

Registered Charity Number: 1142529

**THE CAXTON FOUNDATION
ANNUAL FINANCIAL REPORT
FOR THE PERIOD FROM
1 OCTOBER 2011 TO 31 MARCH 2012**

THE CAXTON FOUNDATION

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THE CAXTON FOUNDATION

CHAIRMAN'S STATEMENT

The establishment of The Caxton Foundation ("Caxton") is the latest structural element in the Government's response to the tragic results of the use within the National Health Service of blood and blood products, and occasionally tissue, which transmitted the viral infections of HCV and HIV. The first element, The Macfarlane Trust ("MFT"), set up in 1987, provides charitable relief to people with haemophilia who were infected with HIV (most of them being co-infected with HCV). In 1990 and 1991 the MFT community received *ex gratia* lump sum payments, which were copied in the scheme that led to the Eileen Trust, in 1993, which gives charitable support to people similarly affected through the treatment of conditions other than haemophilia. The numbers of people eligible for help by these two charities were about 1,250 and 100 respectively.

The HCV virus ("HCV") was giving rise to infection for many years before the short period of HIV transmission in the early 1980s, and the numbers of people affected are correspondingly larger. The first element in the response to this community was the establishment in 2004 of an *ex gratia* lump sum payment scheme administered by Skipton Fund Limited ("Skipton"). Subsequently both the HIV and the HCV *ex gratia* schemes were enhanced by annual payments (now index-linked). Caxton now stands alongside MFT and Eileen Trust to provide charitable support to the HCV community, which could result in beneficiary numbers in excess of 1,000; unlike HIV, HCV can be eliminated in many cases with drug treatment, so that a substantial proportion of the approximate 5,000 people, other than those co-infected, who have received *ex gratia* payments from Skipton are quite likely not to need charitable help from Caxton.

Caxton was established under a Trust Deed dated 28 March 2011, with three First Trustees appointed by the Secretary of State for Health. A further six Trustees were recruited during the summer, meeting for the first time in August and leading to the start of operations in October. The principal objectives of the Trustees during this first year have been to identify as many potential beneficiaries as possible, to ascertain their needs and to develop charitable policies to meet those needs as far as Caxton's resources permit.

Establishing a new charity to be funded from tax revenue is far from straightforward at a time when public finances are as strained as they have become. Caxton has received about £524,000 for charitable disbursement to the end of March 2012. Although it had been indicated that further funding was available for this period, it could not be disbursed because there has been insufficient time to identify beneficiaries or establish their needs; Caxton may not carry forward the balance. It has been indicated that a further allocation of £2.38 million will be available for the year from 1 April 2012; this will be made available when specific charitable needs have been identified and the Department of Health ("the DH") can be invoiced accordingly. The Trustees have some concerns that, under such arrangements, their ability to meet the real needs of the community that Caxton has been set up to support might be constrained by insufficient funding.

Caxton is based in the same offices in Alliance House that have been occupied for many years by MFT and the other organisations described above. One of the tasks that had to be accomplished by Caxton was to assume responsibility for the staffing of those as well as its own operations and to acquire sufficient office space to accommodate the enlarged activities. This space has been found within Alliance House, and the Trustees are grateful to the Alliance House Foundation for its help. It is hoped to move into this larger space in the course of the year.

During the period under review it was decided to follow the pattern set by MFT and incorporate the trustee body, which led to the transfer of the trustee function to Caxton Trustee Limited ("CTL"), a company limited by guarantee, the board of which comprises those who had hitherto been individual Trustees with unlimited personal liability. CTL is bound by Caxton's Trust Deed, relevant parts of which are enshrined in its Articles of Association.

Caxton has been able to adopt a mature and pragmatic approach in its relationship with the beneficiary community as a result of building on the experience developed by the office staff when working for MFT. The experience and expertise of the office staff in this regard is invaluable. Appropriate governance arrangements have been put in place from the outset, and Caxton is developing means of

communicating with its beneficiary community. A website has been set up through which it is possible to register with Caxton as a potential beneficiary, and on which news, answers to frequently-asked questions and a means of contacting the Trustees are already established. Caxton welcomes any suggestions of ways of improving and expanding opportunities for communication.

As it enters the first full year of operations, Caxton aims to continue to build connections with its beneficiaries, to ensure an efficient and sympathetic approach in dealing with their requests, and to maximise the use of its resources for their benefit. Caxton will maintain a dialogue with the DH with the objective of ensuring that funding is provided to meet the charitable needs of its beneficiaries on a timely basis.

The Trustees are grateful to the Chief Executive and the other staff in Alliance House who have enabled Caxton to make so much progress in a short space of time while maintaining the services of the other organisations to their various beneficiaries. The Government announcement that led to the establishment of Caxton also gave rise to a substantial surge in workload for these older organisations, Skipton in particular, and the staff handled this successfully without complaint. In addition, considerable change has been required to working practices while under severe constraints of space, while Martin Harvey himself, having been very seriously ill during the last two years, has addressed the challenges of setting up Caxton and of negotiating the property deals with unstinted commitment and vigour. For my part I thank my colleagues on the Board, together with Roger Evans who had been immensely helpful during the development and early stages of Caxton; I wish him well in his new role as Chairman of MFT.

Peter Stevens
Chairman

THE CAXTON FOUNDATION

Registered Charity Number 1142529

Registered Address

Alliance House
12 Caxton Street
London SW1H 0QS
www.caxtonfoundation.org.uk

Trustees

- #P.R. Stevens* (Chairman) – London (appointed 28 March 2011 & resigned 19 March 2012)
 - #R.J. Finlay – Northern Ireland (appointed 4 August 2011 & resigned 19 March 2012)
 - #P.K. Harvey – South (appointed 4 August 2011 & resigned 19 March 2012)
 - #C.E. Lister – London (appointed 4 August 2011 & resigned 19 March 2012)
 - #L.M. Winram – South West (appointed 4 August 2011 resigned 19 March 2012)
 - R. Evans* - London (appointed 28 March 2011 & resigned 20 February 2012)
 - #F.C. Gore* - London (appointed 28 March 2011 & resigned 19 March 2012)
 - #M.D. Leadbeater – South East (appointed 4 August 2011 & resigned 19 March 2012)
 - #Prof. H.C. Thomas – South West (appointed 4 August 2011 resigned 19 March 2012)
- Caxton Trustee Limited**

*"First Trustees" as defined by the Trust Deed dated 28 March 2011

**On 19 March 2012 the Trustees became Directors of Caxton Trustee Limited, which from that date became the Corporate Trustee of Caxton

Directors of Caxton Trustee Limited as at 31 March 2012

Foundation Staff

Martin Harvey – Chief Executive
Nicholas Fish – Assistant to the Chief Executive
Gillian Brown – Administrative Secretary
Shane Baker – IT Manager & Risk Officer

Welfare Team

Roz Riley – Welfare Manager
Keisha Hanchard – Welfare Officer
Nicole Hornby – Welfare Assistant
Andrew Galligan – Welfare Assistant
Susan Daniels – Case Worker (Eileen Trust)

Finance Team

Linda Haigh – Finance Manager

Bankers

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

Solicitors

Governance & Charity Law
Wilson Solicitors LLP
Steynings House,
Summerlock Approach, Salisbury
Wiltshire, SP2 7RJ

Employment Law

David Downton & Co
Harefield Chambers,
2 Brook Farm
Northampton Road,
Cosgrove
Milton Keynes MK19 7BB

Property Law

Fuller Brooks Millikin,
4 Cricklade Court,
Cricklade Street,
Old Town,
Swindon SN1 3EY

Auditors

Ward Williams
Park House, 25-27 Monument Hill
Weybridge, Surrey, KT13 8RT

THE CAXTON FOUNDATION

TRUSTEES' REPORT

OPERATING REVIEW

Objectives

Following a comprehensive review by the Coalition Government of the Report of the Archer Inquiry (the independent public inquiry, chaired by the late Lord Archer of Sandwell, into NHS-supplied contaminated blood, blood products and tissue), it was announced on 12 January 2011 that a new charity would be set up to administer a discretionary fund provided by the Department of Health ("the DH") to assist people who had been infected with the Hepatitis C virus ("HCV") through such products. Caxton was registered on 22 June 2011, becoming fully operational in October 2011.

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

- individuals who have received such products and in consequence have been infected with HCV 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 Fund Limited ("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.

How Caxton's activities deliver public benefit

The Trustees have referred to the Charity Commission's 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.

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 was established in 2004 to manage an *ex gratia* payment scheme to people who had been infected with HCV through NHS treatment before September 1991 with contaminated blood and blood products. Caxton's beneficiaries are those, living and deceased, who have received a Stage 1 payment from Skipton, together with their spouses, parents, carers, children and dependants, with the exception of those who are registered with The Macfarlane Trust ("MFT") and Eileen Trust, whose charitable needs are met from those trusts and who are, therefore, excluded from benefit from Caxton.

Currently Skipton makes two levels of lump sum payment and a 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 HCV (that is, had active infection for a period greater than six months). About 10 Stage 1 payments are currently being paid each month.

Stage 2 payment of £50,000

Stage 2 payments are made to people (or to the estates of such people who have died) whose HCV 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 set up Caxton was announced. At 31 March 2012 the proportion of recipients of Stage 1 payments who had also received Stage 2 was 25%.

Regular annual payment

For living recipients of Stage 2 payments, Skipton makes annual payments, in monthly or quarterly instalments, which in the period under review amounted to £13,200. The annual payment, which rises each year in line with the Consumer Prices Index (CPI), was introduced coincident with the Stage 2 increase.

Caxton's beneficiary community

At the end of the period under review, Caxton's identified community of care (ie those who, having received a Stage 1 Skipton payment, had registered with Caxton and provided sufficient details of their circumstances as to be capable of definition as potential beneficiaries), was

356 Primary Beneficiaries

149 widows, both with and without dependants, and family carers.

This was much lower than the potential number of beneficiaries, as defined by all those who had received Stage 1 payments from Skipton or were bereaved families or carers of such. There had been 4,932 infected recipients of Stage 1, of whom 552 had received Stage 2 and were receiving annual payments. 690 had received Stage 2 but were not receiving annual payments and are, therefore, believed to have died. An unknown number of Stage 1 recipients will also have died before being eligible for Stage 2 payments.

HCV can be cleared either through treatment or (very rarely in the chronic stage) naturally, with a success rate of treatment, for those not co-infected with HIV, in the range of 40% to 80% (depending on genotype); it is probable that many of those who have cleared the virus will not have needs that are suitable for charitable relief. Without records of treatment or mortality rates, accurate estimation of Caxton's potential total number of beneficiaries has not proved possible.

Support to Primary Beneficiaries

Charity law dictates that Caxton may only provide financial support where charitable need can be determined. The Trustees therefore gave priority to requests for help from households with an annual income below £14,000, in line with the definition of poverty adopted by the Government of household income below 60 per cent of median income.

While all Caxton's beneficiaries by definition have received a Stage 1 Skipton payment, some have also received a Stage 2 payment and will, while alive, be in receipt of the annual payment. Caxton began with the assumption that it would be recipients solely of Stage 1 who would be most likely to qualify for charitable support. In practice, the Trustees have found that the household incomes of many Stage 2 recipients had also suffered due to the effects of living with HCV and the side effects of treatment, and that charitable need could also be demonstrated for these people and their families.

At the outset the Trustees believed that their discretionary support was most usefully focused on those who either had undertaken treatment to clear the virus or were undertaking treatment to clear the virus, since this has side-effects that can severely impair income-earning ability. This has not prevented help being given in other circumstances. Where need is demonstrated, beneficiaries have received help with the purchase of basic household items, such as furniture, kitchen equipment and clothing, to sustain within reason their quality of life. Other discretionary payments have been made for essential domestic repairs and for adaptations when medically justified. One-off fuel payments have also been paid, automatically to beneficiaries with a household income below £14,000 and on a discretionary basis to households on higher incomes.

A number of individuals face problems with unpaid utility bills, council tax, mortgage arrears and other debt accumulated as a result of loss of income. The Trustees have used their discretion to provide support where this is justified.

Caxton recognises that some beneficiaries, in particular those who are relatively fit, wish to empower themselves by starting businesses. In such cases where a positive business case can be demonstrated, the Trustees have assisted with financing where no other suitable source is available.

Caxton also seeks to support social, economic and educational development where need can be demonstrated, and recognises the need for direct financial relief to beneficiaries in supporting individual social, economic or educational empowerment.

During the period under review Caxton provided financial support to 85 Primary Beneficiaries amounting to a total of about £366,483.

Support for Non-Infected Beneficiaries

In this first period of Caxton's operation, priority was given to helping Primary Beneficiaries. However, Caxton has already received a number of requests for assistance from those who have been bereaved following the death of a related Primary Beneficiary.

It has not yet been possible to assess definitively the type of support that Caxton can expect to make available to the non-infected community. It is likely that, in some cases, the type of support that will be asked for will concern debts left behind by an infected beneficiary, together with support for dependent children and counselling to enable the bereaved person (widow or parent) to adjust to life ahead.

Caxton has, as one of its main support activities to all beneficiaries, the services of a qualified benefits advisor who, with considerable experience of the MFT beneficiary constituency, is performing a similar range of duties with Caxton.

A dedicated counselling fund is administered by the Hepatitis C Trust. It offers a range of counselling services and can be accessed on application to the welfare team at Alliance House.

During the period under review, Caxton provided financial support to 9 non-infected beneficiaries amounting in total to about £30,000.

Associated organisations

In the period under review Caxton provided administrative support to four other organisations that occupy the Alliance House offices and are also funded by the DH to provide support to people affected by contaminated blood, blood products and tissue:

The Macfarlane Trust ("MFT")

MFT, a charitable trust, was established in 1987 to assist people with haemophilia who had been infected with HIV. Its objectives are "to relieve those persons who are in need of assistance or 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". Most MFT registrants are co-infected with HCV.

The term of office of the Chairman of MFT during the period under review ended on 28 April 2012. He has been succeeded by Mr Roger Evans, who was one of the first Trustees of Caxton. The Trustees of MFT determined that there would be a potential conflict of interest if Mr Evans combined this post with that of a Trustee of Caxton, in consequence of which he resigned the latter position on 20 February 2012.

Eileen Trust

The Eileen Trust, a charitable trust, was set up in 1993 to help people other than those with haemophilia who were infected with HIV, with objectives broadly similar to those of MFT. This Trust has 5 Trustees of whom 3 are also Trustees of MFT and one is a Trustee of Caxton; it is funded by the DH independently of MFT and Caxton. Most of the work of the Eileen Trust is undertaken by a dedicated part-time member of staff with additional support as required from the office.

Skipton Fund Limited (“Skipton”)

Skipton is a company limited by guarantee. Two Trustees of MFT and one of Caxton, together with its Chief Executive, are Directors of Skipton, which employs an Administrator who is also its Company Secretary as well as being the Assistant to Caxton’s Chief Executive.

MFET Limited (“MFET”)

MFET is a company limited by guarantee that makes annual non-discretionary payments, similar to those made by Skipton, to the primary beneficiaries of MFT and the Eileen Trust. The Chairman of MFT and the Chairman of the Eileen Trust, who is also Chairman of Caxton, are *ex officio* the sole directors.

FINANCIAL REVIEW

Foundation Funds

Caxton is funded wholly by the DH.

Funding received and spent in the period ending 31 March 2012 was as follows:

	Funding Received	Expenditure
	£	£
Setting up costs	212,182	92,134
Service delivery payments		
- all entities	338,826	254,960
- Caxton only	124,460	99,349
Management costs	40,050	65,899
Grant funding	523,858	400,266

Caxton is the resourcing body for staff and the shared office accommodation for the four associated organisations, the costs of which are funded by the DH through service delivery payments. Before the establishment of Caxton, MFT was the resourcing body; a joint liaison committee has been set up between Caxton and MFT to consider matters of mutual concern to the two entities relating to Caxton’s service delivery.

Service delivery payments received by Caxton from the other Alliance House organisations during the period under review totalled £214,366. No cross-charges are made between Caxton and the other organisations; a note is included in each entity’s accounts, including those of Caxton that follow on pages 13-22, identifying the total amount of costs incurred on its behalf by, or on behalf of, other entities.

Setting up costs

61% of the funds received for this category (£129,411) related to the acquisition of a larger office in Alliance House than that hitherto occupied by MFT. As a result of delays in completing this acquisition a substantial part of this funding has been carried forward to the 2012/13 financial year, during which it is expected that the move will be undertaken. Other costs under this heading relate to legal fees and various management costs.

Service delivery payments

This heading relates to the direct costs of administering the services of the various Alliance House organisations. Approximately 39% (£99,349) of the total sum of £254,960 is the cost of administering Caxton’s support to its beneficiaries; this is 80% of the amount allocated, resulting from administrative efficiencies achieved after initial budgeting. The high proportion that this forms of the total support to

beneficiaries arises because the support function was in its early stages. The proportion is expected to fall in future periods as the number of beneficiaries Caxton is able to help rises.

Management costs

The direct funding to meet management costs for Caxton and the other entities for the period under review amounted to £40,050. Expenditure in this category exceeded funding by about two-thirds. This is because temporary staff were charged to this budget.

Grant funding

As indicated above, Caxton has given priority to meeting the charitable needs of beneficiaries on the lowest incomes. This included widows and beneficiaries who had either undertaken treatment to clear the virus or were undergoing or about to undergo treatment for their HCV condition.

During the period the aggregate value of all approved financial support and the value of non-financial support to meet specific and, in certain circumstances, exceptional need amounted to slightly over £400,000.

Looking ahead

In the year to 31 March 2013, the first full year of operation, there will be further refinement of disbursement policies to ensure that they are relevant to the needs of all beneficiaries. The Trustees are determined to ensure that communication between the beneficiaries and Caxton is open and transparent: it is hoped to establish a liaison group comprising a number of beneficiaries who are representative of the entire beneficiary community, together with a themed “workshop” event.

GOVERNANCE AND ADMINISTRATION

Caxton is governed by its Trust Deed and is under the control of a Board that initially comprised 9 Trustees, all of whom were confirmed in their appointment by the Secretary of State for Health. Caxton’s policy for the recruitment of Trustees follows the practices laid down by OCPA, the Office of the Commissioner of Public Appointments. Each Trustee on appointment was furnished with a comprehensive induction pack and was able to visit Caxton’s offices for briefing and operational information.

As detailed on page 5, on 19 March 2012 the Trustees of Caxton became Directors of Caxton Trustee Limited, which from that date became the Corporate Trustee of Caxton.

Caxton has established three sub-committees of the Board - National Welfare Committee, Employment Affairs Committee and Audit Committee. Trustees receive Board papers one week in advance of the meeting on a quarterly basis as well as committee papers.

Caxton officials have regular bilateral meetings with DH officials.

During the period Caxton had 11 full and part-time employees. The service delivery costs (rent and staff) were shared according to the budgeted operating costs across the Alliance House entities, subject to a Service Level Agreement where established.

Caxton has set up a website at www.caxtonfoundation.org.uk on which a growing body of material, including Board minutes, is published for access by beneficiaries and others. The Trustees have established a dedicated beneficiary liaison system through which they can be contacted by beneficiaries, via Caxton’s office, to make their views known.

Risk Assessment

The Trustees have identified the major risks to which Caxton 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. The management of risk is to be implemented into Caxton's approach to its operational management.

Reserves Policy

Caxton is required by the Charity Commission and by the Charities SORP to publish its policy on holding a financial reserve.

In the period of this report, Caxton was negotiating with the DH an appropriate level of reserves along with a Departmental indemnity for the Corporate Trustee. Since the period end, it has been agreed that Caxton will not hold a reserve. This will be kept under review.

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 2 August 2012 and signed on their behalf by

Peter Stevens
Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF

THE CAXTON FOUNDATION

We have audited the financial statements of The Caxton Foundation for the period ended 31 March 2012, as set out on pages 13 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 11, 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. 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 2012 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

7 August 2012

Park House
25-27 Monument Hill
Weybridge
Surrey KT13 8RT

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

THE CAXTON FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED 31 MARCH 2012

	Note	Unrestricted General £	Restricted Funds £	2012 Total £
Incoming resources				
Incoming resources from generated funds	2			
Voluntary income		563,908	551,008	1,114,916
Investment income		460	-	460
Total incoming resources		564,368	551,008	1,115,376
Resources expended				
Charitable activities	3	431,245	347,094	778,339
Governance costs	4	34,920	-	34,920
Total resources expended		466,165	347,094	813,259
Net incoming resources/ (resources expended) before transfers		98,203	203,914	302,117
Net movement in funds		98,203	203,914	302,117
Reconciliation of Funds				
Total funds carried forward at 31 March 2012		98,203	203,914	302,117

THE CAXTON FOUNDATION

BALANCE SHEET

AT 31 MARCH 2012

	Note	£	£
Fixed assets			
Tangible fixed assets	5		8,050
Current assets			
Debtors	6	24,334	
Cash at bank and in hand		482,314	
		506,648	
Creditors: Amounts falling due within one year	7	(204,531)	
Current assets less current liabilities			302,117
Total assets less current liabilities			310,167
Funds			
Unrestricted - General operating reserves	8a		98,203
Restricted			
Setting up costs	8b	120,048	
Service delivery payments	8b	83,866	
			203,914
Valuation of fixed assets	5		8,050
			310,167

Approved by the Trustees on 2 August 2012 and signed on their behalf by

Peter Stevens
Chairman

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

1. Accounting policies

- (a) The financial statements have been prepared under the historical cost convention, the Charities Act and in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities” (SORP) published in 2005 and the Financial Reporting Standard for Smaller Entities (effective April 2008).
- (b) The accounts have been prepared on an accruals basis except that investment income is applied on the date that it is received. Grants payable have been recognised at the date on which they were approved by the National Welfare Committee board. An accrual has been included in these accounts for any grants that were approved but not yet paid as at the period end date.
- (c) Two types of funds were held by the Charity during the year, ‘Unrestricted’ and ‘Restricted’ funds.

The Unrestricted Fund incorporates not only all income and expenditure in respect of beneficiaries but also of all income and expenditure that relate to the administration 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 the future relocation of premises, 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, rates, utilities). 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 year’s service delivery costs for all the Alliance House entities.

- (d) All investment and voluntary income is included in the Statement of Financial Activities.
- (e) 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, with effect from 1 October 2011 when it became operational, the Charity has taken over the administration functions of all the Alliance House entities, including the employment of the staff and the ownership of the lease for the space occupied by the entities, including the Charity. 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 these arrangements 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 13.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

1. Accounting policies (Continued)

- (f) Expenditure by the Charity 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.

Tangible fixed assets are shown in the balance sheet at cost less depreciation (note 5). 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 33¹/₃ % on cost per annum

This is a departure from the requirements of the SORP which requires all fixed assets to be capitalised on the balance sheet, however, the Trustees consider that the current accounting policy gives a truer reflection of the funds expended.

- (g) Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.
- (h) The Charity operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. Incoming resources from generated funds

	2012
	£
Voluntary income	
Department of Health funding	1,114,916
Investment income	
Bank deposit interest	460
Total	1,115,376

The Department of Health funding above comprises of £563,908 received in the period regarding grants and direct administration costs (Unrestricted General Fund), £338,826 received regarding the service delivery costs of all the Alliance House Entities (Restricted Fund) and £212,182 regarding the setting up costs of the Charity (Restricted Fund). All the funds were received directly from the Department of Health.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

3. **Charitable activities**

		2012 £
	Note	
Unrestricted Funds		
Grants payable		
Approved grants and benefits advice	3a	400,266
Support costs		
Temporary staff		1,468
Staff recruitment		4,860
Staff training		3,472
Travel & subsistence		10,962
Premises maintenance		3,523
Postage & telephone		199
Stationery, printing & publications		2,463
Bank charges		151
Insurances		3,372
Subscriptions		59
Management charge for shared costs	13	450
		<hr/>
		30,979
		<hr/>
		431,245
Restricted Funds		
Support costs		
Staff salaries and costs		227,107
Rent, service charges & rates		27,025
Electricity		828
Setting up costs		82,474
Equipment & software renewal		
Setting up costs - computer equipment	5	9,660
		<hr/>
		347,094
		<hr/>
Total		778,339
		<hr/> <hr/>

(a) 181 single grants were made of varying amounts, providing support to 94 beneficiaries.

4. **Governance costs**

	2012 £
Legal & professional fees	27,225
Audit fees	4,500
Accountancy	3,195
	<hr/>
	34,920
	<hr/> <hr/>

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

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

5. **Fixed assets**

Tangible fixed assets	Note	Computer Equipment £
Cost		
Additions	3	9,660
Disposals		-
At 31 March 2012		<u>9,660</u>
Accumulated depreciation		
Charge for year		1,610
On disposals		-
At 31 March 2012		<u>1,610</u>
Net book values		
At 31 March 2012		<u><u>8,050</u></u>

6. **Debtors**

	2012 £
Staff season ticket loans	7,288
Other staff loans	985
Other debtors	5,909
Prepayments and accrued income	10,152
	<u>24,334</u>

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

	2012 £
Accruals and deferred income	190,388
Other creditors	14,143
	<u>204,531</u>

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

8a. **Unrestricted Funds**

	£
Department of Health funding for the period	563,908
Investment income	460
Grants and direct administration	(466,165)
	<hr/>
At 31 March 2012	98,203
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The above carried forward balance is the operating reserves of the Charity to be used to cover future unrestricted expenditure in relation to the Charity's day to day activities.

8b. **Restricted Funds**

		£
Setting up costs		
Department of Health funding for the period	212,182	
Setting up costs in the period	(82,474)	
Computer equipment purchased	(9,660)	
	<hr/>	
		120,048
Service delivery payments		
Department of Health funding for the period	338,826	
Service delivery payments in the period	(254,960)	
	<hr/>	
		83,866
		<hr/>
At 31 March 2012		203,914
		<hr/> <hr/>

The setting up costs balance will be used for future costs incurred regarding the setting up of the Charity and costs regarding the Charity moving premises in 2012/13. The balance includes £42,900 received in advance from the Department of Health which will be used next year to cover the deposit for the new premises on the fifth floor of Alliance House.

The service delivery payments balance will be used against service delivery costs regarding the Alliance House entities to be incurred by the Charity in 2012/13.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

9. **Employees and salaries**

	2012
	No.
The average number of employees was:	10
	<hr/>
Staff costs includes:	£
Wages and salaries	193,498
Social security costs	21,826
Pension costs	11,781
Other costs	9,800
	<hr/>
	236,905
	<hr/> <hr/>

The Charity became operational from 1 October 2011 and payments to the staff commenced as from this date.

The number of employees whose emoluments as defined for taxation purposes amounted to over £30,000 (£60,000 pro-rated as the charity became operational from 1 October 2011) in the period was as follows:

	2012
	No.
£40,001 - £45,000 (£80,001 - £90,000 pro-rated)	1
	<hr/>

Pension contributions totalling £3,867 were paid during the period to the above member of staff.

10. **Trustees expenses and remuneration**

The travel and subsistence costs shown in note 3 include the sum of £9,486 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 period.

No remuneration was paid to Trustees in this period.

11. **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 £11,781 represents contributions paid by the Charity to the funds. At the period end there were no outstanding contributions payable.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

12. **Financial commitments**

At 31 March 2012 the Charity had annual commitments under non-cancellable operating leases as follows:

	2012 £
Operating leases which expire in 1 - 2 years	40,500
	<hr style="width: 100%; border: 0.5px solid black;"/>
	40,500
	<hr style="width: 100%; border: 0.5px solid black;"/>

The Charity operates in offices which are shared with a number of other entities. The lease for the premises is in the name of MFT.

For reasons of efficiency, the Charity, with effect from 1 October 2011, has taken over the administrative functions formerly provided by MFT, including the employment of the staff of the various Alliance House entities and the ownership of the lease for the space occupied by the entities. These costs are borne in full by the Charity and are then reimbursed by the Department of Health (Service delivery payments – note 8c).

Therefore a commitment has been shown in these accounts regarding the lease for the premises.

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

One of the Trustees of the Charity is also a Trustee of the Eileen Trust, as well as being a Director of Skipton and MFET. A former Trustee of the Charity is also a Trustee of MFT and a Director of MFET. Finally the Chief Executive of the Charity is also the Chief Executive of MFT, as well as being a Director of Skipton.

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 and the ownership of the lease for the Alliance House offices. The costs of performing these functions are now borne in full by the Charity and are then reimbursed by the Department of Health (Service delivery payments – note 8c).

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 this year following the formation of the Charity, the part of the Charity's costs that was attributable to the other entities was the subject of an adjustment through the Department of Health's funding mechanism. Actual services costs incurred by the Charity on behalf of the other Alliance House entities in the period 1 October 2011 to 31 March 2012 totalled £155,611, with £71,219 relating to MFT, £14,029 to MFET, £10,166 to the Eileen Trust and £60,197 to Skipton. The Charity received funding in the year from the Department of Health to cover these costs totalling £214,366, with £92,314 relating to MFT, £17,655 to MFET, £11,185 to the Eileen Trust and £93,212 to Skipton. The balance remaining of £58,755, consisting of £21,095 relating to MFT, £3,626 to MFET, £1,019 to the Eileen Trust and £33,015 to Skipton has been carried forward by the Charity for use against future service delivery costs. 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.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2012

13. **Related party transactions (Continued)**

As well as the above service delivery costs, the Alliance House entities also have various shared costs. During the period 1 October 2011 to 31 March 2012 the Charity incurred various shared expenses totalling £17,146. The other entities also incurred between them various shared expenses. After comparison of the actual shared costs incurred by the Charity compared to its fair share of the costs an additional management charge for the period was set at £450. This amount is payable to MFT due to that entity having incurred the most shared costs.

During the period MFT made payments totalling £18,351 regarding costs directly relating to the Charity. The Charity also made payments totalling £27,604 which related to costs directly relating to MFT. At the period end the Charity was owed £5,909 by MFT.

During the period Skipton paid £14,030 on behalf of the Charity relating to its setting up costs. At the period end the Charity owed Skipton £14,030.

14. **Controlling party**

The Charity is controlled by the Trustees.