

Registered Charity Number: 1142529

**THE CAXTON FOUNDATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

THE CAXTON FOUNDATION

TRUSTEE'S REPORT

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THE CAXTON FOUNDATION

TRUSTEE'S REPORT

STATEMENT FROM CHAIR OF CAXTON TRUSTEE LIMITED

This Annual Report covers the first full year of operations of the Caxton Foundation (Caxton). Caxton was established under a Trust Deed dated 28 March 2011, following a comprehensive review by the Coalition Government of the Report of the Archer Inquiry into the tragic results of the use within the National Health Service of blood and blood products which transmitted the viral infections of Hepatitis C and HIV. Caxton is directed by Caxton Trustee Limited (CTL), a company limited by guarantee, the board of which comprises those who would otherwise have been individual Trustees with unlimited personal liability. CTL is bound by Caxton's Trust Deed, relevant parts of which are enshrined in its Articles of Association. Caxton, whose client community comprises people who were infected with Hepatitis C, followed the model of the Macfarlane Trust (MFT), which was set up in 1987 to provide charitable relief to people with haemophilia who were infected with HIV (many of them being co-infected with Hepatitis C) and of the Eileen Trust, set up in 1993, which supports people similarly affected through the treatment of conditions other than haemophilia.

The basic criterion for eligibility for support from Caxton is the receipt of a Stage 1 payment from the Skipton Fund Limited (Skipton), made to those (or the estates of those who have died) proven to have been infected with Hepatitis C using NHS products. A major task of the board and staff since Caxton's inception has been to identify and contact as many potential clients as possible and to ascertain their needs, while at the same time developing charitable policies to meet those needs as far as Caxton's resources permit. This task of identification and communication continues to be the number one priority.

Caxton has sought to adopt a mature and pragmatic approach in its relationship with the client community. Appropriate governance arrangements have been put in place from the outset, and Caxton is now engaged in developing improved communications and partnership arrangements with its client community.

As it enters the second full year of operations, it is imperative that Caxton continues to build connections with its clients, to ensure an efficient and sympathetic approach in dealing with their requests, and to maximise the use of its resources for their benefit. It is setting out its aims, objectives and strategy for the first five years. Its goal is to maintain a constructive dialogue with the Department of Health (DH) with the objective of ensuring that sufficient funding continues to be provided to meet the charitable needs of its clients.

Caxton was initially established with three First Trustees, each appointed for a period with defined limits. Two of these had resigned by the time of my appointment, but I was able to work for a short time with Peter Stevens, my predecessor as Chair, whose term was limited to 28 March 2013. On behalf of the board and the other related organisations that he has served, I should like to thank him most sincerely for his thoughtful and purposeful work to establish this organisation, and his devotion to the needs of those infected through no fault of their own. He has pursued with vigour the need to ensure that our potential clients are identified and helped in the most appropriate way possible so that they are able to lead positive and independent lives as possible. I wish him well for the future.

The Chief Executive of the Caxton Foundation and the Macfarlane Trust, Martin Harvey, suffered a serious illness in 2010 and in 2012 requested early retirement on the grounds of ill health. This occurred before my appointment to the board, but I know that my colleagues would wish me to record our great appreciation of his service both to Caxton and to the other operations during his tenure, and to wish him well in his retirement. I welcome Jan Barlow's appointment as Chief Executive in January 2013; her skills and energy have already made a great contribution to the formulation and execution of Caxton's strategies for achieving its objectives. I also thank my colleagues on the board, some of whom have, like myself, been recently appointed, for their voluntary commitment to the important work that we are undertaking, and I look forward to working with them to fulfil our objectives.

Ann Lloyd CBE
Chair of Caxton Trustee Limited

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Registered Charity Number 1142529

Registered Address

Alliance House
12 Caxton Street
London SW1H 0QS

www.caxtonfoundation.org.uk

Trustee

Caxton Trustee Limited

Directors of Caxton Trustee Limited

Ann Lloyd CBE (appointed 15 December 2012, Chair from 7 February 2013)
Charles Lister OBE (Deputy Chair 2 August 2012)
Richard Finlay
Miranda Winram
Mary Leadbeater
Professor Howard Thomas
Fiona Edwards (appointed 7 February 2013)
Vijay Sharma (appointed 7 February 2013)
David Atterbury Thomas (appointed 7 February 2013)
Alan Rook (appointed 7 February 2013)
Peter Stevens (resigned 28 March 2013)
Peter Harvey (resigned 7 February 2013)

Chief Executive

Martin Harvey (retired August 2012)
Catharine Pusey (Interim Chief Executive, October to December 2012)
Jan Barlow (appointed 3 January 2013)

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

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

Auditors

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

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GOVERNANCE AND ADMINISTRATION

As discussed on page 3 of this report, Caxton is directed by Caxton Trustee Limited (CTL), a company limited by guarantee, the board of which comprises those who would otherwise have been individual Trustees with unlimited personal liability. CTL is bound by Caxton's Trust Deed. The appointments of the directors of Caxton Trustee Ltd are approved by the Health Minister. Upon appointment, each board member is given a comprehensive induction pack and visits Caxton's offices for briefing and operational information.

Caxton has three board sub-committees: a National Welfare Committee, an Employment Affairs Committee and an Audit Committee. With the appointment of a new Chair early in 2013, a governance review to assess the effectiveness of these committees after eighteen months of operation will be carried out during 2013/14.

Five organisations involved in supporting people infected with HIV and/or Hepatitis C operate out of Alliance House; three of these are charities and two are limited companies. Details of these 5 organisations are set out below. All are wholly-funded by the DH.

Since its establishment in 2011, Caxton has provided administrative support to the other four Alliance House entities. It acts as the employer for all staff. The "service delivery" costs for staff and rent are shared according to the budgeted operating costs across the Alliance House entities; in the case of the Macfarlane Trust, there is a Service Level Agreement with Caxton. The DH pays Caxton directly for these service delivery costs for all 5 Alliance House entities. Some staff are employed solely to work on one particular organisation, others undertake work for more than one.

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

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

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

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

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OPERATIONAL REVIEW

Objectives

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

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

How Caxton's activities deliver public benefit

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

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

Skipton and Caxton

Skipton makes two levels of lump sum payment and 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 Hepatitis C. Skipton has made about 5,000 Stage 1 payments, and continues to make about 100 new Stage 1 payments annually.

Stage 2 payment of £50,000

Stage 2 payments are made to people (or to the estates of such people who have died) whose Hepatitis C infection has led to cirrhosis, primary liver cancer, the need for a liver transplant or to B-cell non-Hodgkin's lymphoma. The Stage 2 payment, initially set at £25,000, was doubled at the same time as the intention to set up Caxton was announced. By 31 March 2013 about 1300 Stage 2 payments had been made, 26% of the number of Stage 1 payments, a proportion which is gradually rising.

Regular annual payment

Living recipients of Stage 2 payments receive annual payments from Skipton, in monthly or quarterly instalments, which in the year under review amounted to £13,886. The annual payment rises each year in line with the Consumer Prices Index (CPI).

Caxton's client community

By the end of March 2013 555 primary beneficiaries and widows had registered with Caxton following receipt of a Stage 1 Skipton payment. This was much lower than the number that had been expected, and it remains a key task for Caxton to identify all those whom it could be helping. It is not known whether

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the shortfall in numbers results from lack of awareness of Caxton or reluctance to seek charitable help, or whether it signifies that many fewer people than anticipated are in practice in need of Caxton's support.

Estimates have been made of the possible numbers of primary beneficiaries. Factors taken into account when making these estimates, based on Skipton's Stage 1 payments, are the rate of mortality, the prevalence of asymptomatic Hepatitis C and the success rate of anti-viral treatment, all of which have to be estimated. The best estimates made so far suggest that the potential total number of primary beneficiaries might be in the region of 1600, with potentially 400 dependent families.

Support to Clients

During 2012/13 Caxton's National Welfare Committee met on average every 6 weeks to consider requests for support from clients. Whilst the types of support it has provided have been quite wide-ranging, some of the most common types of assistance provided have included:

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

Staff can be involved in detailed case work with individual clients as part of the process which results in financial support being provided.

Registrants have also received a winter fuel payment during 2012/13 to assist with the increased fuel bills associated with having Hepatitis C.

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

Future plans

In March 2013, following the appointment of a new Chair, a new Chief Executive and four other new board members, the board held a strategy day to begin the process of setting out the priorities and direction for the next five years. The board established a vision, mission and values for the organisation for the first time:

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

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

Values:

Respect – We will treat our clients with respect

Fairness – We will treat our clients fairly and consistently

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

Confidentiality – We will respect the confidentiality of all our clients

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

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

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

The board also set out the key strategic principles that will govern its work and be priorities in the coming year:

Effective identification of clients and effective communication and awareness raising – as discussed in earlier sections of the report, a key priority in 2013/14 will be to undertake a communications campaign to try to raise awareness of Caxton and ensure as many potential clients as possible are aware of the charity and the support it can offer. During the first quarter of 2013/14 we will also be holding the inaugural meeting of a Partnership Group where we can have constructive dialogue with our key stakeholders and partners, discuss Caxton's plans and priorities, and get feedback on these.

Effective intervention – using the experience of the first 18 months of operation, we will examine what further support we can offer to clients, with a view to developing new partnerships to enhance the range of services we can provide access to.

Understanding the external environment – we will work to ensure that we have a greater capacity to understand what impact changes, eg in the benefits system, will have on our clients, and how best to respond.

Ensuring we are appropriately resourced – we will ensure that we continue to have regular discussions with our funder, the DH, regarding appropriate levels of funding to meet the needs of our clients, and we will also look at our staffing needs to ensure we have the right skill set to deliver our work.

FINANCIAL REVIEW

Caxton is funded wholly by the Department of Health in England (DH), which seeks reimbursement from the other UK Health Departments. The Caxton Chair and Chief Executive meet regularly with DH officials.

Income

During 2012/13, Caxton's income totalled £1,495,358. The vast majority of this came from DH, with a tiny amount of bank deposit interest.

Expenditure

During 2012/13 spend totalled £1,392,450, of which £348,548 related to support costs for the other Alliance House entities. Of the £1,043,902 that was spent on Caxton alone, £699,318 was spent on support to beneficiaries, in the form of grants, benefits advice, and winter payments. This figure also included £125,425 which was committed and accrued for, eg on grants awarded towards the end of the financial year but because of timing issues awaiting disbursement to clients. Of the remaining spend of

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£344,584, £60,132 was spent on governance and the remaining £284,452 was spent on administration costs. This £344,584 represented 33% of total spend, down slightly from 39% in 2011/12. It had been anticipated that the percentage of spend on administration costs would reduce further in 2012/13, but costs associated with the recruitment of a new Chief Executive, a new Chair and four new board members, and a payment to the former Chief Executive who retired on ill health grounds all inflated these costs for the year. The board is also mindful of the fact that a proportion of "administration" costs actually represents staff time spent on case management with individual clients. The board wishes to see the percentage spend on administration costs reduce further in coming years, alongside achieving an improved service to clients.

Risk Assessment

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

Reserves Policy

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

It has been agreed with the DH that Caxton will not hold a reserve, but will work to an operating balance to ensure an appropriate level of cash flow. This will be kept under review.

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES

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

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

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

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

Approved by the Trustee on 1 August 2013 and signed on its behalf by

**Ann Lloyd CBE
Chair of Caxton Trustee Limited**

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE OF

THE CAXTON FOUNDATION

We have audited the financial statements of The Caxton Foundation for the year ended 31 March 2013, as set out on pages 11 to 20. 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 Trustee, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustee as a body, for our audit work, for the audit report, or for the opinions we have formed.

Respective responsibilities of trustee and auditors

As explained more fully in the Trustee's Responsibilities Statement set out on page 9, the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Report to identify material inconsistencies with the audited financial statements. 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 2013 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

WARD WILLIAMS
Statutory Auditors

25 October 2013

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

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

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STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2013

	Note	Unrestricted	Restricted	2013	Unrestricted	Restricted	6 months
	1(c)	General	Funds	Total	General	Funds	to 31/03/12
		£	£	£	£	£	Total
							£
Incoming resources							
Incoming resources from generated funds	2						
Voluntary income		925,838	568,453	1,494,291	563,908	551,008	1,114,916
Investment income		1,067	-	1,067	460	-	460
Total incoming resources		926,905	568,453	1,495,358	564,368	551,008	1,115,376
Resources expended							
Charitable activities	3	755,161	577,157	1,332,318	431,245	347,094	778,339
Governance costs	4	60,132	-	60,132	34,920	-	34,920
Total resources expended		815,293	577,157	1,392,450	466,165	347,094	813,259
Net incoming resources/(resources expended) before transfers		111,612	(8,704)	102,908	98,203	203,914	302,117
Gross transfers between funds	8	25,063	(25,063)	-	-	-	-
Net movement in funds		136,675	(33,767)	102,908	98,203	203,914	302,117
Reconciliation of Funds							
Total funds brought forward at 1 April 2012	8	98,203	203,914	302,117	-	-	-
Total funds carried forward at 31 March 2013	8	234,878	170,147	405,025	98,203	203,914	302,117

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BALANCE SHEET

AT 31 MARCH 2013

	Note	£	2013 £	2012 £
Fixed assets				
Tangible fixed assets	5		10,349	8,050
Current assets				
Debtors	6	105,087		24,334
Cash at bank and in hand		443,627		482,314
		<u>548,714</u>		<u>506,648</u>
Creditors: Amounts falling due within one year	7	(143,689)		(204,531)
Current assets less current liabilities			405,025	302,117
Total assets less current liabilities			415,374	310,167
			<u><u>415,374</u></u>	<u><u>310,167</u></u>
Funds				
Unrestricted	8		234,878	98,203
Restricted				
Setting up costs	8	111,344		120,048
Service delivery payments	8	58,803		83,866
		<u>170,147</u>		<u>203,914</u>
Valuation of fixed assets	5		10,349	8,050
			<u>170,147</u>	<u>203,914</u>
			<u><u>415,374</u></u>	<u><u>310,167</u></u>

Approved by the Trustee on 1 August 2013 and signed on its behalf by

Ann Lloyd CBE
Chair of Caxton Trustee Limited

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

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 year 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 support and governance costs of the Charity.

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

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

The service delivery payments fund is a restricted fund to be used to cover the service delivery costs of all the Alliance House entities (staff costs, rent, service charges, 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. 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.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

1. Accounting policies (Continued)

- (f) The SORP requires all fixed assets to be capitalised on the balance sheet. The Trustee, however, considers that expenditure by the Charity on tangible fixed assets is part of the annual expenditure and is therefore included within the Statement of Financial Activities and it is written off as it arises.

Tangible fixed assets are also 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

The Trustee considers 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

	2013	6 months to
	£	31/03/12
		£
Voluntary income		
Department of Health funding	1,494,291	1,114,916
Investment income		
Bank deposit interest	1,067	460
Total	1,495,358	1,115,376

The Department of Health funding received in the year comprises £755,504 (2012: £523,858) for grants payable, £113,807 (2012: £40,050) for support and governance costs and £56,527 (2012: £nil) for operating reserves (Unrestricted General Funds), £568,453 (2012: £338,826) for service delivery costs (Restricted Fund) of which £348,548 (2012: £155,611) relates to other Alliance House Entities and £nil (2012: £212,182) regarding the setting up costs of the Charity (Restricted Fund). All the funds were received directly from the Department of Health.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

3. **Charitable activities**

Unrestricted Funds	Note	2013	6 months to
		£	31/03/12
			£
Grants payable			
Approved grants and benefits advice		510,368	400,266
Winter payments		188,500	-
Travel to events		450	-
		<u>699,318</u>	<u>400,266</u>
Support costs			
Temporary staff		396	1,468
Staff recruitment		18,524	4,860
Staff training		40	3,472
Travel & subsistence		13,922	10,962
Premises maintenance		1,412	3,523
Postage & telephone		3,988	199
Stationery, printing & publications		3,750	2,463
Bank charges		312	151
Computer support & maintenance		1,356	-
Insurances		6,417	3,372
Subscriptions		35	59
Management charge for shared costs		-	450
Equipment and software renewal	5	5,691	-
		<u>55,843</u>	<u>30,979</u>
		<u>755,161</u>	<u>431,245</u>
Restricted Fund			
Support costs			
Staff salaries and costs		482,638	227,107
Temporary staff		24,480	-
Rent, service charges & rates		56,736	27,025
Electricity		2,188	828
Premises maintenance		2,411	-
Setting up costs		8,704	82,474
Setting up costs – computer equipment		-	9,660
		<u>577,157</u>	<u>347,094</u>
Total		<u><u>1,332,318</u></u>	<u><u>778,339</u></u>

The restricted support costs of £577,157 (2012: £347,094) includes £348,548 (2012: £155,611) which relate to other Alliance House entities.

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

4. **Governance costs**

	2013 £	6 months to 31/03/12 £
Legal & professional fees	11,054	27,225
Audit fees	4,500	4,500
Accountancy	3,582	3,195
Consultancy	478	-
Trustees recruitment	40,518	-
	<u>60,132</u>	<u>34,920</u>

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

5. **Fixed assets**

Tangible fixed assets		Computer Equipment £
Cost	Note	
At 1 April 2012		9,660
Additions	3	5,691
Disposals		-
At 31 March 2013		<u>15,351</u>
Accumulated depreciation		
At 1 April 2012		1,610
Charge for year		3,392
On disposals		-
At 31 March 2013		<u>5,002</u>
Net book values		
At 31 March 2013		<u>10,349</u>
At 31 March 2012		<u>8,050</u>

6. **Debtors**

	2013 £	2012 £
Funding receivable	47,736	-
Staff season ticket loans	11,930	7,288
Other staff loans	-	985
Other debtors	39,341	5,909
Prepayments and accrued income	6,080	10,152
	<u>105,087</u>	<u>24,334</u>

Funding receivable represents amounts requested of the Department of Health for the estimated shortfall in funding for the year. Other debtors includes £33,664 (2012: £5,909) which was due from other Alliance House entities.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

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

	2013	2012
	£	£
Accruals and deferred income	142,646	190,388
Other creditors	1,043	14,143
	<u>143,689</u>	<u>204,531</u>

Accruals and deferred income includes £125,425 (2012: £178,924) which relates to grants that have been approved but not paid at 31 March. Other creditors includes £nil (2012: £14,030) which was due to other Alliance House entities.

8. **Restricted and Unrestricted Funds**

	Balance 01.04.12	Receipts in period	Allocations	Expenditure in period	Balance 31.03.13
	£	£	£	£	£
<u>Unrestricted Funds</u>					
Charitable activities	-	754,961	(207)	(699,319)	55,435
Support/Governance costs	-	115,417	-	(115,974)	(557)
Operating reserves	98,203	56,527	25,270	-	180,000
Total Unrestricted Funds	<u>98,203</u>	<u>926,905</u>	<u>25,063</u>	<u>(815,293)</u>	<u>234,878</u>
<u>Restricted Funds</u>					
Setting up costs	120,048	-	-	(8,704)	111,344
Service delivery payments	83,866	568,453	(25,063)	(568,453)	58,803
Total Restricted Funds	<u>203,914</u>	<u>568,453</u>	<u>(25,063)</u>	<u>(577,157)</u>	<u>170,147</u>
Total Funds	<u>302,117</u>	<u>1,495,358</u>	<u>-</u>	<u>(1,392,450)</u>	<u>405,025</u>

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

The setting up costs balance will be used for future property related expenditure, including renegotiation and renewal of the lease at 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 2013/14.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

9. **Employees and salaries**

	2013	6 months to 31/03/12
	No.	No.
The average number of employees was:	11	10
	==	==
Staff costs includes:	£	£
Wages and salaries	428,068	193,498
Social security costs	36,206	21,826
Pension costs	18,364	11,781
Other costs	43,440	9,800
	-----	-----
	526,078	236,905
	==	==

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 (2012: £30,000 pro-rated) in the year was as follows:

	2013	6 months to 31/03/12
	No.	No.
£80,001 - £90,000 (2012: £40,001 - £45,000 pro-rated)	-	1
£110,001 - £120,000	1	-
	==	==

Pension contributions totalling £2,729 (2012: £3,867) were paid during the period to the above member of staff.

The wages and salaries paid in the year above includes a payment to a former employee who retired in the year through ill health.

Other costs of £43,440 (2012: £9,800) includes £24,876 (2012: £1,468) for temporary staff, £40 (2012: £3,472) for staff training and £18,524 (2012: £4,860) for staff recruitment.

10. **Trustee expenses and remuneration**

The travel and subsistence costs shown in note 3 include the sum of £12,473 (2012: £9,486) reimbursed to board members for travel and other out of pocket expenses, principally in connection with Board and Committee meetings. This amount is the total sum paid to board members during the year.

No remuneration was paid to the board members in this year (2012: £nil).

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 £18,364 (2012: £11,781) represents contributions paid by the Charity to the funds. At the period end there were outstanding contributions payable of £1,043 (2012: £nil).

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

12. **Financial commitments**

At 31 March 2013 the Charity had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
Operating leases which expire		
Within 1 year	40,500	-
in 1-2 years	-	40,500
	40,500	40,500
	40,500	40,500

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

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

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 The Macfarlane Trust ('MFT'), Skipton Fund Limited ('Skipton'), Eileen Trust, and MFET Limited ('MFET'). Together they are sometimes referred to as the Alliance House entities.

Caxton Trustee Limited is the Corporate Trustee of the Charity. One of the former Directors of Caxton Trustee Limited who resigned on 28 March 2013 is also a Director of MFET Limited and Skipton Fund Limited, as well as being a Trustee of Eileen Trust. One of the current Directors of Caxton Trustee Limited is also a Director of Skipton Fund Limited. The former Chief Executive of the Charity was also the Chief Executive of The Macfarlane Trust, as well as being a Director of Skipton Fund Limited. The current Chief Executive of the Charity is also the Chief Executive of The Macfarlane Trust.

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

THE CAXTON FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

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

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

Actual services costs incurred by the Charity on behalf of the other Alliance House entities in the year totalled £348,548 (2012: £155,611), with £173,963 (2012: £71,219) relating to MFT, £25,716 (2012: £14,029) to MFET, £25,424 (2012: £10,166) to the Eileen Trust and £123,445 (2012: £60,197) to Skipton.

The Charity received funding in the year from the Department of Health to cover these costs totalling £289,793 (2012: £214,366), with £152,868 (2012: £92,314) relating to MFT, £22,090 (2012: £17,655) to MFET, £24,405 (2012: £11,185) to the Eileen Trust and £90,430 (2012: £93,212) to Skipton.

The balance remaining of £nil (2012: £58,755), consisting of £nil (2012: £21,095) relating to MFT, £nil (2012: £3,626) to MFET, £nil (2012: £1,019) to the Eileen Trust and £nil (2012: £33,015) to Skipton has been carried forward by the Charity for use against 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.

As well as the above service delivery costs, the Alliance House entities also have various shared costs. The Charity incurred various shared costs which it then recharged to the other entities as necessary. The Charity recharged £5,191 (2012: £nil) to Skipton, £31,462 (2012: £27,604) to MFT, £834 (2012: £nil) to the Eileen Trust and £1,118 (2012: £nil) to MFET.

In addition some of the other entities incurred shared costs themselves, and therefore the Charity incurred recharges of £7,432 including VAT (2012: £nil) from Skipton and £4,941 (2012: £18,801) from MFT.

During the period Skipton paid £nil (2012: £14,030) on behalf of the Charity relating to its setting up costs.

At the year end the Charity was owed £5,191 by Skipton (2012: £14,030 owed to Skipton), £26,521 (2012: £5,909) by MFT, £834 (2012: £nil) by the Eileen Trust and £1,118 (2012: £nil) by MFET.

14. **Controlling party**

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