package of financial support to those infected with Hepatitis C which included the undertaking that the annual non-discretionary payments to infected beneficiaries of MFT would be increased in line with the Consumer Price Index. This undertaking has brought a welcome degree of further security to the infected beneficiaries of MFT. This support was increased to £14,191 per annum for the year under review and from 1 April 2014 has been increased further to £14,574 per annum. This is administered through MFET.

Those of MFT's beneficiaries who are co-infected with the most serious Hepatitis C related disease also have the benefit of the commitment in the January 2011 announcement to a further annual non-discretionary payment in line with that which they already receive as infected beneficiaries of MFT.

Co-infection with Hepatitis C, which affects nearly all of MFT's infected beneficiaries, remains a serious complication and the drug regimes used to combat both infections can have profound side effects, even at a relatively early stage of the development of Hepatitis C. The challenge remains for the Trustees to deploy the charitable funds available to them most effectively to assist those in need, particularly where the need is exacerbated by medical circumstances, whether of infection or co-infection.

Those charitable funds are also deployed to provide assistance to non-infected beneficiaries including widows, and dependent children, some of whom have lost one or both parents.

#### **Support to beneficiaries**

##### **Financial support**

In the year under review the non-discretionary payments to all MFT's infected beneficiaries, made at the rate of £14,191 per annum, totalled £5,029,636 (2012/13: £4,988,889). These payments were made by the DH through MFET.

With these non-discretionary payments having come to form much the greater part of the Government's commitment to the support of MFT's beneficiaries, the ongoing effect for MFT has been a reduction in the funds available for its charitable activities. This has led the Trustees to continue to focus their discretionary support for infected beneficiaries on providing greater help for those with lower levels of income, while still having particular regard to the additional cost of living with haemophilia and HIV.

Accordingly in the year under review the Trustees continued to implement the disbursement arrangements adopted after the introduction of the Government's non-discretionary payments which supplement those payments for most beneficiaries and are calibrated so as to provide the most help to those most in need. These supplementary payments to primary beneficiaries totalled £993,091 (2012/13: £981,268) in the year under review. In addition, the Trustees agreed that one-off supplementary payments, amounting in total to £109,250, should be made to primary beneficiary households to help with winter fuel bills which are a particularly heavy burden for all infected beneficiaries. MFT also provides support for widows and dependants.

In the year under review the Trustees maintained their policy that payments should in any event continue to be made after the death of an infected beneficiary which would have the effect of ensuring that the value to that beneficiary's household of the non-discretionary payments received before his (or her) death would be maintained for twelve months thereafter. The Trustees also maintained their policy of



# THE MACFARLANE TRUST

## TRUSTEES' REPORT

providing regular support to all those widows having net household incomes at a level below a determined minimum. For the year under review that level was set at £19,000 per annum.

For dependants the Trustees continued their policy of making regular monthly payments for the benefit of children who have lost one or both of their parents at the rate of £3,000 per annum for the first child and £1,200 per annum for each subsequent child. During the year the Trustees also introduced a policy for the benefit of children of living infected beneficiaries (most of whom are receiving regular discretionary payments for themselves) under which payments are made at the rate of £1,200 per annum per child.

In the year under review single grants totalling £912,956 were paid to infected and non-infected beneficiaries; this included over £810,000 on grants via the reserves scheme.

### **Non-financial support**

MFT continues to respond to the needs of beneficiaries by means other than financial assistance. In this respect, MFT's outsourced arrangement with The Terrence Higgins Trust (THT) continued to be available. During the year, MFT was also able to refer beneficiaries to its specialist benefits and money management/debt advisers.

### **FINANCIAL REVIEW**

#### **Income & Expenditure**

In 2013/14 MFT's total income of £2,160,593 (2012/13: £2,153,100) comprised £2,037,542 million from the DH, together with £123,051 in investment income.

MFT's total expenditure in 2013/14 was £3,436,795 (2012/13: £2,924,320), almost all of which was spent directly on charitable activities, ie in support of beneficiaries. The majority was spent on discretionary regular payments to infected beneficiaries and non-infected widows, as well as in supplements to children. In addition, over £810,000 was also allocated from reserves for grants for health and mobility related repairs and improvements to homes for infected and non-infected beneficiaries. A winter fuel payment was also made to primary beneficiary households, and MFT continued to fund specialist benefits advice and money management/debt advice. In total, MFT's expenditure exceeded income by £1,276,202, provision for which was made from the reserves.

#### **Investment Activity**

MFT has maintained the strategic management of its financial reserves in line with previous years, with the equities portfolio being managed by Sanlam Private Investments (UK) Ltd (SPI UK) and the fixed interest portfolio split between SPI UK and Charities Official Investment Fund. The current target 50:50 asset allocation between equities and fixed interest provides a balance between the aim of a degree of portfolio solidity and some capital appreciation over time.

#### **Risk Assessment**

The Trustees have identified the major risks to which MFT might be exposed and have satisfied themselves, 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**

MFT is required by the Charity Commission and by the Charities SORP to publish its policy on holding a financial reserve. Unlike most charities, however, MFT does not have the challenge of fundraising, as



## THE MACFARLANE TRUST

### TRUSTEES' REPORT

its operations are wholly financed by the DH. MFT has, nevertheless, had a policy of maintaining a minimum level of reserves. This was agreed with the DH at a time when continued funding was unpredictable and irregular.

The imbalance between the reliance by its beneficiaries on the security of payments from MFT and, on the other hand, the insecurity of MFT's future funding led the Trustees over time to build a portfolio of financial reserves roughly equal to one year's expenditure on recurring financial disbursements plus a provision for management costs.

At 31 March 2014 MFT's investment portfolio was valued at £3,254,582. With regular allocations now being received from the DH, the need to continue to hold such a large reserve is no longer necessary. As discussed above, the annual allocation from the DH is no longer adequate to meet the level of financial support the Trust believes it should provide to its beneficiaries. During 2014/15 it will use funds from the reserves to bridge the gap between the DH allocation and its desired provision to beneficiaries. The Board also recognises that it may need to do so the following year should additional DH funding again not be made available. However, the Trust will continue to lobby the DH for additional funding. The Trust ultimately aims to retain £750,000 as a general reserve, representing 3-6 months of expenditure.

#### Statement of the Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' 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 Trustees 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and their Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on \_\_\_\_\_ and signed on their behalf by

**Roger Evans**  
Chairman

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF**

### **THE MACFARLANE TRUST**

We have audited the financial statements of The Macfarlane Trust for the year ended 31 March 2014, as set out on pages 11 to 21. 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).

This report is made solely to the Charity's Trustees, 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 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 the Charity's Trustees as a body, for our audit work, for the audit report, or for the opinions we have formed.

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

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees are 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 trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2014 and of its incoming resources and application of resources, for the period 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.

#### **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 Trustees' 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.

**WARD WILLIAMS**  
**Statutory Auditors**

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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

**THE MACFARLANE TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 MARCH 2014**

	Note	Unrestricted General £	Restricted Funds £	2014 Total £	Unrestricted General £	Restricted Funds £	2013 Total £
<b>Incoming resources</b>							
Incoming resources from generated funds	2						
Voluntary income		2,037,542	-	2,037,542	2,001,373	-	2,001,373
Investment income		123,051	-	123,051	151,727	-	151,727
Total incoming resources		2,160,593	-	2,160,593	2,153,100	-	2,153,100
<b>Resources expended</b>							
Charitable activities	3	3,392,634	2,292	3,394,926	2,891,651	1,910	2,893,561
Governance costs	4	41,869	-	41,869	30,759	-	30,759
Total resources expended		3,434,503	2,292	3,436,795	2,922,410	1,910	2,924,320
<b>Net (resources expended) before other gains and losses</b>		<b>(1,273,910)</b>	<b>(2,292)</b>	<b>(1,276,202)</b>	<b>(769,310)</b>	<b>(1,910)</b>	<b>(771,220)</b>
<b>Other gains and losses</b>							
Unrealised gain on investments	5b	49,893	-	49,893	300,720	-	300,720
Realised gain on sales of investments	5b	50,232	-	50,232	31,654	-	31,654
Unrealised gain on property investment	5c	5,724	-	5,724	-	-	-
Realised (loss) on property investment	5c	-	-	-	(1,035)	-	(1,035)
Total gains		105,849	-	105,849	331,339	-	331,339
<b>Net movement in funds</b>		<b>(1,168,061)</b>	<b>(2,292)</b>	<b>(1,170,353)</b>	<b>(437,971)</b>	<b>(1,910)</b>	<b>(439,881)</b>
<b>Reconciliation of Funds</b>							
<b>Total funds brought forward at 1 April 2013</b>		<b>4,558,454</b>	<b>7,367</b>	<b>4,565,821</b>	<b>4,996,425</b>	<b>9,277</b>	<b>5,005,702</b>
<b>Total funds carried forward at 31 March 2014</b>		<b>3,390,393</b>	<b>5,075</b>	<b>3,395,468</b>	<b>4,558,454</b>	<b>7,367</b>	<b>4,565,821</b>

**THE MACFARLANE TRUST****BALANCE SHEET****FOR THE YEAR ENDED 31 MARCH 2014**

	Note	£	2014 £	2013 £
<b>Fixed assets</b>				
Tangible fixed assets	5a		498	636
Investments	5b		3,254,582	4,267,701
Property	5c		87,878	82,154
			<u>3,342,958</u>	<u>4,350,491</u>
<b>Current assets</b>				
Debtors	6	28,143		59,274
Cash at bank and in hand		117,558		306,211
		<u>145,701</u>		<u>365,485</u>
Creditors: Amounts falling due within one year	7	(413,683)		(481,537)
<b>Current assets less current liabilities</b>			<u>(267,982)</u>	<u>(116,052)</u>
<b>Total assets less current liabilities</b>			<u>3,074,976</u>	<u>4,234,439</u>
Debtors due after more than one year	6		320,990	332,018
<b>Net assets</b>			<u>3,395,966</u>	<u>4,566,457</u>
<b>Funds</b>				
- Unrestricted	8a	3,390,393		4,558,454
- Restricted	9	5,075		7,367
			<u>3,395,468</u>	<u>4,565,821</u>
Valuation of fixed assets	5a		498	636
			<u>3,395,966</u>	<u>4,566,457</u>

Approved by the Trustees on ..... and signed on their behalf by

**Roger Evans**  
**Chairman**

## **THE MACFARLANE TRUST**

### **NOTES TO THE ACCOUNTS**

#### **FOR THE YEAR ENDED 31 MARCH 2014**

##### **1. Accounting policies**

- (a) The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value, the Charities Act and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) published in 2005 and applicable accounting standards.
- (b) The accounts have been prepared on an accruals basis except that investment income is applied on the date that it is received.
- (c) The accounts include a provision with regards grants that have been approved by the National Support Services Committee (NSSC) board but not paid, as it is considered that grants are likely to be payable once approved by the NSSC.
- (d) MFT operates, as it has done from the outset, 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. All these entities are funded by the Department of Health. In 2011 a new charity, Caxton Foundation, registered charity number 1142529, ("Caxton") was established which for reasons of efficiency has, with effect from 1 October 2011, taken over the administrative functions formerly provided by MFT for the various Alliance House entities, including the employment of the staff and responsibility for the lease costs of the space occupied by the entities, including MFT. The costs of performing these functions are now borne by Caxton. Hitherto a number of cross-charges were made between the various entities in order to allocate the costs of services to the entities for which they were performed. Under revised arrangements that have come into force previously, the part of Caxton's costs that is attributable to MFT is the subject of an adjustment through the Department's funding mechanism. For further details please refer to note 13.
- (e) Where the redemption of a threatened mortgage was the only means of maintaining adequate housing for a beneficiary the Trustees from time to time made an interest-free advance in return for a percentage share in the equity of the beneficiary's property. These are not revenue earning investments. MFT's equity share of the property is capitalised and adjusted to include a valuation based on market value at the balance sheet date.
- (f) Listed investments are valued using the mid-market price at the year end date.
- (g) Two types of funds were held by MFT during the year, 'General' and 'Restricted' funds.

The general fund is an unrestricted fund that incorporates not only all income and expenditure in respect of beneficiaries but also of all income and expenditure that relate to the daily operation of MFT. The general fund also includes funds set aside for the Honeycombe Memorial Fund. In 2005 MFT received a legacy from the widow of a deceased primary beneficiary. The Trustees have decided to use this legacy to provide financial assistance to other widows to assist them to regain economic independence.

The Restricted Fund in the year consists of the Wilsons empowerment fund. The Wilsons empowerment fund is a restricted fund to be used towards the empowerment of the beneficiary community by way of supporting studying and improvement.
- (h) Income from grants is included in the Statement of Financial Activities when these are receivable.
- (i) All investment income, net of investment management charges, and all donations and voluntary income are included in the Statement of Financial Activities.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

1. **Accounting policies (Continued)**

- (j) Expenditure by MFT on tangible fixed assets is part of the annual expenditure included within the Statement of Financial Activities and it is written off as it arises.

Commencing from the year ended 31 March 1999, tangible fixed assets are nevertheless valued in the balance sheet at cost less depreciation as shown in note 5a. For this purpose 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 <sup>1</sup> / <sub>3</sub> % on cost
Furniture and other office equipment	20% on cost

2. **Incoming resources from generated funds**

	£	2013 £
<b>Voluntary income</b>		
Donations	1,134	1,503
Government Capital Grant	2,036,408	1,999,870
	<u>2,037,542</u>	<u>2,001,373</u>
<b>Investment income</b>		
Bank Deposit interest	508	125
Reserves Portfolio dividends	119,067	147,487
Reserves Portfolio interest	1,515	1,920
Interest on loans	1,961	2,195
	<u>123,051</u>	<u>151,727</u>
<b>Total</b>	<u>2,160,593</u>	<u>2,153,100</u>

Government Capital Grant noted above comprises £nil (2013:£1,999,870) received via MFET Limited. This years funding of £2,036,408 was received direct from the Department of Health.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**3. Charitable activities**

	Note	£	2013 £
<b>Grants payable</b>			
Grants – current year	3a	102,332	160,080
Winter payments	3b	109,250	112,750
Widows payments & dependants	3c	1,008,999	1,121,517
Discretionary payments	3d	993,091	981,268
Dependants supplement payments	3e	276,000	309,900
Health and mobility related grants	3f	810,624	-
		<u>3,300,296</u>	<u>2,685,515</u>
<b>Costs of activities</b>			
Beneficiary events		-	34,362
Registrants group meetings		1,201	3,963
International conferences		-	2,811
Benefit/debt advisor costs		21,162	15,431
Financial assistance survey		781	98,885
		<u>23,144</u>	<u>155,452</u>
<b>Support costs</b>			
Staff costs and staff recruitment		52,053	23,920
Travel & subsistence		3,727	10,595
Premises maintenance		1,522	1,661
Postage & telephone		4,641	5,726
Equipment leasing & servicing		815	786
Computer support and website costs		2,760	1,150
Stationery, printing & publications		2,318	3,101
Bank charges		817	567
Insurances		1,255	4,140
Subscriptions		1,154	481
Computer equipment	5a	424	517
Fixed asset disposal proceeds		-	(50)
		<u>71,486</u>	<u>52,594</u>
<b>Total</b>		<u><u>3,394,926</u></u>	<u><u>2,893,561</u></u>

- (a) 101 registrants received single grants which were made of varying amounts.
- (b) 143 primary beneficiaries received a winter fuel payment of £500, while 151 received a winter fuel payment of £250.
- (c) 110 widows received regular payments in the year (including backdating payments) at rates varying according to their income level, with the aim being to ensure that all widows had a net household income level of at least £19,000 per annum.
- (d) 291 primary beneficiaries were eligible to receive discretionary top up payments in the year at rates varying according to their income level.
- (e) 138 supplement payments were made to 84 primary beneficiaries for the support of their dependent children.
- (f) 113 health and mobility related grant payments of varying amounts were made in the year following an exercise to utilise some of the Charity's built up reserves and assessing the needs of the beneficiary community.



**THE MACFARLANE TRUST****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 MARCH 2014****4. Governance costs**

	£	2013 £
Legal & professional fees	630	16,239
Audit fees	4,500	4,500
Accountancy	2,614	1,741
Consultancy	14,925	293
Trustees recruitment	19,200	7,986
	<u>41,869</u>	<u>30,759</u>

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

**5. Fixed assets****a. Tangible fixed assets**

	Note	Computer equipment £	Fixtures, fittings and office equipment £	Total £
<b>Cost</b>				
At 1 April 2013		14,859	4,815	19,674
Additions	3	424	-	424
Disposals		(272)	(460)	(732)
		<u>15,011</u>	<u>4,355</u>	<u>19,366</u>
At 31 March 2014				
<b>Accumulated depreciation</b>				
At 1 April 2013		14,514	4,524	19,038
Charge for year		223	66	289
On disposals		(91)	(368)	(459)
		<u>14,646</u>	<u>4,222</u>	<u>18,868</u>
At 31 March 2014				
<b>Net book values</b>				
At 31 March 2014		<u>365</u>	<u>133</u>	<u>498</u>
At 31 March 2013		<u>345</u>	<u>291</u>	<u>636</u>

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**b. Managed funds**

	£	2013 £
<b>Market value at 1 April 2013</b>	<b>4,267,701</b>	4,222,799
Increase in cash	<b>143,064</b>	168,754
Disposals	<b>(1,256,308)</b>	(456,226)
	<b>3,154,457</b>	3,935,327
Realised gain	<b>50,232</b>	31,654
Unrealised gain	<b>49,893</b>	300,720
<b>Market value as at 31 March 2014</b>	<b>3,254,582</b>	4,267,701
<b>Historical cost at 31 March 2014</b>	<b>2,823,806</b>	3,769,480

**Notes**

- i. Sanlam Private Investments (UK) Ltd (previously known as Principal Investment Management Limited) manages a portfolio of listed investments and cash with discretion within guidelines stipulated by the Trustees in the management agreement.
- ii. Included in the market value of the portfolio at the year end is cash held to the value of £311,084 (2013: £189,244).
- iii. Investments in the above which are over 5% in value of the portfolio:
  - Franklin Templeton GI Total Rtn Bd A H3 inc – Market Value £187,849

**c. Property (see note 1e)**

	£
<b>Market value of MFT share at 1 April 2013</b>	<b>82,154</b>
Unrealised gain on investment	<b>5,724</b>
<b>Market value of MFT share at 31 March 2014</b>	<b>87,878</b>
<b>Cost of MFT share at 31 March 2014</b>	<b>71,862</b>

- i. These investments do not justify the cost of an annual professional valuation; however an internet search has been carried out to give a market value figure.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**6. Debtors falling due within one year**

	£	2013 £
Secured advances (i)	300	300
Secured loans attracting interest (ii)	4,176	26,424
Advances to beneficiaries (iii)	9,474	23,577
Other unsecured loans to beneficiaries	4,200	4,200
Funding debtor	6,777	-
Other debtors	791	4,146
Prepayments and accrued income	2,425	627
	<u>28,143</u>	<u>59,274</u>

**Debtors falling due after more than one year**

	£	2013 £
Secured advances (i)	151,532	151,832
Secured loans attracting interest (ii)	149,636	152,046
Advances to beneficiaries (iii)	5,762	9,880
Other unsecured loans to beneficiaries	14,060	18,260
	<u>320,990</u>	<u>332,018</u>

- i. Secured advances are interest free loans secured by legal charge on the property of the beneficiary.
- ii. Secured loans attracting interest are secured by legal charge on the property of the beneficiary.
- iii. Advances to beneficiaries are interest free loans recovered from the beneficiary by deduction from regular monthly payments.

**7. Creditors: Amounts falling due within one year**

	£	2013 £
Accruals and deferred income	391,216	455,016
Other creditors (see note 13)	22,467	26,521
	<u>413,683</u>	<u>481,537</u>

Accruals and deferred income of £391,216 (2013: £455,016) includes grants payable of £385,216 (2013: £447,255).

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

8a. **Unrestricted funds**

	£
<b>At 1 April 2013</b>	<b>4,558,454</b>
Government funding for year	<b>2,036,408</b>
(Decrease) in MFT resources	<b>(3,207,947)</b>
Increase in Honeycombe Memorial Fund	<b>3,478</b>
	<hr/>
<b>At 31 March 2014</b>	<b>3,390,393</b>
	<hr/>
General funds	<b>3,343,854</b>
Honeycombe Memorial Fund	<b>46,539</b>
	<hr/>
	<b>3,390,393</b>
	<hr/>

8b. **Honeycombe Memorial Fund**

	£
<b>At 1 April 2013</b>	<b>43,061</b>
Investment income	<b>1,574</b>
	<hr/>
	<b>44,635</b>
Grants made and other movements	<b>(2,535)</b>
	<hr/>
	<b>42,100</b>
Realised and Unrealised gain	<b>4,439</b>
	<hr/>
<b>At 31 March 2014</b>	<b>46,539</b>
	<hr/>

In 2005 MFT received a legacy from the widow of a deceased primary beneficiary. The Trustees decided to use this legacy to provide financial assistance to other widows to assist them to regain economic independence.

9. **Restricted funds**

	£
<b>At 1 April 2013</b>	<b>7,367</b>
Educational grants met by Wilsons fund	<b>(2,292)</b>
	<hr/>
<b>At 31 March 2014</b>	<b>5,075</b>
	<hr/>

The Restricted Fund consists of one fund, the Wilsons empowerment fund.

The Wilsons empowerment fund was established in 2011 as a restricted fund to be used towards the empowerment of the beneficiary community by way of supporting studying and improvement. The original grant received was £10,000 and at the year end £5,075 was being carried forward for future use.

## **THE MACFARLANE TRUST**

### **NOTES TO THE ACCOUNTS**

#### **FOR THE YEAR ENDED 31 MARCH 2014**

##### **10. Employees and salaries**

MFT had no employees after 30 September 2011 when all were transferred to Caxton, with costs running through that Charity from that point. For further information regarding the relationship with this Charity please refer to note 13.

Staff and recruitment costs as shown in note 3 of £52,053 (2013: £23,920) includes temporary staff costs of £47,065 (2013: £5,354), staff training costs of £nil (2013: £42), and staff recruitment costs of £4,988 (2013: £18,524).

##### **11. Trustees expenses and remuneration**

The travel and subsistence costs shown in note 3 includes the sum of £1,758 (2013: £5,903) reimbursed to Trustees for travel and other out of pocket expenses, principally in connection with Board and Committee meetings. This amount is the total sum paid to Trustees during the year.

No remuneration was paid to Trustees in this or in the previous year.

In line with MFT's normal disbursement policies, discretionary top up payments (regular payments) and grants were disbursed to three (2013: two) Trustees who are beneficiaries of MFT. In aggregate, these payments were £34,724 (2013: £10,160).

The rules in respect of the participation by user Trustees were meticulously observed in these respects.

##### **12. Financial commitments**

At 31 March 2014 MFT had annual commitments under non-cancellable operating leases as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within 1 year	-	40,500
	<hr/>	<hr/>
	-	40,500
	<hr/>	<hr/>

MFT was previously the leaseholder of its offices. Until 30 September 2011 the lease costs of the office were divided equally between MFT, Skipton and MFET.

With effect from 1 October 2011, following changes referred to in note 13, Caxton now pays the lease costs of the office in full. Caxton receives additional funding from the Department of Health in respect of those costs and the Government funding of the other Alliance House entities, including MFT, is then adjusted.

The above lease for the Alliance House offices expired during the year. It has been renewed as necessary, but in the name of Caxton Trustee Limited, the corporate trustee of Caxton. As a result there is no longer any commitment to show in the accounts of MFT.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**13. Related party transactions**

MFT 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 Caxton, Skipton, Eileen Trust and MFET. Together they are sometimes referred to as the Alliance House entities.

Three of the Trustees of MFT in the year are also Trustees of Eileen Trust, with two of them also being Directors of Skipton. Another Trustee is also a director of MFET. The Chief Executive of MFT is also the Chief Executive of Caxton.

With effect from 1 October 2011, for reasons of efficiency, Caxton took over the administrative functions formerly provided by MFT, including the employment of the staff of the various Alliance House entities and the responsibility for the lease costs of the Alliance House offices. The costs of performing these functions are now borne by Caxton. 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 revised arrangements that came into force previously, the part of Caxton's costs that was attributable to MFT was the subject of an adjustment through the Government's funding mechanism. Actual service costs incurred by Caxton in respect of MFT in the year totalled £163,592 (2013: £173,963). Caxton received funding in the year from the Department of Health to cover these costs totalling £163,592 (2013: £152,868). No adjustments have been made to the figures in MFT's accounts regarding the above costs borne by Caxton.

As well as the above service delivery costs, the Alliance House entities also have various shared costs. MFT previously incurred various shared costs which it then recharged to the other entities as appropriate. MFT made recharges of £nil (2013: £177) to Skipton, £nil (2013: £4,941) to Caxton, £nil (2013: £12) to Eileen Trust and £nil (2013: £47) to MFET.

In addition some of the other entities incurred shared costs themselves, and therefore MFT incurred recharges of £9,717 (2013: £9,548) from Skipton and £25,905 (2013: £31,462) from Caxton.

Also under the terms of agreement with the Secretary of State for Health, payments of £nil (2013: £1,998,870) were due to MFT by MFET.

At the year-end MFT owed £1,997 to Skipton (2013: £177 was owed from Skipton), £nil to Eileen Trust (2013: £12 was owed from Eileen Trust), £3,910 to MFET (2013: £3,957 was owed from MFET) and £16,560 by Caxton (2013: £26,521).

**14. Controlling party**

The Charity is controlled by the Trustees.