

**accounts**  
Trustees' Report



### **What does the Foundation do?**

Lord Nuffield wanted his Foundation to 'advance social well being', particularly by research and practical experiment. The Foundation aims to achieve this by supporting work which will bring about improvements in society that are founded on careful reflection and informed by objective and reliable evidence.

### **What activities does the Foundation support?**

Most of the Foundation's income is spent on grants. Some are for research, others support practical innovation or development, often in voluntary sector organisations. In both cases the preference is for work that has wide significance, beyond the local or routine. The Foundation looks to support projects that are imaginative and innovative, take a thoughtful and rigorous approach to problems, and have the potential to influence policy or practice.

The Foundation also runs a number of grant programmes that are targeted towards specific purposes. Some provide support for scientists and social scientists at the early stages of their careers; others support particular kinds of projects or people.

Finally, the Foundation runs its own activities. Among these are three large in-house projects: the Nuffield Council on Bioethics, the Nuffield Languages Programme and the Nuffield Curriculum Centre.

Charity Number 206601

**THE NUFFIELD FOUNDATION  
REPORT AND  
FINANCIAL STATEMENTS  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2002**

[www.nuffieldfoundation.org](http://www.nuffieldfoundation.org)

**The Nuffield Foundation**  
**Annual Report and Accounts for the year ending 31<sup>st</sup> December 2002**

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**LEGAL AND FINANCIAL INFORMATION**

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The Baroness O'Neill CBE FBA

Sir Tony Atkinson

Dr Peter Doyle CBE FRSE

The Rt Hon Dame Brenda Hale DBE QC Hon LLD MA (retired 30<sup>th</sup> September 2002)

Professor Lord May AC PRS

Professor Genevra Richardson (appointed 1<sup>st</sup> October 2002)

Professor Sir Michael Rutter CBE MD FRCP FRCPsych FRS

Mrs Anne Sofer MA Dip Ed

**Ordinary Trustees**

The Rt Hon Lord Butterworth CBE JP DL MA Hon D CL

The Rt Hon Lord Flowers MA DSc Hon ScD Hon LLD FinstP FRS

The Baroness O'Neill CBE FBA

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138 Cheapside

London EC2V 6BB

# The Nuffield Foundation

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### **Constitution and objects**

The Nuffield Foundation is an unincorporated charity registered with the Charity Commission (206601) and was established by a trust deed on 9 June 1943 by Lord Nuffield, the celebrated philanthropist and founder of Morris Motors. Lord Nuffield wanted the Foundation to 'advance social well being', particularly by research and practical experiment. The trustees aim to achieve this by supporting work which will bring about improvements in society, and which is founded on careful reflection and informed by objective and reliable evidence.

The Common Investment Fund was established by a Charity Commission scheme which took effect on 1 January 1980. It allowed the investments of different charities (but for which the Foundation trustees were also responsible) to be invested as one unit. Subsequently these funds (the Oliver Bird Fund, Elizabeth Nuffield Educational Fund and the Commonwealth Relations Trust) have been classified as 'subsidiary charities' of the Foundation and are only identified separately in the notes to these accounts.

### **The trust deed and organisation**

The Foundation has two types of trustee: up to three Ordinary Trustees and up to seven Managing Trustees. The Ordinary Trustees originally had responsibility for safeguarding the founding endowment of £10m Morris Motor shares (held in 'the Fund'). In 1978 the Ordinary Trustees transferred the investments of 'the Fund' to the 'Auxiliary Fund' which was the responsibility of the Managing Trustees. As a result Ordinary Trustees hold only vestigial responsibilities, and the Managing Trustees are responsible for the operation and expenditure of the charity. Plans are in hand to re-order the trust deed. During the year the Charity Commission made an order to facilitate this.

New Managing Trustees are appointed by the Managing Trustees, and serve for a term of 5 years, which can be renewed twice. New Ordinary Trustees are appointed by the Ordinary Trustees until resignation. The trustees are advised by a number of individuals, committees and panels which have the requisite experience in the relevant fields.

The trustees are advised by an Investment Committee (which includes three trustees and two independent investment professionals), an Audit Committee (which includes two trustees and an independent accountant), and a remuneration committee (comprising three trustees) to agree arrangements for the remuneration of staff. A number of grant decisions are delegated to eight sub-committees and panels. Trustees set terms of reference for all committees and panels.

### **Review of activities and achievements**

#### *Overview of the year*

For some years the Foundation has been funding broadly three kinds of activities. First there are three in-house projects (the Council on Bioethics, the Curriculum Centre and the Languages programme), which account for around 20% of expenditure. Second there are grants to support young people, particularly in Science and Social Science, at critical stages in their careers (30%). Finally there are larger grants to support research and innovation that will influence policy and practice (50%). There were no major changes to this pattern in 2002.

#### *Finance*

For endowed foundations 2002 was an anxious year. Grant giving foundations like Nuffield tend to have few continuing liabilities. They can invest for the long term and can in principle ride out fluctuations of the investment market. But that principle is put under pressure by a bear market that has lasted three years and a year that has seen market values fall by a quarter.

In 2001 the Foundation began a fundamental review of its financial aims and investment strategy. That is now complete. The main outcome is that we have moved away from a single manager to having several specialist managers, with asset allocation decisions being taken by the Foundation's Investment Committee. An equally important element of the review was a thorough examination of the Foundation's financial objectives and of the levels of risk associated with different strategies. The fundamental financial aim remains, as it has been for many years, to provide a steady and sustainable level of expenditure. That aim will be severely tested by the current financial climate.

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## Annual Report and Accounts for the year ending 31<sup>st</sup> December 2002

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### *In house projects*

The Nuffield Council on Bioethics produced three major reports; on Clinical Research in Developing Countries, on Pharmacogenetics and on Genes and Behaviour. The Council said farewell to its Chairman, Sir Ian Kennedy. Sir Ian was a founding member of the Council and had been its Chairman since 1998. Under his leadership the Council grew substantially in size, and has developed a strong and growing international reputation as one of the leading voices in this complex and important field. The Foundation and those interested in bioethics are immensely in his debt.

His successor as Chairman of the Council is Professor Bob Hepple QC, Master of Clare College Cambridge. Professor Hepple chaired the Council's Working Party on Genes and Behaviour, and recently led a major project, funded by the Foundation, on the development of a single equality framework.

The Curriculum Centre began work on a major new project, 21<sup>st</sup> Century Science, to develop a new science curriculum for GCSE. The principle of the new course is that it should attend to the needs of all future citizens as well as the needs of those who will go on to work in the sciences. It combines two of the Foundation's enduring interests-- the training of future scientists and the interactions between science and society. The project is being funded jointly with the Salters' Institute and the Wellcome Trust.

The Languages Programme has also had an eventful year. The Nuffield Language Inquiry published its report in May 2000. One of its key recommendations was that the government should publish a national strategy for languages. The strategy document was published in December 2002 to a mixed reception. The fact of its existence was widely welcomed, as were its aspirations. However there was widespread criticism, shared by the Nuffield programme, of the lack of firm detail and in particular of the proposal to make languages optional in schools at 14 – a decision that seemed to many to undermine the overall objective. The Languages Programme will continue until the end of 2003.

### *Grants*

Each year the Foundation spends around a third of its money on grant schemes whose purpose is to provide support for young people at critical points of their careers. In the sciences there are three schemes. 565 awards were made under the scheme for Science Bursaries for schools and colleges. These grants enable first year A level students to take part in science-based projects in industry, universities or research institutes during their summer holidays. Holders of these awards feature regularly in national and international competitions; this year Nuffield Bursary students took 10 of the 23 prizes at the British Association's CREST Science Fair.

There were 239 awards made under the undergraduate research bursary scheme (which gives undergraduates experience of research) and 89 awards under the scheme for Newly Appointed Science Lecturers (which gives starter grants to young science and mathematics lecturers).

In the social sciences there are two award schemes. 83 awards were made through the Social Science Small Grants scheme, which funds small scale projects in the social sciences. These projects are suited for researchers at early stages of their careers, but also for preliminary or pilot work and for small self-contained projects in our areas of interest. 2002 saw the third round of our Social Science New Career Development Fellowship scheme, aimed specifically both at increasing capacity in the social sciences and at fostering inter-disciplinary research; the Committee made four awards.

Finally 202 awards were made through the Elizabeth Nuffield Educational Fund (ENEF), which gives grants to women who are studying to improve their employment prospects. The Fund has been playing an increasingly active role in debates about the role of child care in women's educational and career development. 2002 saw the introduction of a new Government childcare strategy, providing childcare support to women in higher education, and the publication of a significant Inter-Departmental Childcare Review. The Fund played its part in both and continues to promote informed discussion of how groups excluded from the new provision – such as NHS-supported students and students using informal childcare – can be supported.

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There were significant changes to the shape of the Foundation's project grant programme. All our programmes are reviewed on a five year basis and in 2002 it was the turn of the Phoenix Fund, an annual grant competition that provided grants to support practical projects run for older people. Since it was established in 1993 the Fund had provided over £2m, in support of over 100 projects. In the view of outside assessors the quality of the projects was impressive and our funds had been productively spent. But the external funding climate has changed so that more funding is available for this sort of work. Trustees therefore decided that it would be sensible if the Phoenix fund were no longer to be run as a freestanding scheme and that instead we should actively seek ways of developing our programme on Older People and their Families to encourage more practical projects.

A second change was the decision to close Mental Health as a freestanding grant area. This does not denote a lack of interest in the area, but rather a wish to concentrate and develop the Foundation's support for mental health in specific areas, particularly within our other programmes. Special interests include: children and young people with mental health needs (under the Child Protection and Family Justice programme); ethical and legal issues arising from mental incapacity (under the Access to Justice programme); children with specific learning needs and learning disabilities (under the Education and Children's Needs programme); and autonomy and decision-making in later life (under the Older People and their Families programme).

The largest single area of grant making during the year was the Child Protection and Family Law programme, under which 14 grants with a total value of over £950,000 were made. Spending was nearly one third over the amount originally budgeted, reflecting not only the number of strong applications but also the fact that a number of relatively large grants were made. 2002 also saw the completion of the five-year review of our activities in this area, ending in the Trustees' enthusiastic endorsement that the programme should continue for another five. A report written as part of the review, *Family Matters: work in child protection and family law at the Nuffield Foundation*, was launched in May 2002 to help a wider audience appreciate the breadth of our interests in this area.

The Foundation's new Commonwealth programme was run for the second time. The programme makes grants of up to £250,000 over five years to support projects in Southern and Eastern Africa that involve collaboration between UK and those countries. A key aim of the projects is the development of expertise and experience of practitioners and policy makers. The response was less good than when the programme was run for the first time, in 2000. Nevertheless the Trustees have agreed to make three grants.

Within Education two new themes were introduced: Curriculum Innovation and Educational Provision and Children's Needs. These replaced the rather broader description that had been in place for the previous few years. Like all changes to the focus of grant-giving, we expect a time-lag before their full effect is felt and will keep progress under review.

#### *Other activities*

The Foundation occupies an elegant listed building in a central London. It is an ideal setting for meetings and we host a large number of seminars and conferences, mostly arising from the projects we fund. Over the summer the meeting rooms were refurbished and re-equipped and the new arrangements seem to have been well appreciated.

Among the seminars was the completion of a series on issues in Age Discrimination, organised jointly with the Institute of Public Policy Research. A new series of monthly seminars on educational themes was started in September. They bring together researchers, policy makers and practitioners and have been lively events. Our aim is to continue the seminars throughout the coming year. An earlier series of five seminars on the theme of 14 – 19 education, involving over fifty participants, yielded papers published as a Nuffield pamphlet and were instrumental in the Trustees' decision during the year to commission a Review of 14-19 Education.

In addition to the launch of *Family Matters*, the Child Protection and Family Justice Committee has convened two groups of seminars. The first was on co-habitation outside marriage: whether people understand its legal position vis a vis marriage, and what actually happens in dividing property. This issue is likely to remain of interest. A second set of meetings have been convened by Professor June Thoburn of the University of East Anglia, who heads a team reviewing the research evidence about ethnic minority children and families in the child protection system.

## **The Nuffield Foundation**

### **Annual Report and Accounts for the year ending 31<sup>st</sup> December 2002**

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Finally, the Foundation's redesigned website was launched early in 2002. The site is large and heavily used. It contains over 10,000 pages, divided between the Curriculum Centre, the Bioethics Council, the Languages programme and the Foundation proper. The figures for the use of the site are impressive. Altogether there were over 270,000 visitors during the year. There were over 35,000 downloads of the Bioethics Council's report on Genes and Behaviour and over 80,000 downloads of Primary Technology activities. We are at the early stages of finding out how to use websites as a communication tool, but figures like these leave us in no doubt that they have an important part to play.

#### *Trustees*

During the year Dame Brenda Hale retired as a Trustee, after fifteen years in post. Dame Brenda became a Trustee in 1987, when she was a legal academic and a member of the Law Commission. She was the youngest Trustee when appointed, as she was when she retired, by which time she had moved, via the High Court, Family Division, to the Court of Appeal.

At the Foundation, she was a driving force behind our work in child protection and family law, and she re-invigorated our socio-legal work, especially in civil justice. She was also committed to work that benefited older people. She had a shrewd appreciation of work that took advantage of the Foundation's strengths; its ability to influence policy and practice from the outside and to take the long view. But perhaps her most outstanding contribution was her ability to influence our work not only through her precise understanding of law, but also through her commitment to using social research evidence about social and legal institutions and their effects on ordinary people. We shall miss her.

Her successor is Genevra Richardson, who is Professor of Public Law at Queen Mary, University of London. Her teaching and research interests centre mainly on administrative law, prison law and health law and she has published widely in these areas. She was a member of the Mental Health Act Commission for six years and in 1998 chaired an expert committee established to advise the government on the reform of mental health law. She is currently a member of the Council on Tribunals, the Animal Procedures Committee and the Medical Research Council.

Finally congratulations are due to other Trustees. This year, Lord May was appointed to the Order of Merit and Sir Tony Atkinson was appointed Chevalier of the Legion D'Honneur. Our Chairman, Baroness O'Neill, gave the 2002 Reith lectures, on the theme of Trust. They were widely acclaimed, both for their timeliness and for the elegant precision of the argument.

#### **Financial review**

As mentioned above the Foundation undertook a significant investment review in the year, with new investment management arrangements being put into place with effect from 1 April 2003. Investment performance (as measured by total return) was -17.4%, slightly less than the WM2000 benchmark performance for the year of -16.5%. The key benchmark for our investment performance has been the WM2000 index measured over a five year period (+0.3%). At the end of 2002 Schroders' five year return was -1.3%; Schroders also had an out performance target of \_% and undershot this by 1.8%. The median of the WM Charities unconstrained index returned -17.8% in the period. During the year it became abundantly clear that the strong equity market gains of the late 1990's were illusory. The Foundation has now returned to values last seen in 1995 with assets worth £173m. The apparent increase in fees represents a move to an all embracing fee; in prior years transaction costs were not included.

The Foundation's charitable expenditure in the year was £9.2m, (2001 £7.73m). Although the budgets were similar for both years, a shortage of fundable grant applications (and some programmes being restructured) in 2001 led to an unplanned under-spend. The trustees were able to use some of the under-spend to meet the additional cost of grants in 2002. The Child Protection and Family Law programme benefited from this and was able to fund a particularly large number of high quality applications.

The annual cashflow outflow continues to grow as the effects of increasing expenditure in 2000 and 2001 is met with falling, not rising, investment income. For the first time in many years the Foundation



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now has net current liabilities. In view of the nature of grant liabilities and the liquidity of the Foundation's investments this situation is manageable in the short term.

Following an audit tender Messrs Horwath Clark Whitehill were appointed as auditors to the Foundation. This appointment has led to a number of changes in the format and presentation of the financial statements, including the re-analysis and re-presentation of some 2001 costs. In particular the nature of the Commonwealth Relations Trust has been clarified, and as such has been treated as a subsidiary charity with specific purposes and thus is treated as a restricted fund.

### **Reserves policy**

The Foundation's policy is to distribute 4% of an average of the trailing twelve-quarter rolling market value of its investments. Its intention is to maintain (at least) the purchasing power of its endowment over the long term. In order to monitor this, an agreed value of the Foundation's endowment to be increased by its experience of inflation during the year. This agreed value will be determined on 30<sup>th</sup> June 2004. The Foundation will re-visit its distribution rate when the market value of its assets exceeds or falls short of this indexed level (subject to expected market volatility). Therefore the reserves policy of the Foundation is driven by total return calculations and not based on surplus investment income.

### **Grant making policy**

The charity currently operates 16 different grant programmes. Each programme publishes a comprehensive guide on its aims, policies and process for application, together with expectations for evaluation. All applications are reviewed by independent referees. Details of all programmes, together with application forms which can be downloaded, can be found on the Foundation web site at [www.nuffieldfoundation.org](http://www.nuffieldfoundation.org). All principal grants are shown in the Grants List forming part of this document.

### **Custodian Trustees**

The Foundation uses two custodian trustees: Schroder Investment Management had responsibility during the year for providing custody services for all investment assets (£169,343k); from 3<sup>rd</sup> February 2003 custody of these assets was moved to Northern Trust. Capital IRG hold leasehold assets and programme related investments on behalf of the trustees (£3,334k).

### **Risk statement**

The Board is responsible for the management of the risks faced by the charity. Detailed considerations of risk are delegated to the Audit Committee, who are assisted by senior charity staff. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis. The key controls used by the charity include:

- Established organisational and governance structure and lines of reporting
- Detailed terms of reference for all sub-committees
- Comprehensive financial planning, budgeting and management accounting
- Formal written policies and hierarchical authorisation and approval levels
- Regular review of current risks to the Foundation.

Through the risk management processes established for the charity, the trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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**Statement of Trustees' Responsibilities**

Law applicable to charities in England and Wales requires the Trustees of The Nuffield Foundation to prepare financial statements for each financial year that give a true and fair view of the Trust's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

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

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy, the financial position of the Trust and which enable them to ensure that the financial statements comply with the Trust Deed. They are also responsible for safeguarding the assets of the Trust, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Managing Trustees on 9<sup>th</sup> May 2003 and signed on their behalf by



Mrs Anne Sofer  
Trustee

**The Nuffield Foundation**  
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**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE NUFFIELD FOUNDATION**

We have audited the financial statements of the Nuffield Foundation for the year ended 31<sup>st</sup> December 2002 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity trustees, as a body, in accordance with Regulation 6(2) of the Charities (Accounts and Reports) Regulations 1995 (SI 1995/2724) as amended by Regulation 4(a) of the Charities (Accounts and Reports) Regulations 2000 (SI 2000/2868). Our audit work has been undertaken so that we might state to the charity 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 trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of trustees and auditors**

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charity and the group as at 31<sup>st</sup> December 2002 and of their its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

*Horwath Clark Whitehill*

**Horwath Clark Whitehill**  
Chartered Accountants and Registered Auditors  
Date: 9<sup>th</sup> May 2003

25 New Street Square  
London  
EC4A 3LN

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**STATEMENT OF FINANCIAL ACTIVITIES**

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowed Funds £000s	Total 2002 £000s	Total 2001 £000s
<b>INCOMING RESOURCES</b>						
Grants and donations	2	25	414	-	439	250
Legacies receivable		-	16	-	16	-
<b>Activities in furtherance of the charity's objects</b>						
Sales, royalties and fee income		72	-	-	72	59
<b>Investment income</b>						
Investment portfolio	6	5,474	637	-	6,111	7,031
Other interest		129	15	-	144	463
<b>Other income</b>		22	-	-	22	575
<b>Total incoming resources</b>		<u>5,722</u>	<u>1,082</u>	<u>-</u>	<u>6,804</u>	<u>8,378</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds:</b>						
Investment management costs		-	-	440	440	174
Prior years refund		-	-	-	-	(437)
		<u>-</u>	<u>-</u>	<u>440</u>	<u>440</u>	<u>(263)</u>
<b>Net incoming resources available for charitable application</b>		5,722	1,082	(440)	6,364	8,641
<b>Charitable expenditure:</b>						
Costs of activities in furtherance of the charity's objects:						
Social research & innovation		3,020	-	-	3,020	2,651
Science		1,042	146	-	1,188	1,486
Education		2,111	45	-	2,156	1,970
Open Door		948	-	-	948	591
Other Activities		846	904	-	1,750	911
Management and administration		152	-	-	152	123
		<u>8,119</u>	<u>1,095</u>	<u>-</u>	<u>9,214</u>	<u>7,732</u>
<b>Total resources expended</b>	3	<u>8,119</u>	<u>1,095</u>	<u>440</u>	<u>9,654</u>	<u>7,469</u>
Net (outgoing)/incoming resources before transfers		(2,397)	(13)	(440)	(2,850)	909
Transfers between funds	9	(198)	198	-	-	-
<b>NET (OUTGOING)/INCOMING RESOURCES</b>		<u>(2,595)</u>	<u>185</u>	<u>(440)</u>	<u>(2,850)</u>	<u>909</u>
Revaluation of Fixed Assets		-	-	-	-	2,209
Net loss on investment assets	6	-	-	(38,284)	(38,284)	(30,998)
<b>NET MOVEMENT IN FUNDS</b>		(2,595)	185	(38,724)	(41,134)	(27,880)
<b>Fund balances brought forward at 1 January</b>		<u>4,599</u>	<u>1,152</u>	<u>208,067</u>	<u>213,818</u>	<u>241,698</u>
<b>Fund balances carried forward at 31 December</b>	9	<u>2,004</u>	<u>1,337</u>	<u>169,343</u>	<u>172,684</u>	<u>213,818</u>

Notes 1 – 9 form part of these Financial Statements

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**BALANCE SHEET**

		<b>2002</b>	<i>2001</i>
		<b>£000s</b>	<i>£000s</i>
<b>FIXED ASSETS</b>			
	Tangible fixed assets	5      3,654	3,717
	Investments	6      169,343	207,597
	Programme related investments	6      100	-
		<u>173,097</u>	<u>211,314</u>
<b>CURRENT ASSETS</b>			
	Debtors	7      1,057	1,805
	Bank and cash	<u>6,799</u>	<u>8,725</u>
		<u>7,856</u>	<u>10,530</u>
<b>CREDITORS: amounts falling due within one year</b>			
	Grants payable	8      (7,874)	(7,654)
	Creditors	8      (395)	(372)
		<u>(8,269)</u>	<u>(8,026)</u>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		<u>(413)</u>	<u>2,504</u>
<b>NET ASSETS</b>		<u>172,684</u>	<u>213,818</u>
<b>FUNDS</b>			
	Unrestricted funds	2,004	4,599
	Restricted funds	1,337	1,152
	Endowed funds	<u>169,343</u>	<u>208,067</u>
<b>TOTAL FUNDS</b>		9 <u>172,684</u>	<u>213,818</u>

Notes 1 – 9 form part of these Financial Statements

These financial statements were approved by the trustees on 9<sup>th</sup> May 2003 and were duly signed on their behalf by:



Mrs Anne Sofer  
Trustee

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**CASH FLOW STATEMENT**

	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Net incoming/(outgoing)/incoming resources for the year	(2,850)	909
Depreciation	119	164
Investment Income (including interest received)	(6,255)	(7,494)
Investment Management Fees	440	-
Movement in current assets/liabilities :		
Increase/(decrease) in grant commitments	220	(1,091)
Increase in creditors	23	34
Decrease in secured loans	53	27
Decrease/(Increase) in debtors	695	(575)
<b>Net cash outflow from operating activities</b>	<u>(7,555)</u>	<u>(8,026)</u>

**CASH FLOW STATEMENT**

Net cash inflow from operating activities	(7,555)	(8,026)
<b>Returns on investment and servicing of finance</b>		
Investment Income	6,111	7,031
Interest received	144	463
	<u>6,255</u>	<u>7,494</u>

**Capital Expenditure and financial investment**

Payments to acquire tangible fixed assets	(86)	(185)
Receipts from sale of fixed assets	30	40
Payment to acquire programme related investments	(100)	-
Additional investment in portfolio	(470)	-
Reduction in investment in portfolio	-	-
	<u>(626)</u>	<u>(145)</u>
<b>Decrease in cash during year</b>	<u>(1,926)</u>	<u>(677)</u>

**Analysis of changes in net cash during the year**

Cash at bank and in hand		
At 1 January	8,725	9,402
At 31 December	6,799	8,725
Decrease in cash during year	<u>(1,926)</u>	<u>(677)</u>

Notes 1 – 9 form part of these Financial Statements

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Principal accounting policies**

#### **(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with applicable Accounting Standards. The Trustees have adopted the recommendations contained within the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued by the Charity Commission in October 2000.

Separate accounts for the Commonwealth Relations Trust are not prepared as the trust is recognised as a subsidiary charity by the Charity Commission. Steps are being taken to remove the separate registration for the Trust.

#### **(b) Income**

Investment income represents dividends and interest on fixed investments and deposits, with any associated tax credits or recoverable taxation, which are included on an accruals basis.

Grants and donations are credited to incoming resources when they are due. They are deferred where the donor has imposed restrictions upon when the money can be spent.

#### **(c) Expenditure**

Costs of generating funds represent amounts paid to the Foundation's external investment advisors.

Charitable expenditure comprises grants and other payments made by the Trustees in accordance with criteria set out in the trust deed. Grants are charged to the statement of financial activities when allocations are approved by the trustees and promised to the recipient.

Management and administration comprises costs incurred in trust administration and compliance with regulatory requirements.

#### **(d) Basis of allocation of costs**

Investment management costs and charity administration costs are allocated to the funds in proportion to their holding in the Common Investment Fund at the beginning of the year. Other identifiable costs are attributed to appropriate activities and funds, either in full or by apportionment on the basis of staff time.

#### **(e) Investments**

Investments are included in the accounts at mid market value at the balance sheet date.

#### **(f) Taxation**

The Foundation carries on activities which are exempt from corporation tax and income tax. Irrecoverable VAT is included with the expenditure to which it relates.

#### **(g) Exchange gains and losses**

All realised and unrealised exchange gains and losses on investments are accounted for in the Statement of Financial Activities.



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**(h) Fixed assets**

The property at 28 Bedford Square together with certain furnishings is stated at market value. Art and Antiques are based on a frozen valuation (in accordance with the transitional provisions of FRS 15 'Accounting for fixed assets') made by Phillips in March 1999. Other fixed assets are stated at cost less depreciation.

Assets over a value of £1,000 are capitalised. Depreciation has been calculated at the following annual rates, in order to write off each asset over its estimated useful life.

Leasehold property	- Length of the lease
Art and Antiques	- 20 years
Fixtures and fittings	- 10 years
Other equipment	- 5 years
Computer equipment	- 3 years

**(i) Fund Accounting**

Unrestricted funds are donations or other income received or generated for the objects of the charity without further specified purpose and are available as general funds.

Restricted funds have arisen from restrictions applied by donors. Expenditure that meets these criteria is identified to the fund, together with a fair allocation of support and charity administration costs.

The endowed funds of the Foundation are capital funds where normally only the income arising may be applied, in some case on restricted purposes. These are either permanent or expendable, depending on whether the Trustees have power to spend the capital.

**(j) Pension costs**

Pension costs in respect of defined contribution schemes are written off as they are incurred.

**2 Grants and donations**

	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Particle Physics and Astronomy Research Council	-	2
Biotechnology & Biological Sciences Research Council	1	1
Engineering & Physical Sciences Research Council	7	7
The Royal Society	9	9
Wellcome Trust	229	127
Engineering Council	28	-
Medical Research Council	165	104
	<u>439</u>	<u>250</u>

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**3 Resources expended**

	Direct costs		Support Costs £000s	Total 2002 £000s	Total 2001 £000s
	Grants £000s	Other £000s			
<b>Cost of Generating Funds</b>					
Investment management	-	440	-	440	(263)
<b>Charitable expenditure</b>					
<b>Social Research &amp; Innovation</b>					
Child Protection & Family Law	957	66	38	1,061	551
Social Science Small Grants	396	37	48	481	486
New Career Development Fellowships	457	10	9	476	387
Older People & Their Families	378	26	19	423	350
Access to Justice	275	25	19	319	635
Phoenix	237	13	10	260	242
	<u>2,700</u>	<u>177</u>	<u>143</u>	<u>3,020</u>	<u>2,651</u>
<b>Science</b>					
Newly Appointed Lecturers	424	23	19	466	387
Undergraduate Research Bursaries	321	22	19	362	320
School Science Bursaries	244	35	-	279	267
Rheumatism	-	43	38	81	512
	<u>989</u>	<u>123</u>	<u>76</u>	<u>1,188</u>	<u>1,486</u>
<b>Education</b>					
Nuffield Curriculum Centre	-	527	268	795	782
Education Grants	631	87	67	785	718
Education for women	457	62	57	576	470
	<u>1,088</u>	<u>676</u>	<u>392</u>	<u>2,156</u>	<u>1,970</u>
<b>Open Door*</b>	875	44	29	948	591
<b>Other Activities</b>					
Nuffield Council on Bioethics	-	511	268	779	646
Commonwealth Programme	516	29	38	583	18
Nuffield Languages Programme	69	111	57	237	185
Mental Health	141	-	10	151	62
	<u>726</u>	<u>651</u>	<u>373</u>	<u>1,750</u>	<u>911</u>
<b>Management &amp; Administration</b>					
Audit fee	-	15	-	15	17
General Costs	-	94	-	94	57
Trustees' remuneration	-	33	-	33	35
Trustees' expenses	-	1	-	1	-
Legal fees	-	9	-	9	14
		<u>152</u>	<u>-</u>	<u>152</u>	<u>123</u>
<b>Total Charitable Expenditure</b>	<u>6,378</u>	<u>1,823</u>	<u>1,013</u>	<u>9,214</u>	<u>7,732</u>
<b>Total Resources Expended</b>	<u>6,378</u>	<u>2,263</u>	<u>1,013</u>	<u>9,654</u>	<u>7,469</u>

\* The 'Open Door' funds projects of exceptional merit lying outside the areas of special interest.

'Grants' include all grants awarded by the trustees during the year less any awards cancelled or refunded.

'Other costs' include staffing, hosting seminars and conferences, commissioned research or evaluations together with any other costs immediately attributable to a specific activity. 'Support costs' reflect the apportionment of costs shared by all activities. The basis of this apportionment is headcount.

Each trustee is entitled to an annual allowance of £5,600 per annum by virtue of the provisions of the Trust Deed. Dame Brenda Hale waived this entitlement and three trustees directed that payment in lieu of an allowance (in full or in part) be made to other charitable institutions. During the year two trustees claimed re-imbursment of travel and subsistence expenses (2001: one). There were no other transactions with connected persons.

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**4 Personnel costs**

	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Wages and Salaries	985	866
Social security costs	97	86
Other pension contributions	90	83
	1,172	1,035
	<b>No.</b>	<i>No.</i>
Average full time equivalent number of staff employed in year:		
Grant making	9	9
Nuffield Languages Programme	1	1
Nuffield Curriculum Centre	7	6
Nuffield Council on Bioethics	8	8
Support services	10	10
	35	34
Remuneration of Higher Paid Staff		
Between £50,000 and £59,999	2	1
Between £60,000 and £69,999	1	1
Between £70,000 and £79,999	1	1

Employer's pension contributions for higher paid staff were in total £22k.

**5 Tangible Fixed Assets**

	<b>Leasehold Property £000s</b>	<b>Other assets £000s</b>	<b>Total £000s</b>
<b>Cost or valuation</b>			
At 1 January	3,300	604	3,904
Additions	-	86	86
Disposal	-	(141)	(141)
At 31 December	3,300	549	3,849
<b>Depreciation and amortisation</b>			
At 1 January	33	154	187
Charge for year	33	86	119
Disposals	-	(111)	(111)
At 31 December	66	129	195
<b>Net book value</b>			
At 31 December	3,234	420	3,654
<i>At 1 January</i>	3,267	450	3,717

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,324k. It was revalued in 2001 by Cotton Thompson Cole, Chartered Surveyors. The trustees have reviewed this and are of the opinion that no impairment has occurred to this valuation.

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**6. Investments**

<b>a) Investments at Market Value</b>	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Market Value at 1 <sup>st</sup> January	207,597	238,595
Net additional investment/(disinvestment) in portfolio	470	-
Fees payable	(440)	-
Realised and unrealised (losses)/ gains	<u>(38,284)</u>	<u>(30,998)</u>
Market Value at 31 <sup>st</sup> December	<u>169,343</u>	<u>207,597</u>
Historic cost of listed investments at 31 <sup>st</sup> December	<u>159,486</u>	<u>153,714</u>

<b>b) Disposition of Investments</b>	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
UK Equities	72,365	101,452
Overseas Equities	39,858	50,707
UK Property Unit Trusts	12,313	11,753
Private Equity (unlisted)	841	602
UK Fixed Interest and Index Linked Stocks	23,487	19,027
Overseas Fixed Interest and Index Linked Stocks	6,403	10,380
Cash	14,076	13,676
Total	<u>169,343</u>	<u>207,597</u>

All assets are held directly other than £36m held in pooled funds

<b>c) Income from Investments</b>	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
UK Equities	2,571	3,321
Overseas Equities	611	501
UK Property Unit Trusts	421	856
Private Equity (unlisted)	-	-
UK Fixed Interest and Index Linked Stocks	1,441	1,169
Overseas Fixed Interest and Index Linked Stocks	184	746
Cash	883	438
	<u>6,111</u>	<u>7,031</u>

<b>d) Transitional Relief</b>	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Transitional relief on reclaims of tax credits (included above)	202	369

<b>e) Five Largest Holdings</b>	<b>2002</b>	<b>Proportion</b>
	<b>£000s</b>	<b>of portfolio</b>
Schroder Exempt Property Unit Trust	10,059	5.94%
BP PLC Ordinary (USD 0.25)	5,954	3.52%
GlaxoSmithKline PLC (Ordinary 25p)	5,069	2.99%
Vodafone Group PLC (USD 0.10- UK Listing)	4,840	2.89%
HSB Holding PLC (Ordinary USD 0.50 – London)	4,112	2.43%

All investments are held in the Nuffield Foundation Charities Common Investment Fund.

**f) Programme Related Investments**

The Foundation holds 100,000 £1 fully paid Non cumulative Preference Shares in the Charity Bank plc.

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**7 Debtors and prepayments**

	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Secured Loans	48	101
Accrued Interest	798	938
Income Tax recoverable	89	126
Other debtors	122	640
	1,057	1,805
 Contingent assets (potentially recoverable grants)	 44	 49

**8 Creditors: amounts falling due within one year**

**a) Grants Payable**

	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Grants awarded but not paid at 1 January	7,654	8,745
Grants awarded in the year	6,633	5,512
Grants paid in the year	(6,158)	(6,317)
Grants cancelled in the year	(255)	(286)
Grants awarded but not paid at 31 December	7,874	7,654

**b) Creditors**

	<b>2002</b>	<i>2001</i>
	<b>£000s</b>	<i>£000s</i>
Income Tax and National Insurance	35	31
Accruals	236	193
Other creditors	124	148
	395	372

**9 Funds**

**a) Description of funds**

- The Elizabeth Nuffield Fund was a gift from the wife of Lord Nuffield for the advancement of education and in particular the award of scholarships, grants or loans to women and girls who require financial assistance. It is used to fund the 'Education for Women' grant programme. Unspent income is restricted to this purpose.
- The Commonwealth Relations Trust was created for the purposes of promoting a common understanding between the unity of ideals in the United Kingdom and the other members of the British Commonwealth of Nations. Unspent income is restricted to this purpose.
- The Oliver Bird Fund was given by Captain Bird for the relief of incurable cases of rheumatism or the advancement of health and the prevention and relief of sickness other than rheumatism. It is used to fund the Rheumatism grant programme. Unspent income is restricted to this purpose.
- The Ada Newit Fund gives rise to unrestricted income, although the trustees usually apply it in support of the Education for Women grant programme.
- The Albert Leslie Stewart Bequest also provides unrestricted income for the Foundation's activities; as Mr Stewart expressed an interest in rheumatism income is usually applied to that grant activity.
- The Auxiliary Fund includes Lord Nuffield's original endowment which was transferred into it from the original fund in 1978, together with a number of subsequent gifts.

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**9 FUNDS (continued)**

**b) Fund Movements**

	Balance at 1 <sup>st</sup> January 2002	Movement in Resources Incoming Resource	Resources Outgoing Resources	Transfers & Unrealised Gain/(Loss)	Balance at 31 <sup>st</sup> December 2002
<b>Capital Funds</b>					
<b>Endowments</b>					
<b>Permanent Endowment</b>					
Elizabeth Nuffield Fund	1,793	-	(4)	(329)	1,460
Commonwealth Relations Trust	6,569	-	(14)	(1,210)	5,345
	<u>8,362</u>	<u>-</u>	<u>(18)</u>	<u>(1,539)</u>	<u>6,805</u>
<b>Expendable Endowments</b>					
Ada Newitt Fund	72	-	-	(15)	57
Albert Leslie Stewart Bequest	325	-	(1)	(60)	264
Oliver Bird Fund	13,318	-	(28)	(2,454)	10,836
Auxiliary Fund	185,990	-	(393)	(34,216)	151,381
	<u>199,705</u>	<u>-</u>	<u>(422)</u>	<u>(36,745)</u>	<u>162,538</u>
Total Endowed Funds	<u>208,067</u>	<u>-</u>	<u>(440)</u>	<u>(38,284)</u>	<u>169,343</u>
<b>Income Funds</b>					
<b>Restricted Funds</b>					
Commonwealth Relations Trust	623	198	(583)	198	436
Oliver Bird Fund	541	400	(81)	-	860
Elizabeth Nuffield Fund	(12)	54	(42)	-	-
Other Restricted Funds	-	430	(389)	-	41
	<u>1,152</u>	<u>1,082</u>	<u>(1,095)</u>	<u>198</u>	<u>1,337</u>
<b>Unrestricted Funds</b>					
Commonwealth Relations Trust	198	-	-	(198)	-
General Fund	4,401	5,722	(8,119)	-	2,004
	<u>4,599</u>	<u>5,722</u>	<u>(8,119)</u>	<u>(198)</u>	<u>2,004</u>
Total Income Funds	<u>5,751</u>	<u>6,804</u>	<u>(9,214)</u>	<u>-</u>	<u>3,341</u>
Total Funds	<u>213,818</u>	<u>6,804</u>	<u>(9,654)</u>	<u>(38,284)</u>	<u>172,684</u>

**c) Analysis of Funds**

	Unrestricted Funds £000s	Restricted Funds £000s	Expendable Endowment £000s	Permanent Endowment £000s	Total £000s
Investments	-	-	162,538	6,805	169,343
Other Fixed Assets	3,754	-	-	-	3,754
Net Current Assets/Liabilities	(1,750)	1,337	-	-	(413)
Total Funds	<u>2,004</u>	<u>1,337</u>	<u>162,538</u>	<u>6,805</u>	<u>172,684</u>

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**GRANTS AWARDED DURING THE YEAR**

Name	Purpose	Value	Term
<b>Social research and Innovation</b>			
<b>Child Protection &amp; Family Law</b>			
Mr J Wade, Ms F Mitchell, Social Work Research and Development Unit, University of York	A study of unaccompanied immigrant children and the social work services	£142,091	2 years, 2 months
Dr E Monck, Dr A Rushton, Thomas Coram Research Unit	Evaluation of a clinical programme for enhancing placement stability after adoption or placement for adoption	£97,831	3 years
Mr P Hardman, Ms J Sufian, Ms C Boswell, First Key	A project to deliver expert information and advice on the Children (Leaving Care) Act	£91,836	3 years
Ms A Perry, Department of Law, University of Wales Swansea	An examination of the use of orders for supervised and indirect contact	£90,596	2 years, 5 months
Mr R Tapsfield, Family Rights Group	Training and information materials to promote the appropriate use of Special Guardianship Orders	£89,869	2 years, 1 month
Ms D Carter, Reunite International Child Abduction Centre	An investigation of international parental child abduction in non-Hague Convention countries	£73,050	2 years
Ms K Green, National Council for One Parent Families	Lone parent advice project	£68,637	1 year
Ms F Collier, British Association for Adoption & Fostering	Enabling effective implementation of the Adoption and Children Act for the benefit of looked after children	£66,008	11 months
Ms C Roberts, Department of Social Policy and Social Work, University of Oxford	Briefing papers aimed at informing a policy and practitioner audience about key family policy issues	£51,696	1 year, 7 months
Mrs J Hunt, Department of Social Policy and Social Work, University of Oxford	Analysis of guardian practice prior to CAF/CASS	£27,638	10 months
Miss Y Spencer, Children's Legal Centre	Feasibility study for a service to provide advice and assistance to refugee children	£10,000	7 months
Dr M Elliott, Kidscape	To produce an Activity Book for Schools containing the exercises from Kidscape's Primary Protection Manual	£9,973	5 months
Ms K Green, National Council for One Parent Families	Feasibility study into joint provision of helpline services by Parentline and National Council for One Parent Families	£9,000	1 year, 1 month
Ms E Wincott, Progar	Conference on the DOH Consultation on Section 31 of the Human Fertilisation & Embryology Act 1990	£3,000	6 months
	Supplementary grants	£150,788	
	Cancelled grants	(£25,104)	
	<b>Total: Child Protection &amp; Family Law</b>	<b>£956,909</b>	
<b>Social Science Small Grants</b>			
	83 awards	440,709	
	Cancelled grants	(44,643)	
	<b>Total: Social Science Small Grants</b>	<b>£396,066</b>	

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Name	Purpose	Value	Term
<b>New Career Development Fellowships</b>			
Dr E Simpson, Department of Anthropology, London School of Economics and Political Science	The Gujarat earthquake: An ethnography of reconstruction in western India	£118,306	3 years, 6 months
Dr M Manacorda, Suntory Toyota International Centre for Economics and Related Disciplines, London School of Economics and Political Science	An empirical analysis of the causes and consequences of child labour	£114,802	3 years
Mr M Collyer, Sussex Centre for Migration Research, University of Sussex	From the illusions of the emigrant to the despair of the immigrant: An investigation into the changing migration strategy of undocumented migrants at different stages of the migration process	£110,566	3 years, 6 months
Mr E Chattoe, Department of Sociology, University of Oxford	A behavioural microsimulation of ethnic disadvantage in labour markets	£104,254	3 years, 6 months
	Supplementary awards	£9,640	
	Total: New Career Development F'ships	<b>£457,568</b>	
<b>Older People &amp; their Families</b>			
Professor O Stevenson, Ms K Jeary, Centre for Social Work, University of Nottingham	The sexual abuse of elderly people - its distinctive characteristic and implications for policy and practice	£91,440	1 year, 7 months
Dr S Katbamna, Nuffield Community Care Studies Unit, University of Leicester	A study of perspectives on ageing, dependency, financial planning and paying for care in old age in British South Asian communities	£90,738	2 years, 1 month
Mr G FitzGerald, Action on Elder Abuse	Improving communications so as to raise awareness and provide appropriate information about elder abuse	£85,291	2 years, 1 month
Professor S Hampson, Professor S Arber, Professor H Thomas, Ms T Wandreuala, Department of Psychology, University of Surrey	An investigation of older peoples' and their families' views about autonomy and decision-making in later life	£69,944	2 years, 6 months
Dr S Ng, Islington Chinese Association	Feasibility work towards the Chinese Older People Network	£10,000	6 months
	Supplementary grants	£35,375	
	Grants cancelled	(£5,000)	
	Total: Older People & their Families	<b>£377,788</b>	
<b>Access to Justice</b>			
Ms A Portelli, Ms T Lewis, Central London Law Centre	A project to produce five practical publications relating to the law on discrimination in employment	£99,960	3 years, 1 months
Ms S Raikes, Thames Valley Partnership	To develop and support models for preventing anti-social behaviour	£90,100	2 years, 6 months
Ms D Coles, Ms H Shaw, Inquest	A study of families' experience of the investigation of deaths that require an inquest	£70,497	1 year, 2 months
Professor M Adler, Mr S Finch, Ms J Lewis, School of Social and Political Studies, University of Edinburgh	A developmental study of administrative grievances	£48,347	9 months



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Name	Purpose	Value	Term
Ms J Carter, Islington Law Centre	Action research project on age discrimination, health and early advice	£10,000	1 year, 1 month
Mr P Grattan, Ms S Spencer, Third Age Employment Network	Work on a Single Equality Commission by the Equality and Diversity Forum	£9,300	6 months
	Supplementary grants	£17,904	
	Grants cancelled	(£71,335)	
	Total: Access to Justice	<b>£274,773</b>	
<b>Phoenix</b>			
Ms C Garfield, Jewish Care	Music for Life in Jewish Care	£35,990	3 years
Mrs S Taylor, Northumbria Sight Service (NSS)	Northumbria Sight Service (NSS)	£34,000	2 years
Reverend A Gibson, Victoria Live At Home Scheme	Victoria Live At Home Scheme	£25,337	1 year
Mr C Chart, Bristol Care And Repair	Move on Service	£24,310	2 years
Mr M Roberts, Vision Support	Chester Resource Centre & Support Services Project	£24,000	2 years
Ms A Edbury, FACT(Foundation for Art & Creativity Technology)	Tenantspin	£22,640	2 years
Mr S Goodwin, The Dark Horse Venture	The Dark Horse Venture Encourage Project	£20,000	2 years
Mr J Twomey, London Irish Centre	Elders Outreach project	£15,000	1 year
Ms I Kohler, Westminster Advocacy Service for Senior Residents	Ethnic Minority Advocacy Outreach Project	£15,000	2 years
Mrs S Thornett, Gnosall Elder Care Project	Elder Care Project	£8,190	3 years
Mr J Boe, Gloucestershire Pensioners Forum	Gloucestershire Pensioners Forum	£7,750	2 years
Ms P Butler, Bradford Bereavement Support Service	Bradford Bereavement Support Service	£5,000	6 months
	Total: Phoenix	<b>£237,217</b>	
	Total: Social Research & Innovation	<b>£2,700,321</b>	

**Science**

<b>Newly Appointed Lecturers</b>	89 awards	£432,327
<b>Undergraduate Research Bursaries</b>	239 awards	£333,207
<b>School Science Bursaries</b>	565 awards	£244,548
<b>Rheumatism</b>	No awards (scheme closed for 2002)	-
	Grants cancelled	(£20,725)
	Total: Science	<b>£989,357</b>

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Name	Purpose	Value	Term
<b>Education</b>			
<b>Education</b>			
Professor J Holman, Department of Chemistry, University of York	A new curriculum for key stage 4 science	£180,000	3 years, 1 month
Dr S Bradley, Department of Economics, The Management School, Lancaster University	The educational gender gap, catch up and labour market performance	£75,756	2 years, 1 month
Professor J Osborne, Department of Education and Professional Studies, King's College London	Ideas, evidence and argument in science (IDEAS) project	£62,693	1 year
Dr J Dobson, Migration Research Unit, University College London	Mobility, disadvantage and secondary education policy	£59,950	1 year, 8 months
Dr A Millett, Department of Education and Professional Studies, King's College London	The impact of the national numeracy strategy: comparing pupil attainment and teaching in year 4, before and after the strategy's introduction	£54,571	1 year
Mr D Miller, Department of Education, Keele University	Enhancing Mathematics teaching through new technology: the use of the interactive whiteboard	£46,402	2 years
Professor G Lindsay, Centre for Educational Development, Appraisal and Research, University of Warwick	Educational provision for children with specific speech and language difficulties – the investigation of good practice	£33,753	1 year, 6 months
Dr T Macintyre, Department of Curriculum Research and Development, The University of Edinburgh	Using the SOROBAN to develop strategies for mental calculation	£26,017	1 year
Professor M Snowling, Department of Psychology, University of York	Children at risk of dyslexia – a follow up study	£21,659	1 year, 3 months
Dr P Davies, Institute for Education Policy Research, Staffordshire University	Improving secondary school students' economic judgements in citizenship education	£16,870	1 year, 7 months
Professor P Farrell, Educational Support and Inclusion, Faculty of Education, University of Manchester	Classroom support and inclusion	£9,852	6 months
Professor Sir B Crick, Association for Citizenship Teaching	Association for Citizenship Teaching	£9,600	1 year
Professor J Law, Department of Language and Communication Science, City University London	The effectiveness of intervention approaches for children with primary speech and language delay: a systematic review of the literature related to children up to sixteen years of age	£9,514	3 months
Professor D Raffe, Department of Education and Society, University of Edinburgh	14-19 Education Feasibility Study	£7,000	3 months
	Supplementary grants	£25,062	
	Cancelled grants	(£7,937)	
	Total: Education	<b>£630,762</b>	
<b>Education for Women</b>			
	202 awards	487,248	
	Cancelled grants	(29,613)	
		<b>£457,635</b>	
	Total: Education	<b>£1,088,397</b>	

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Name	Purpose	Value	Term
<b>Open Door</b>			
<b>Open Door</b>			
Professor D Smith, Dr L McAra, School of Law, University of Edinburgh	The Edinburgh study of youth transitions and crime: Sweeps 5-7: Focus on family functioning and juvenile justice	£195,000	3 years
R Hazell, The Constitution Unit, School of Public Policy	Independent Commission to review Britain's experience of PR voting systems	£117,594	1 year, 5 months
Professor A Crawford, Mr S Lister, Centre for Criminal Justice Studies, University of Leeds	Plural policing and the market for a visible patrolling presence	£93,197	2 years, 6 month
Professor A Power, Professor J Hills, ESRC Research Centre for Analysis of Social Exclusion (CASE), London School of Economics and Political Science	Families living in low-income neighbourhoods in Leeds and Sheffield: extension to longitudinal study	£90,518	2 years, 7 months
Ms K Wellings, Dr G Barrett, Dr A Glasier, Centre for Sexual Health Research, London School of Hygiene and Tropical Medicine	Lay and professional attitudes towards, and experience of, long acting contraception	£72,163	1 year, 3 months
Dr A Hussain, Professor WL Miller, Department of Politics, University of Glasgow	Inclusive or exclusive attitudes towards minorities in post-devolution Scotland	£65,000	2 years
Mr M Lattimer, Minority Rights Group International	Improving access to international legal protection for human rights	£50,000	1 year, 6 months
Professor A Tinker, Age Concern Institute of Gerontology, King's College London	University Research Ethics Committees: Their role, remit and conduct	£43,403	1 year
Professor M Hough, Dr J Jacobson, Criminal Policy Research Unit, South Bank University	Policing incivilities: an investigation of the relationships between disorder, crime and neighbourhood decline	£23,200	7 months
Ms Y Lane, Sense International	Developing accessible communications for deafblind people and their families in India	£21,871	2 years
Ms C Hayman, The Foyer Federation	Support for Foyer residents in higher education	£20,000	5 years, 9 months
Mr R Chote, Institute for Fiscal Studies	Support for the IFS Green Budget	£10,000	1 year
Mr S Gray, Brook London	Developing sexual health work with disabled young people 2002	£7,500	11 months
Professor M Hough, Criminal Policy Research Unit, South Bank University	Colloquium on police performance management	£6,450	4 months
Mr J Davis, RYA Sailability	Revision of a register of enabling technology for disabled sailors	£5,000	3 months
Dr R Cohen, London Advice Services Alliance	Equal access to rights and services: the role of information and advice services	£4,647	8 months
Dr A McCully, UNESCO Centre School of Education, University of Ulster	Teaching history in contested societies seminar	£2,968	
	Supplementary grants	£67,811	
	Cancelled grants	(£21,128)	
	<b>Total: Open Door</b>	<b>£875,194</b>	

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Name	Purpose	Value	Term
<b>Other activities</b>			
<b>Commonwealth Relations Trust</b>	3 grants subject to final review	£516,363	
	Cancelled grants	(188)	
	Total: Commonwealth Relations Trust	<b>£516,175</b>	
<b>Languages Programme</b>			
Ms C Henshaw, Education Department, Ceredigion County Council	Languages Work / Ieithoedd yn gweithio	£14,796	6 months
Dr T King, Department of Education & Professional Development, University College London	ATLAS: Arousing a Taste for Languages at School	£10,000	2 years
Professor M Kelly, School of Modern Languages, University of Southampton	Study of changes in language provision in Higher Education and the implications for schools.	£10,000	6 months
Mr N Jones, Support and Advisory Service, Education and Library Service, Coventry LEA	Language Appreciation: Celebrating linguistic and cultural diversity in the primary school	£10,000	1 year, 3 months
Ms K Curry, Community Learning Centre, British Airways	British Airways Flag Award for Schools	£9,000	2 years, 11 months
Ms I Wilkie, Faculty of Languages and European Studies, University of the West of England	Ole! Spanish in the Primary Classroom	£7,690	1 year
Ms L Whalley, Woodbridge High School	TAFAL - Teach a Friend a Language	£7,360	6 months
	Total: Languages Programme	<b>£68,846</b>	
<b>Mental Health</b>			
Professor R Mackay, School of Law, De Montfort University	Unfitness to Plead, Insanity and Diminished Responsibility	£112,885	1 year, 6 months
Dr T Holland, Development Psychiatry Section, University of Cambridge	Standardised Material to help gauge capacity to manage financial affairs	£9,915	
Professor B Hermelin, The Tavistock and Portman Charitable Fund	Savant Artistic Development	£8,179	1 year
	One grant subject to final review	£26,120	1 year
	Supplementary grants	£12,000	
	Cancelled grants	(£28,255)	
	Total: Mental Health	<b>£140,844</b>	
	Total: Other Activities	<b>£725,865</b>	
	Total: Grant Awards	<b>6,633,062</b>	
	Total: Grants Cancelled	<b>(£253,928)</b>	
	<b>Total: All programmes</b>	<b>£6,379,134</b>	

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**Summary of Financial Objectives and Investment Strategy**

**Objectives**

1. Financial Objective
  - 1.1. to maintain (at least) the Foundation's endowment in real terms
  - 1.2. to produce a consistent and sustainable amount for expenditure
  - 1.3. to deliver 1.1) and 1.2) within acceptable levels of risk
2. Capital Maintenance
  - 2.1. The Foundation seeks to protect its endowment from its current experience of inflation (based on 62% Average Earnings Index and 38% Retail Price Index).
  - 2.2. The Foundation's composite inflation index will be applied to the average of previous twelve quarter rolling market values on 30<sup>th</sup> June 2004 (the base value).
3. Distribution rate
  - 3.1. The Foundation intends to distribute 4% of the average of the previous twelve quarter rolling market values.
  - 3.2. Where market values lie outside the indexed base value with an allowance for volatility (+/- 16%) a review of distribution rates will be triggered.

**Investment Principles**

4. Decision Making & Governance
  - 4.1. The Investment Committee is responsible to the trustees for investment decisions. It includes three trustee members and two independent investment professionals as advisors (who serve for three year terms). The committee is supported by staff of the Foundation. It is advised by investment consultants (appointed annually).
  - 4.2. The committee appoints investment managers (and terminates their appointments), recommends to trustees strategic asset allocations and reviews investment performance.
  - 4.3. Investment management is delegated to authorised commercial discretionary managers, properly licensed by the FSA, whose appointments are reviewed at least every three years
5. Investment objective
  - 5.1. The Foundation requires a diversified portfolio which will provide the best return for an agreed measure of risk and liquidity

6. Ethical and other restrictions
  - 6.1. Prohibitions on segregated investment in tobacco companies (equity or bond).
  - 6.2. No stock lending, nor speculative hedging or other derivative products.

7. Asset allocation and ranges

Asset Class	Target	Range
UK Equities	40%	+/- 5%
O'seas Equities	20%	+/- 5%
Private Equity	10%	-
Fixed Interest	15%	+/- 5%
Property	10%	+/- 5%
Cash	5%	-

8. Principal benchmarks
  - 8.1. Investment performance will be assessed against total returns relative to a composite benchmark based on asset allocation at the beginning of each period.
  - 8.2. Performance is also compared to the WM Charities Unconstrained Index
  - 8.3. Individual manager benchmarks are set out below.

9. Manager Structure and benchmarks

Asset Class	Manager
UK Equities	BGI Active UK Growth
UK Equities	OLIM
O'sea Equities	Marathon
Private Equity	Various
Fixed Interest	Payden & Rygel
Cash	BGI
Property	3 pooled funds
Custodian	Northern Trust

Asset Class	Benchmark	Target
UK Equities	FTSE All Share	+ 2%
O'seas Equities	FTSE All World Ex UK	+ 2%
Private Equity	FTSE All Share	+ 4%
Fixed Interest	JPM World Gov.	+0%
Property	IPD	+0%
Cash	LIBID	+0%

10. Performance assessment
  - 10.1. Performance is assessed in £GBP on rolling twelve quarter periods.
  - 10.2. Performance targets are net of fees
11. Effective from 1<sup>st</sup> April 2003; Arrangements prior to this date provided Schroder Investment Management with a discretionary mandate and a target to out-perform the WM 2000 index by 0.5% over rolling 5 year periods.

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