



# Report & Financial Statements 2004

The Nuffield Foundation

**THE NUFFIELD FOUNDATION  
REPORT AND  
FINANCIAL STATEMENTS  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2004**

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

**The Nuffield Foundation**  
**Report and Financial Statements for the year ended 31<sup>st</sup> December 2004**

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**LEGAL AND FINANCIAL INFORMATION**

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**Trustees**

The Baroness O'Neill CBE FBA  
Sir Tony Atkinson MA FBA  
Dr Peter Doyle CBE FRSE  
Professor Lord May AC OM PRS  
Professor Genevra Richardson LLB, LLM, HonFRCPsych  
Professor Sir Michael Rutter CBE MD FRCP FRCPsych FRS  
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**Custodian Trustee**

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**Auditors**

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**Solicitors**

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**Principal Investment Managers**

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Orion House  
5 Upper St Martin's Lane  
London WC2H 9EA

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10 King William Street  
London EC4N 7TW

**Global Custodian**

The Northern Trust Company  
50 Bank Street  
London E14 5NT

# The Nuffield Foundation

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### Constitution and objects

The Nuffield Foundation is an unincorporated charity registered with the Charity Commission (206601). It was established by trust deed on 9<sup>th</sup> June 1943 by Lord Nuffield, the celebrated philanthropist and founder of Morris Motors. The Foundation has wide objects. These include: the advancement of health; the advancement of social well being; the advancement of education; "the care and comfort of the aged poor"; the relief of handicaps; the benefit of the Commonwealth and "such other charitable purposes as shall be declared in writing by all the trustees".

### The trust deed and organisation

The trust deed has been amended on a number of occasions, most recently in 2003. A Common Investment Fund was established by a Charity Commission scheme which took effect on 1<sup>st</sup> 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 Foundation has seven trustees. Trustees are appointed by the other trustees. Following a review in 2003, it is the Foundation's policy to appoint trustees for an initial term of 5 years, with the option of renewal for a further 4 years, followed by a possible further and final term of 3 years. As well as employing professional staff the trustees are advised by a number of individuals, committees and panels having 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. The trustees appoint an external Chairman of a 'Panel for Trustee Remuneration' which meets periodically to review the remuneration of trustees. For several of the grant programmes decisions are delegated to sub-committees and panels. Trustees set terms of reference for all committees and panels.

### Review of activities

Lord Nuffield wanted the Foundation to 'advance social well being', particularly by research and practical experiment. It aims to achieve this by supporting work founded on careful reflection and informed by objective and reliable evidence which will bring about improvements in society. The wide range of activities it supports fall into two main categories:

- support of research and innovation that will bring about beneficial social change
- development of research and professional capacity, especially in the sciences and the social sciences, targeted at people in the early stages of their careers.

The Foundation pursues these goals by making grants to external organisations (listed at the back of this report), by supporting and hosting seminars and other events to encourage reflection of findings of areas of funded work, and by funding individuals and organisations to consider and report on particular fields. The Foundation also conducts its own programme of work in the area of the school curriculum through its in-house Curriculum Centre.

The measurement of social change is not straightforward and ascribing it unambiguously to the influence of individual projects or programmes is rarely possible (though sometimes tempting). It is frequently possible to identify outcomes of grants and projects in the form of simple numerical indicators (grants made, papers published, copies sold, numbers attending courses and so on). But these are no more than links in a causal chain that may or may not lead to change. The risk is that they can be confused with real effects, and thus themselves become targets. Objective indicators are of course important, but all they can do is inform human judgment, not substitute for it.

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#### Review of activities (continued)

With this firmly in mind, the Foundation reviews all its programmes regularly, usually every five years. The Foundation does not look for change for its own sake but these reviews (which usually involve some independent external input) frequently lead to significant modifications to programmes, or indeed to their closure. At the same time new initiatives and programmes are also being developed. Thus the overall shape of the Foundation's programme of activities is continually evolving. In 2004 the New Career Development Fellowship scheme was reviewed. In 2005 the Access to Justice programme, the Older People and their Families programme and the Science schemes are due for review.

#### Social Research and Innovation (£2.3m, 24%)

There are six main areas of work expressing the Foundation's interest in this field. Four of these are funded mainly through grants made by the Foundation to external bodies and (increasingly) by promoting discussion about these ideas at seminars and other events held at the Foundation's offices.

**Child Protection and Family Justice** supports work to help ensure that legal and institutional frameworks are well adapted to meet the needs of children and families. Topics of interest include UK systems of family justice (including the family court system, family law, local authority services for children and families); evidence about outcomes of interventions involving children at risk; and policies or practices related to the legal and financial issues of divorce or separation.

As an example - a grant was made to the National Children's Bureau and the Children's Legal Centre of £86,421 to carry out "child impact assessment" of up to four Bills per year. This involves the analysis of proposed legislation to determine its likely effect on children and young people. Special consideration will be given to Bills that directly affect children, but where children are not the specific subject of the Bill (for instance, identity cards).

Another development was the convening of a series of seminars for researchers, policy-makers and practitioners on trends in adolescent mental health, based initially on a project carried out by Dr Barbara Maughan, Dr Stephan Collishaw, Dr Robert Goodman and Dr Andrew Pickles, at the Institute of Psychiatry. In the course of the next year the Foundation will be considering how this work might be taken forward.

The current objectives of the **Access to Justice** programme are to promote developments in the administration of justice to improve its accessibility to all people; the promotion of developments in dispute resolution methods such as mediation; the better understanding of ethical and legal issues related to mental incapacity; human rights and civil justice; and the promotion of greater public understanding of the role of law.

An example is a grant to Dr Jacqueline Atkinson of the University of Glasgow to look at the use of advance statements as introduced in the Mental Health (Scotland) Act of 2003. This follows on from an earlier project by Dr Atkinson which investigated attitudes to advance statements among various groups of stakeholders.

**Older People and their Families** focuses on work that starts from the perspectives, needs and preferences of older people rather than those of service providers. Issues of interest include: family obligations and solidarity; autonomy and decision making; and financial circumstances and economic planning for later life. The programme (which will be reviewed in 2005) was underspent in 2005. A grant of £38,000 to the Pensions Policy Institute will support a series of seminars in 2005 examining various dimensions of pensions policy and practice. This is a particularly timely initiative as it will feed into the work of the government's own Pensions Commission, chaired by Adair Turner.

Two further areas are concerned with the promotion of research capacity in the Social Sciences.

**Social Science Small Grants** are available for social science research expenses. Awards are normally up to £7,500 and priority is given to younger researchers and also to projects that address the Foundation's wider interests. They can also be used to fund pilot projects that might in due course lead to a full scale application (whether to the Foundation or elsewhere).

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#### Review of activities (continued)

The scheme continues to attract good quality applications in large numbers. 80 awards were made in 2005.

The **New Career Development Fellowships** support social scientists in the early stages of their post doctoral careers. Three year fellowships are offered with support for an experienced partner who acts as a partner and mentor for the junior fellow. A maximum of four awards are made each year and the scheme is heavily over subscribed. The scheme was reviewed in 2004 and the trustees agreed that it should continue for a further five years, with some modifications.

#### Science (£1.2m, 12%)

The Foundation funds a range of activities aimed at developing research and professional capacity in science. It does this through a variety of grant programmes which cover different career stages. All the schemes, with the exception of the Oliver Bird Programme, will be reviewed in 2005.

**Science Bursaries** for Schools and Colleges of £70 per week are available to students studying an A Level or Higher post-16 science course. The scheme helps students to take part in science based projects, lasting 4-6 weeks, in universities, industry or research institutions during the summer holidays. Unlike work experience schemes, students carry out projects which are well defined from the start, have an outcome that is achievable within the time available and which will make a contribution to the work of the host organisation. Each year the Foundation offer about 600 bursaries, working through a network of 18 regional co-ordinators. The scheme has attracted significant co-funding, notably from the Wellcome Trust.

**Undergraduate Research Bursaries** provide support of £150 per week to enable science undergraduates who are considering scientific research as a career to work in a research laboratory during the summer vacation before their final year. The bursaries allow students practical experience of research as a career choice before they finally commit to that path. 241 grants were made in 2004, with a success rate of around 50%.

**Newly Appointed Lecturers in Science, Engineering and Mathematics** can apply for grants of up to £6,000 to help them develop innovative research projects in the early stages of their independent careers. The grants are not large, but for many of these young researchers it is their first peer reviewed grant and marks a significant achievement. 86 grants were awarded in 2004, with a success rate of a little over a third.

In 2003 the **Oliver Bird Rheumatism Programme** made five grants worth £2.8m in total to five UK academic institutions to establish a cohort of 25 highly talented young scientists who will receive comprehensive training in rheumatic disease research and its translation for the benefit of patients as part of their PhD studies. The programme got under way in 2004 and the first 18 students began their studies in October. We by The early progress of this programme has been greatly encouraging in terms of the quality of the students, the commitment and enthusiasm of the five participating Centres and also the reception the programme has received in the wider community.

#### Education (£2.3m, 24%)

Education has been a central feature of the Foundation's work for most of its life. Currently there are three strands:

**Grants for research and development in education** - There are four substantive priorities at the moment. In October 2003, the Foundation funded a multi-year Review of 14-19 Education and Training. This is an independent, long-term and international comparative synthesis of evidence about whether current educational provision gives young people the skills they need whatever educational path (academic or vocational) they choose. The first annual report was published in 2004 and suggested that there continues to be an unhelpful, hidden and structural polarisation between academic and vocational education which limits opportunity.

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#### Review of activities (continued)

Secondly (and recently) the Foundation has supported a cluster of projects on speech and language delays and disorders and the impact that they have on the progress of children at school. The largest grant was one to Professor Maggie Snowling of the University of York, to support a study of two school-based interventions for young children. It is planned to support one or possibly two more of these large scale intervention studies during 2005.

The third priority area is assessment, where the Foundation has a major project exploring assessment systems for the future using expert seminars and consultation meetings to explore teacher assessment in particular. The work was complemented during the year by a grant awarded to look at ways to improve formative assessment in further education.

The final priority is curriculum policy and practice where a small number of external projects are funded - for example a recent grant explored the use of puppets in teaching primary science. The aim is that these projects will link to the Foundation's own curriculum work, carried out by the Nuffield Curriculum Centre.

The **Nuffield Curriculum Centre** continues to play a major role in the design and development of teaching of individual subjects. It does this by developing new approaches and then offers a high level of support by working closely with teachers, lecturers, advisers and trainers. These projects have their own networks to keep in close touch with pioneering centres and to disseminate their ideas and to help teachers. Increasingly these projects are run in partnership with others such as teachers and researchers, publishers and, where appropriate, awarding bodies, to share the best of current thinking with schools and colleges.

In November, the centre launched the Salters-Nuffield Advanced Biology course. This redefines AS/A2 biology in the light of recent advances in the subject, caters for a range of learning styles through a diverse programme of activities, while developing the skills of data analysis, critical thinking, communication and collaborative work. The use of information and communication technologies (ICT) is integral to the teaching and learning. The course introduces the theory of biology through a range of contexts that illustrate its relevance and links biology to topical issues and places where people apply biological sciences in their work.

Science education continues to be a major emphasis, with the new Twenty First Century Science key stage 4 course in pilot phase. The centre has been collaborating with a range of organisations wishing to support new developments. It is working closely with the Gatsby Foundation to produce video resources to link applied science in school to the practice of science in the workplace and secondly to publish and disseminate an approach to teaching higher order learning skills in science. Use of the web sites continues to grow rapidly - notably the site called Re:act (for Advanced-level Chemistry students) which now gets over 30,000 visits each month.

During the year *Learning Citizenship* by Jenny Wales and Paul Clarke was published, describing practical strategies for teaching citizenship in secondary schools. The book arises from the 'Education for Citizenship' project that is looking at ways of guiding the non-specialist teacher of citizenship.

**Grants for Women** - These grants are made through the Elizabeth Nuffield Educational Fund (a gift from Lord Nuffield's wife). This small programme of grants is made to women studying to improve their employment prospects. At present grants are given only to women studying for a first qualification in higher education and represent a contribution to the care of children or other dependants with specific needs for the duration of the course. The Fund also helps a small number of women refugees who are studying for a professional re-qualification. In addition to grant-making studies are commissioned on the funding and caring needs of particular groups of women students (such as those with disabled children or adult dependants), and the findings are shared with relevant policy-makers and other interested parties.

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#### Review of activities (continued)

##### Open Door (£0.7m, 7%)

The Foundation keeps an "open door" to applications for grants that span its main areas of interest, or very occasionally the exceptions that lie outside those areas. These must have some bearing on our widest charitable object - 'the advancement of social well-being'. It is through Open Door funding that the Foundation from time to time identifies emerging areas that justify more sustained attention over several years.

Two contrasting examples typify this approach. A grant to Dr Lorraine Dearden of the Institute for Fiscal Studies will analyse the lifetime returns to Higher Education, while a second to Dr Kitty Stewart of the Centre for Analysis of Social Exclusion at the London School of Economics will examine employment trajectories for mothers in low-skilled work looking in particular at the trade-offs between time spent in mothering, training or work. Both will involve careful analysis of existing datasets to produce more fine-grained analyses than those currently available. The results should illuminate two important and contested areas of public debate.

##### Other Activities (£1.4m, 14%)

The **Nuffield Council on Bioethics** examines ethical issues raised by new developments in biology and medicine. Established by the Nuffield Foundation in 1991, the Council is funded jointly by the Foundation, the Medical Research Council and the Wellcome Trust but operates independently of all three. During 2004, a new working party on the ethics of prolonging life in fetuses and the newborn was launched, with Professor Margot Brazier in the chair. The Council is increasingly concerned to monitor developments after the publication of its Working Party reports and a Workshop on the ethics of research related to healthcare in developing countries was held in February as a follow up to its 2002 Report on the topic. The discussions that took place will be published in a Discussion Paper in 2005.

2005 will also see the publication of a major report on the ethics of research involving animals and the launch of a new working party on the ethics of public health.

The **Commonwealth Programme** supports initiatives that will bring about long-term improvements in health, education and civil justice in Eastern and Southern Africa and will foster North-South partnerships. It focuses on projects that improve services through the development of the expertise and experience of practitioners and policy makers, and where active involvement from the UK-based organisation will increase the initiative's effectiveness. A grant competition is held every two years and sufficient funds are available to fund four grants of up to £250,000 each. A strong group of applications for the 2004 competition was received from which four grants were made. The grants, which are for five years, will support the development of primary care in mental health (in Kenya); training centres for community eye health (based in Tanzania and South Africa); a maternal mortality prevention project (in the remote Mandera district of Kenya); and the training of African medical scientists in the science of research synthesis (based in South Africa).

##### Investment, management and administration (£1.8m, 19%)

The finances of the Foundation continue to suffer pressure from the harsh bear market of 2000 - 2003. Despite this programmes have been able to continue in the same substantive form over the last three years. There are three reasons: first, the Foundation's overall expenditure is based on a total return figure which is smoothed over a number of years, secondly the Foundation has drawn on its under-spending against earlier budgets, and finally opportunities have been taken to re-examine budgets which were not being fully utilised.

Expenditure (excluding investment management costs) in the year was £8.2m, though the trustees had planned to spend £8.7m. The difference was due mainly to under-spending on the larger grant programmes, the Older People and their Families grant programme in particular. £5.6m was spent on grants, £2m on the direct costs of running programmes, hosting seminars and promoting dissemination and reflection of the findings. Management and administration costs were £0.35m

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**Review of activities (continued)**

Investment performance continued to reflect the recovery in market values and to benefit from the re-organisation of mandates in March 2003. Although the cost of investment management has increased substantially in recent years (2004: £1.5m, 2003: £0.8m, 2002: £0.4m) the improved performance has more than offset these costs. During 2004 one investment manager received a performance fee of £0.5m for creating £4m of additional returns above the target return – not simply the benchmark return. The overall performance summarised below is all shown net of fees.

| <b>Total Returns</b> | <b>1 Year</b>                | <b>3 Years</b> | <b>5 Years</b> |
|----------------------|------------------------------|----------------|----------------|
| Nuffield Foundation  | 12.3                         | 2.9            | -0.5           |
| Bespoke Benchmark    | 11.4                         | 3.4            | -0.1           |
| WM Total Charities   | 11.3                         | 2.8            | -0.8           |
| <b>Key</b>           |                              |                |                |
| Nuffield Foundation  | Actual performance           |                |                |
| Bespoke Benchmark    | WM2000 to 3/03; then bespoke |                |                |
| WM Total Charities   | Including property           |                |                |

Full details of the trustees' investment policy are given on page 25.

**Reserves policy**

The Foundation's policy is to distribute 4% of the trailing twelve-quarter average market value of its investments. The intention is to produce a consistent and sustainable amount for expenditure and to maintain (at least) the purchasing power of the endowment over the long term. In order to monitor this, an agreed value of the Foundation's endowment is increased by our experience of inflation during the year. This agreed value was determined as £188m - which is the average market value of the investments over the twelve quarters to 30<sup>th</sup> June 2004. This value, increased for inflation, is in effect the base value of the Foundation's endowment.

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 is not based on surplus investment income.

The reserves of the Foundation at the year end were £202m. This included an expendable endowment of £196m, a permanent endowment of £8m, and negative restricted income funds of £1m. The Foundation has no free reserves. The trustees are mindful of their need to protect the capital of the two permanent endowments and are considering seeking formal approval from the Charity Commission for adoption of a Total Return Order.

The restricted income reserves of the Foundation are represented by a negative balance of £1.3m which is expected to return to surplus by 2007; these balances arise from grants which have been deducted from the relevant reserves, but not yet paid.

**Staff, volunteers and applicants**

The Foundation is indebted to grant applicants, to the many people who sit on committees and panels, review applications, contribute to seminars and contribute to the Foundation's work in myriad other ways. Finally thanks are due to the staff of the Foundation for their hard work and commitment during the year.

**Paddy Lancaster**

The Foundation suffered a grievous blow in August when Paddy Lancaster, the Director's PA and Clerk to the Trustees, died after a long illness. Paddy had been with the Foundation for only five years but in that short time she had become a pivotal member of the staff. Blessed with natural charm and authority, as well as a real gift for getting on with people, she was liked and respected by staff and trustees alike. She bore her painful and debilitating illness with extraordinary courage and unflinching good humour. She is missed both as a colleague and as a friend.

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**Review of activities (continued)**

**Grant making policy**

The Foundation currently operates 12 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's web site. All principal grants are shown in the list of grants at the back of this document.

**Custodian Trustees**

The Foundation uses two custodian trustees: the Northern Trust Company had responsibility during the year for providing custody services for all investment assets (£208m). Capita IRG hold leasehold assets and programme related investments on behalf of the trustees (£3.3m).

**Risk statement**

The trustees are 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.

**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 charity'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 charity will continue in operation.

The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy, the financial position of the Foundation 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 Foundation, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 6<sup>th</sup> May 2005 and signed on their behalf by



The Baroness O'Neill  
Chairman

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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 2004 which comprise the Statement of Financial Activities, the Balance Sheet, the 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.

**Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charity as at 31<sup>st</sup> December 2004 and of 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 LLP**  
Chartered Accountants and Registered Auditors  
Date: 9 May 2005

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

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**STATEMENT OF FINANCIAL ACTIVITIES**

|  | Notes | Unrestricted<br>Funds<br>£000s | Restricted<br>Funds<br>£000s | Endowed<br>Funds<br>£000s | Total<br>2004<br>£000s | Total<br>2003<br>£000s |
|--|-------|--------------------------------|------------------------------|---------------------------|------------------------|------------------------|
| <b>INCOMING RESOURCES</b>  |       |                                |                              |                           |                        |                        |
| Grants and donations   | 2     | -                              | 544                          | -                         | 544                    | 348                    |
| <b>Activities in furtherance of the charity's objects</b>          |       |                                |                              |                           |                        |                        |
| Sales, royalties and fee income                                    |       | 150                            | -                            | -                         | 150                    | 117                    |
| <b>Investment income</b>   |       |                                |                              |                           |                        |                        |
| Investment portfolio   | 6     | 6,067                          | 694                          | -                         | 6,761                  | 6,325                  |
| Other interest   |       | 34                             | 4                            | -                         | 38                     | 162                    |
| <b>Other income</b>  |       | 86                             | -                            | -                         | 86                     | 27                     |
| <b>Total incoming resources</b>                                    |       | <u>6,337</u>                   | <u>1,242</u>                 | <u>-</u>                  | <u>7,579</u>           | <u>6,979</u>           |
| <b>RESOURCES EXPENDED</b>  |       |                                |                              |                           |                        |                        |
| <b>Costs of generating funds:</b>                                  |       |                                |                              |                           |                        |                        |
| Investment management costs  |       | (24)                           | -                            | (1,477)                   | (1,501)                | (805)                  |
| <b>Net incoming resources available for charitable application</b> |       | <u>6,313</u>                   | <u>1,242</u>                 | <u>(1,477)</u>            | <u>6,078</u>           | <u>6,174</u>           |
| <b>Charitable expenditure:</b>                                     |       |                                |                              |                           |                        |                        |
| Costs of activities in furtherance of the charity's objects:       |       |                                |                              |                           |                        |                        |
| Social research & innovation                                       |       | 2,310                          | -                            | -                         | 2,310                  | 2,688                  |
| Science  |       | 1,058                          | 156                          | -                         | 1,214                  | 3,989                  |
| Education  |       | 2,230                          | 58                           | -                         | 2,288                  | 2,491                  |
| Open Door  |       | 726                            | -                            | -                         | 726                    | 841                    |
| Other activities   |       | 237                            | 1,113                        | -                         | 1,350                  | 1,360                  |
| Management and administration                                      |       | 348                            | -                            | -                         | 348                    | 271                    |
| <b>Total charitable expenditure</b>                                |       | <u>6,909</u>                   | <u>1,327</u>                 | <u>-</u>                  | <u>8,236</u>           | <u>11,640</u>          |
| <b>Total resources expended</b>                                    | 3     | <u>6,933</u>                   | <u>1,327</u>                 | <u>1,477</u>              | <u>9,737</u>           | <u>12,445</u>          |
| <b>NET OUTGOING RESOURCES before transfers</b>                     |       |                                |                              |                           |                        |                        |
|  |       | <u>(596)</u>                   | <u>(85)</u>                  | <u>(1,477)</u>            | <u>(2,158)</u>         | <u>(5,466)</u>         |
| Transfers  | 9     | 59                             | -                            | (59)                      | -                      | -                      |
| <b>NET OUTGOING RESOURCES after transfers</b>                      |       | <u>(537)</u>                   | <u>(85)</u>                  | <u>(1,536)</u>            | <u>(2,158)</u>         | <u>(5,466)</u>         |
| Revaluation of Fixed Assets  |       | -                              | -                            | -                         | -                      | -                      |
| Net gain on investment assets                                      | 6     | 282                            | -                            | 16,953                    | 17,235                 | 20,130                 |
| <b>NET MOVEMENT IN FUNDS</b>                                       |       | <u>(255)</u>                   | <u>(85)</u>                  | <u>15,417</u>             | <u>15,077</u>          | <u>14,664</u>          |
| <b>Fund balances brought forward at 1 January</b>                  |       | <u>255</u>                     | <u>(1,218)</u>               | <u>188,311</u>            | <u>187,348</u>         | <u>172,684</u>         |
| <b>Fund balances carried forward at 31 December</b>                | 9     | <u>-</u>                       | <u>(1,303)</u>               | <u>203,728</u>            | <u>202,425</u>         | <u>187,348</u>         |

Notes 1 – 9 form part of these Financial Statements

**The Nuffield Foundation**  
**Report and Financial Statements for the year ended 31<sup>st</sup> December 2004**

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**BALANCE SHEET**

|   |   | 2004<br>£000s | 2003<br>£000s |
|---|---|---------------|---------------|
| <b>FIXED ASSETS</b>                                   |   |               |               |
| Tangible fixed assets                                 | 5 | 3,538         | 3,556         |
| Investments   | 6 | 208,125       | 191,443       |
| Programme related investments                         | 6 | 100           | 100           |
|   |   | 211,763       | 195,099       |
| <b>CURRENT ASSETS</b>                                 |   |               |               |
| Debtors   | 7 | 635           | 770           |
| Bank and cash   |   | 946           | 2,491         |
|   |   | 1,581         | 3,261         |
| <b>CREDITORS: amounts falling due within one year</b> |   |               |               |
| Grants payable  | 8 | (10,008)      | (10,369)      |
| Creditors   | 8 | (911)         | (643)         |
|   |   | (10,919)      | (11,012)      |
| <b>NET CURRENT LIABILITIES</b>                        |   | (9,338)       | (7,751)       |
| <b>NET ASSETS</b>                                     |   | 202,425       | 187,348       |
| <b>FUNDS</b>  |   |               |               |
| Unrestricted funds                                    |   | -             | 255           |
| Restricted funds                                      |   | (1,303)       | (1,218)       |
| Endowed funds   |   | 203,728       | 188,311       |
| <b>TOTAL FUNDS</b>                                    | 9 | 202,425       | 187,348       |

Notes 1 – 9 form part of these Financial Statements

These financial statements were approved by the trustees on 6<sup>th</sup> May 2005 and were signed on their behalf by:



The Baroness O'Neill  
Chairman

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**CASH FLOW STATEMENT**

|   | <b>2004</b>    | <i>2003</i>    |
|---|----------------|----------------|
|   | <b>£000s</b>   | <i>£000s</i>   |
| Net cash outflow from operating activities            | (7,275)        | (7,982)        |
| <b>Returns on investment and servicing of finance</b> |                |                |
| Investment income                                     | 6,761          | 6,325          |
| Interest received                                     | 38             | 162            |
|   | <u>6,799</u>   | <u>6,487</u>   |
| <b>Capital expenditure and financial investment</b>   |                |                |
| Payments to acquire tangible fixed assets             | (121)          | (38)           |
| Receipts from sale of fixed assets                    | -              | -              |
| Additional investment in portfolio                    | (948)          | (2,775)        |
| Reduction in investment in portfolio                  | -              | -              |
|   | <u>(1,069)</u> | <u>(2,813)</u> |
| <b>Decrease in cash during the year</b>               | <u>(1,545)</u> | <u>(4,308)</u> |

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

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Cash at bank and in hand         |                |                |
| At 1 January                     | 2,491          | 6,799          |
| At 31 December                   | 946            | 2,491          |
| Decrease in cash during the year | <u>(1,545)</u> | <u>(4,308)</u> |

**RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

|   |                |                |
|---|----------------|----------------|
| Net outgoing resources for the year               | (2,158)        | (5,466)        |
| Depreciation                                      | 139            | 136            |
| Investment income (including interest received)   | (6,799)        | (6,487)        |
| Investment management fees                        | 1,501          | 805            |
| Movement in current assets/liabilities :          |                |                |
| (Decrease)/Increase in grant commitments          | (361)          | 2,495          |
| Increase in creditors                             | 268            | 248            |
| Decrease in debtors                               | 135            | 287            |
| <b>Net cash outflow from operating activities</b> | <u>(7,275)</u> | <u>(7,982)</u> |

Notes 1 – 9 form part of these Financial Statements

## **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, less any awards cancelled or refunded.

'Other costs' include staffing, hosting seminars and conferences, commissioned research or evaluations together with any direct 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. 'Management and administration' comprises costs incurred in trust administration and compliance with regulatory requirements, together with apportionment of costs shared by all activities.

#### **(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.

**The Nuffield Foundation**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**(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 is 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>2004</b>  | <i>2003</i>  |
|--|--------------|--------------|
|  | <b>£000s</b> | <i>£000s</i> |
| Biotechnology & Biological Sciences Research Council | 1            | 1            |
| Engineering & Physical Sciences Research Council     | 7            | 7            |
| The Royal Society                                    | 9            | 9            |
| Wellcome Trust                                       | 258          | 177          |
| NESTA  | -            | 25           |
| Rockerfeller Foundation                              | -            | 23           |
| Department for International Development             | 24           | -            |
| Medical Research Council                             | 245          | 106          |
|  | <b>544</b>   | <i>348</i>   |

**The Nuffield Foundation**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3 Resources expended**

|   | Direct costs    |                | Support<br>Costs<br>£000s | Total<br>2004<br>£000s | Total<br>2003<br>£000s |
|---|-----------------|----------------|---------------------------|------------------------|------------------------|
|   | Grants<br>£000s | Other<br>£000s |                           |                        |                        |
| <b>Cost of Generating Funds</b>         |                 |                |                           |                        |                        |
| Investment management                   | -               | 1,501          | -                         | 1,501                  | 805                    |
| <b>Charitable Expenditure</b>           |                 |                |                           |                        |                        |
| <b>Social Research &amp; Innovation</b> |                 |                |                           |                        |                        |
| Child Protection & Family Law           | 662             | 103            | 26                        | 791                    | 626                    |
| Social Science Small Grants             | 447             | 42             | 31                        | 520                    | 511                    |
| New Career Development Fellowships      | 470             | 19             | 12                        | 501                    | 494                    |
| Older People & Their Families           | 94              | 28             | 12                        | 134                    | 296                    |
| Access to Justice                       | 322             | 29             | 13                        | 364                    | 751                    |
| Phoenix                                 | -               | -              | -                         | -                      | 10                     |
|   | <u>1,995</u>    | <u>221</u>     | <u>94</u>                 | <u>2,310</u>           | <u>2,688</u>           |
| <b>Science</b>                          |                 |                |                           |                        |                        |
| Newly Appointed Lecturers               | 391             | 33             | 12                        | 436                    | 359                    |
| Undergraduate Research Bursaries        | 343             | 30             | 13                        | 386                    | 411                    |
| School Science Bursaries                | 269             | 35             | -                         | 304                    | 319                    |
| Rheumatism                              | 10              | 53             | 25                        | 88                     | 2,900                  |
|   | <u>1,013</u>    | <u>151</u>     | <u>50</u>                 | <u>1,214</u>           | <u>3,989</u>           |
| <b>Education</b>                        |                 |                |                           |                        |                        |
| Nuffield Curriculum Centre              | -               | 576            | 201                       | 777                    | 864                    |
| Education Grants                        | 915             | 107            | 38                        | 1,060                  | 1,054                  |
| Grants for Women                        | 391             | 35             | 25                        | 451                    | 573                    |
|   | <u>1,306</u>    | <u>718</u>     | <u>264</u>                | <u>2,288</u>           | <u>2,491</u>           |
| <b>Open Door*</b>                       | 667             | 40             | 19                        | 726                    | 841                    |
| <b>Other Activities</b>                 |                 |                |                           |                        |                        |
| Nuffield Council on Bioethics           | -               | 507            | 201                       | 708                    | 572                    |
| Commonwealth Programme                  | 601             | 27             | 13                        | 641                    | 630                    |
| Nuffield Languages Programme            | -               | 1              | -                         | 1                      | 158                    |
|   | <u>601</u>      | <u>535</u>     | <u>214</u>                | <u>1,350</u>           | <u>1,360</u>           |
| <b>Management &amp; Administration</b>  |                 |                |                           |                        |                        |
| Audit fee                               | -               | 15             | -                         | 15                     | 15                     |
| General costs                           | -               | -              | 289                       | 289                    | 204                    |
| Trustees' remuneration                  | -               | 39             | -                         | 39                     | 41                     |
| Trustees' expenses                      | -               | 1              | -                         | 1                      | 1                      |
| Legal fees                              | -               | 4              | -                         | 4                      | 10                     |
|   | <u>-</u>        | <u>59</u>      | <u>289</u>                | <u>348</u>             | <u>271</u>             |
| <b>Total Charitable Expenditure</b>     | <u>5,582</u>    | <u>1,724</u>   | <u>930</u>                | <u>8,236</u>           | <u>11,640</u>          |
| <b>Total Resources Expended</b>         | <u>5,582</u>    | <u>3,225</u>   | <u>930</u>                | <u>9,737</u>           | <u>12,445</u>          |

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

Each trustee is entitled to an annual allowance by virtue of the provisions of the Trust Deed. This is currently £5,600 per annum. One trustee waived £600 of this entitlement and two 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 reimbursement of travel and subsistence expenses (2003: three).

**The Nuffield Foundation**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4 Personnel costs**

|  | <b>2004</b>  | <i>2003</i>  |
|--|--------------|--------------|
|  | <b>£000s</b> | <i>£000s</i> |
| Wages and salaries   | 947          | 1,026        |
| Social security costs  | 102          | 108          |
| Other pension contributions                                    | 90           | 93           |
|  | 1,139        | 1,227        |
| <br>   |              |              |
| Average full time equivalent number of staff employed in year: | <b>No.</b>   | <b>No.</b>   |
| Grant making   | 9            | 9            |
| Nuffield Languages Programme                                   | -            | 1            |
| Nuffield Curriculum Centre                                     | 4            | 4            |
| Nuffield Council on Bioethics                                  | 8            | 7            |
| Support services   | 10           | 10           |
|  | 31           | 31           |
| <br>   |              |              |
| Remuneration of Higher Paid Staff                              | <b>No.</b>   | <b>No.</b>   |
| Between £50,000 and £59,999                                    | 2            | 2            |
| 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 £24k.

**5 Tangible Fixed Assets**

|                                      | <b>Leasehold<br/>Property</b> | <b>Other assets</b> | <b>Total</b> |
|--------------------------------------|-------------------------------|---------------------|--------------|
|                                      | <b>£000s</b>                  | <b>£000s</b>        | <b>£000s</b> |
| <b>Cost or valuation</b>             |                               |                     |              |
| At 1 January                         | 3,300                         | 551                 | 3,851        |
| Additions                            | -                             | 121                 | 121          |
| Disposals                            | -                             | (80)                | (80)         |
| At 31 December                       | 3,300                         | 592                 | 3,892        |
| <br>                                 |                               |                     |              |
| <b>Depreciation and amortisation</b> |                               |                     |              |
| At 1 January                         | 114                           | 181                 | 295          |
| Charge for year                      | 38                            | 101                 | 139          |
| Disposals                            | -                             | (80)                | (80)         |
| At 31 December                       | 152                           | 202                 | 354          |
| <br>                                 |                               |                     |              |
| <b>Net book value</b>                |                               |                     |              |
| At 31 December                       | 3,148                         | 390                 | 3,538        |
| <br>                                 |                               |                     |              |
| <i>At 1 January</i>                  | <i>3,186</i>                  | <i>370</i>          | <i>3,556</i> |

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,292k. 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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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Investments**

| <b>a) Investments at Market Value</b>                            | <b>2004</b>  | <i>2003</i>  |
|--|--------------|--------------|
|  | <b>£000s</b> | <i>£000s</i> |
| Market Value at 1 <sup>st</sup> January                          | 191,443      | 169,343      |
| Net additional investment/(disinvestment) in portfolio           | 948          | 2,775        |
| Fees paid in the year  | (1,501)      | (805)        |
| Realised and unrealised gains/(losses)                           | 17,235       | 20,130       |
|  | <hr/>        | <hr/>        |
| Market Value at 31 <sup>st</sup> December                        | 208,125      | 191,443      |
|  | <hr/>        | <hr/>        |
| Historic cost of listed investments at 31 <sup>st</sup> December | 171,721      | 166,877      |
|  | <hr/>        | <hr/>        |

| <b>b) Disposition of Investments</b>            | <b>2004</b>  | <i>2003</i>  |
|---|--------------|--------------|
|   | <b>£000s</b> | <i>£000s</i> |
| UK Equities                                     | 98,581       | 87,117       |
| Overseas Equities                               | 47,841       | 41,496       |
| UK Property Unit Trusts                         | 20,083       | 17,707       |
| Private Equity (unlisted)                       | 2,104        | 1,351        |
| UK Fixed Interest and Index Linked Stocks       | -            | -            |
| Overseas Fixed Interest and Index Linked Stocks | 28,846       | 26,973       |
| Cash  | 10,670       | 16,799       |
| Total   | <hr/>        | <hr/>        |
|   | 208,125      | 191,443      |

All assets are held directly other than £60m held in pooled funds

| <b>c) Income from Investments</b>               | <b>2004</b>  | <i>2003</i>  |
|---|--------------|--------------|
|   | <b>£000s</b> | <i>£000s</i> |
| UK Equities                                     | 3,239        | 2,970        |
| Overseas Equities                               | 792          | 764          |
| UK Property Unit Trusts                         | 921          | 767          |
| UK Fixed Interest and Index Linked Stocks       | -            | 187          |
| Overseas Fixed Interest and Index Linked Stocks | 1,336        | 1,296        |
| Cash  | 473          | 341          |
|   | <hr/>        | <hr/>        |
|   | 6,761        | 6,325        |

| <b>d) Transitional Relief</b>                                   | <b>2004</b>  | <i>2003</i>  |
|---|--------------|--------------|
|   | <b>£000s</b> | <i>£000s</i> |
| Transitional relief on reclaims of tax credits (included above) | -            | 73           |
|   | <hr/>        | <hr/>        |

| <b>e) Five Largest Holdings</b>          | <b>2004</b>  |
|--|--------------|
|  | <b>£000s</b> |
| Payden and Rygel International Bond Fund | 21,651       |
| Schroder Exempt Property Unit Trust      | 11,621       |
| Payden and Rygel High Yield Bond Fund    | 7,131        |
| BP PLC Ordinary                          | 5,999        |
| GlaxoSmithKline PLC (Ordinary 25p)       | 5,672        |

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 Ltd.

**The Nuffield Foundation**  
**Report and Financial Statements for the year ended 31<sup>st</sup> December 2004**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7 Debtors and prepayments**

|  | <b>2004</b>  | <i>2003</i>  |
|--|--------------|--------------|
|  | <b>£000s</b> | <i>£000s</i> |
| Secured loans                                      | 43           | 46           |
| Accrued Income including Income Tax recoverable    | 415          | 536          |
| Other debtors                                      | 177          | 188          |
|  | 635          | 770          |
| <br>   |              |              |
| Contingent assets (potentially recoverable grants) | 30           | 33           |

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

**a) Grants Payable**

|  | <b>2004</b>  | <i>2003</i>  |
|--|--------------|--------------|
|  | <b>£000s</b> | <i>£000s</i> |
| Grants awarded but not paid at 1 January   | 10,369       | 7,874        |
| Grants awarded in the year                 | 5,815        | 9,266        |
| Grants paid in the year                    | (5,942)      | (6,370)      |
| Grants cancelled in the year               | (234)        | (401)        |
| Grants awarded but not paid at 31 December | 10,008       | 10,369       |

**b) Creditors**

|                                   | <b>2004</b>  | <i>2003</i>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£000s</b> | <i>£000s</i> |
| Income Tax and National Insurance | 32           | 36           |
| Accruals                          | 780          | 373          |
| Other creditors                   | 99           | 234          |
|                                   | 911          | 643          |

**9 Funds**

**a) Description of funds**

- The Elizabeth Nuffield Educational 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. Although the Income Fund is in deficit no grants are expected to be awarded for the next four years. This will restore the income fund to surplus.
- The Main Fund includes Lord Nuffield's original endowment and the Auxiliary Fund, together with a number of subsequent gifts including the Ada Newit bequest and the Albert Leslie Stewart Bequest (both subsumed into this fund in 2003). This fund was known as the 'Auxiliary Fund' prior to 2004; the change was made following the modification of the Trust Deed in 2003).

**The Nuffield Foundation**  
**Report and Financial Statements for the year ended 31<sup>st</sup> December 2004**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9 FUNDS (continued)**

**b) Fund Movements**

|                              | Balance at<br>1 <sup>st</sup> January<br>2004 | Movement in Resources<br>Incoming<br>Resources | Outgoing<br>Resources | Unrealised<br>Gain/(Loss) | Transfers   | Balance at<br>31 <sup>st</sup> December<br>2004 |
|------------------------------|---|--|-----------------------|---------------------------|-------------|---|
| <b>Capital Funds</b>         |   |  |                       |                           |             |   |
| <b>Endowments</b>            |   |  |                       |                           |             |   |
| <b>Permanent Endowment</b>   |   |  |                       |                           |             |   |
| Elizabeth Nuffield Fund      | 1,626   | -  | (13)                  | 147                       | -           | 1,760   |
| Commonwealth Relations Trust | 5,955   | -  | (47)                  | 536                       | -           | 6,444   |
|                              | <u>7,581</u>                                  | <u>-</u>                                       | <u>(60)</u>           | <u>683</u>                | <u>-</u>    | <u>8,204</u>                                    |
| <b>Expendable Endowments</b> |   |  |                       |                           |             |   |
| Oliver Bird Fund             | 12,073  | -  | (95)                  | 1,086                     | -           | 13,064  |
| Main Fund                    | 168,657                                       | -  | (1,322)               | 15,184                    | (59)        | 182,460   |
|                              | <u>180,730</u>                                | <u>-</u>                                       | <u>(1,417)</u>        | <u>16,720</u>             | <u>(59)</u> | <u>195,524</u>                                  |
| Total Endowed Funds          | <u>188,311</u>                                | <u>-</u>                                       | <u>(1,477)</u>        | <u>16,953</u>             | <u>(59)</u> | <u>203,728</u>                                  |
| <b>Income Funds</b>          |   |  |                       |                           |             |   |
| <b>Restricted Funds</b>      |   |  |                       |                           |             |   |
| Elizabeth Nuffield Fund      | -   | 58   | (58)                  | -                         | -           | -   |
| Commonwealth Relations Trust | 85  | 211  | (641)                 | -                         | -           | (345)   |
| Oliver Bird Fund             | (1,321)                                       | 429  | (88)                  | -                         | -           | (980)   |
| Other Restricted Funds       | 18  | 544  | (540)                 | -                         | -           | 22  |
|                              | <u>(1,218)</u>                                | <u>1,242</u>                                   | <u>(1,327)</u>        | <u>-</u>                  | <u>-</u>    | <u>(1,303)</u>                                  |
| <b>Unrestricted Funds</b>    |   |  |                       |                           |             |   |
| General Fund                 | 255   | 6,337  | (6,933)               | 282                       | 59          | -   |
| Total Income Funds           | <u>(963)</u>                                  | <u>7,579</u>                                   | <u>(8,260)</u>        | <u>282</u>                | <u>59</u>   | <u>(1,303)</u>                                  |
| Total Funds                  | <u>187,348</u>                                | <u>7,579</u>                                   | <u>(9,737)</u>        | <u>17,235</u>             | <u>-</u>    | <u>202,425</u>                                  |

During 2003 grant commitments of £2.8m for rheumatism research (as described in the Trustees' Report) were funded by the Oliver Bird permanent endowment. This has caused the income reserve of this fund to be negative (£0.1m). As this is a commitment, rather than payment, and no material spending is anticipated over the next four years, this income fund will be restored to a positive figure by the end of 2007. Similarly the Commonwealth Relations Trust is expected to return to surplus in the future.

**c) Analysis of Funds**

|                         | Unrestricted<br>Funds<br>£000s | Restricted<br>Funds<br>£000s | Expendable<br>Endowment<br>£000s | Permanent<br>Endowment<br>£000s | Total<br>£000s |
|-------------------------|--------------------------------|------------------------------|----------------------------------|---------------------------------|----------------|
| Investments             | 4,397                          | -                            | 195,524                          | 8,204                           | 208,125        |
| Other fixed assets      | 3,638                          | -                            | -                                | -                               | 3,638          |
| Net current liabilities | (8,035)                        | (1,303)                      | -                                | -                               | (9,338)        |
| Total funds             | <u>-</u>                       | <u>(1,303)</u>               | <u>195,524</u>                   | <u>8,204</u>                    | <u>202,425</u> |

**The Nuffield Foundation**  
**Report and Financial Statements for the year ended 31<sup>st</sup> December 2004**

**GRANTS AWARDED DURING THE YEAR**

| Name  | Purpose  | Value (£) | Term      |
|---|--|-----------|-----------|
| <b>Social research and Innovation</b>   |  |           |           |
| <b>Child Protection &amp; Family Law</b>  |  |           |           |
| Dr J Barlow et al; Department of Public Health, University of Warwick                                   | The Oxfordshire Home Visiting Study: three-year follow-up  | 111,718   | 18 months |
| Ms E Cooke, Ms A Barlow, Dr T Callus; School of Law, University of Reading                              | Community of property - a regime for England and Wales   | 91,353    | 21 months |
| Ms L Payne; National Children's Bureau  | Child impact assessment  | 86,421    | 24 months |
| Dr O Reitman; Gender Institute, London School of Economics  | Divorce regulation in multicultural society: implications for law and policy   | 85,105    | 23 months |
| Dr B Maughan et al; Social, Genetic and Developmental Psychiatry Research Centre, King's College London | Secular trends in child and adolescent mental health   | 71,065    | 24 months |
| Professor N Lowe; Cardiff Law School, Cardiff University  | A statistical survey of Hague Abduction Convention Applications  | 42,139    | 18 months |
| Ms K Hinds et al; Scottish Centre for Social Research   | Extending Scottish family law to include a wider range of relationships: public knowledge and views                                | 37,801    | 24 months |
| Ms L Kendall; The Maternity Alliance  | Young parents in care and leaving care   | 36,828    | 10 months |
| Dr E Neil, Dr E Trinder; Centre for Research on the Child and Family, University of East Anglia         | Adoption and Divorce International Conferences, July 2006  | 15,000    | 22 months |
| Mrs A Moore; Children 1 <sup>st</sup>   | Children 1 <sup>st</sup> - A history   | 12,500    | 7 months  |
| Mrs L Chesterman; Grandparents' Association   | To meet the shortfall in the budget until the Community Fund grant is available  | 10,000    | 2 months  |
| Mr W Baginsky; NSPCC  | Power Pack for children with learning disabilities   | 10,000    | 6 months  |
| Mr R Tapsfield; The Fostering Network   | Seminar on long term fostering - implications of research findings for policy, practice and the organisation of fostering services | 4,250     | 10 months |
| Dr M Little; Warren House Group at Dartington   | Seminar: Can the Corporate State Parent?   | 2,460     | 9 months  |
|   | Supplementary grants   | 97,495    |           |
|   | Cancelled grants   | (52,209)  |           |
|   | Total: Child Protection & Family Law   | 661,926   |           |
| <b>New Career Development Fellowships</b>   |  |           |           |
| Dr M Hinton; Law Department, London School of Economics   | Globalisation and democratic policing: The effects of new migratory waves on police governance in London, New York and Paris       | 119,540   | 36 months |
| Mr C Psaltis; Department of Experimental Psychology, University of Oxford                               | Intergroup contact between Greek-Cypriots and Turkish-Cypriots   | 119,466   | 30 months |

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| Name  | Purpose  | Value (£) | Term      |
|---|--|-----------|-----------|
| <b>New Career Development Fellowships (continued)</b>   |  |           |           |
| Dr C Norbury; Department of Experimental Psychology, University of Oxford                           | Social well-being: Tracking the links to language  | 119,287   | 36 months |
| Dr M Chinouya; Department of Applied Social Science, London Metropolitan University                 | Getting on with life: Black African families affected by HIV and AIDS in England   | 89,589    | 24 months |
|   | Supplementary grants   | 22,214    |           |
|   | Total: New Career Development Fellowships  | 470,096   |           |
| <b>Social Science Small Grants</b>  |  |           |           |
|   | 80 awards  | 480,394   |           |
|   | Grants cancelled   | (33,692)  |           |
|   |  | 446,702   |           |
| <b>Older People &amp; their Families</b>  |  |           |           |
| Ms A O'Connell, Mr C Curry; Pensions Policy Institute   | Shaping a stable pensions solution   | 38,000    | 15 months |
|   | Supplementary grants   | 59,115    |           |
|   | Grants cancelled   | (2,887)   |           |
|   | Total: Older People & their Families   | 94,228    |           |
| <b>Access to Justice</b>  |  |           |           |
| Dr J Atkinson, Mr W Harper Gilmour; Public Health and Health Policy, University of Glasgow          | An exploration of the use of advance statements as introduced in the Mental Health (Care and Treatment) (Scotland) Act 2003                | 119,974   | 32 months |
| Dr R Thomas; School of Law, University of Manchester  | Asylum adjudication: a study of the procedure and determination of asylum appeals  | 82,561    | 18 months |
| Dr K Rose-Sender; The Redress Trust   | Examining state immunity to allegations of serious crimes and to justice   | 51,964    | 13 months |
| Ms M Dustin, Ms S Spencer, Mr P Grattan; Equality and Diversity Forum, Third Age Employment Network | Equality and Diversity Forum development of a cross-strand equality and human rights policy agenda   | 26,900    | 12 months |
| Ms V Bondy; Public Law Project  | Mediation and public law   | 13,860    | 4 months  |
| Mr R Smith; Justice   | A strategy for legal aid   | 10,000    | 7 months  |
| Mr B Reed; Gender Identity Research & Education Society   | Good practice guidelines for the administration of hormonal medication in the treatment of adolescents dealing with gender identity issues | 2,500     | 18 months |
| Ms J Lyon; Prison Reform Trust  | Accurate, up to date information booklets for lifers in the penal system and those seeking parole  | 2,500     | 12 months |
|   | Supplementary grants   | 46,213    |           |
|   | Grants cancelled   | (34,407)  |           |
|   | Total: Access to Justice   | 322,065   |           |
|   | Total: Social Research & Innovation  | 1,995,017 |           |

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| Name                                    | Purpose                  | Value (£)        | Term |
|---|--------------------------|------------------|------|
| <b>Science</b>                          |                          |                  |      |
| <b>Rheumatism Programme</b>             |                          |                  |      |
|   | Supplementary grants     | 10,146           |      |
|   | Cancelled grants         | -                |      |
|   | <b>Total: Rheumatism</b> | <b>10,146</b>    |      |
| <b>Undergraduate Research Bursaries</b> | 241 Awards               | 359,502          |      |
| <b>Newly Appointed Lecturers</b>        | 86 Awards                | 403,420          |      |
| <b>School Science Bursaries</b>         | 631 Awards               | 269,347          |      |
|   | Cancelled grants         | (29,708)         |      |
|   | <b>Total: Science</b>    | <b>1,012,707</b> |      |

|   |   |                  |           |
|---|---|------------------|-----------|
| <b>Education</b>  |   |                  |           |
| <b>Education</b>  |   |                  |           |
| Professor M Snowling; Department of Psychology, University of York                                    | Efficacy of two theoretically motivated school-based interventions for children with speech and language difficulties | 218,857          | 36 months |
| Professor Richard Pring and Dr Geoff Hayward, Department of Educational Studies, University of Oxford | Nuffield Review of 14-19 Education (second year of three year grant)  | 163,617          | 12 months |
| Professor R Millar; University of York  | Twenty First Century Science (years 4 and 5)  | 120,000          | 24 months |
| Dr K Ecclestone; School of Education and Lifelong Learning, University of Exeter                      | Improving formative assessment in post 14 and post-compulsory education   | 100,004          | 36 months |
| Professor J Law; Centre for Integrated Healthcare Research, Queen Margaret University College         | The development of the Nuffield Foundation Speech and Language Review Group   | 87,511           | 15 months |
| Dr S Knight; Atmospheric, Oceanic and Planetary Physics, University of Oxford                         | Climateprediction.net: climate prediction in schools  | 19,532           | 6 months  |
| Professor P Hannon; School of Education, University of Sheffield                                      | Success in family literacy  | 9,617            | 5 months  |
|   | Grants subject to confirmation  | 200,000          |           |
|   | Supplementary grants  | 11,187           |           |
|   | Cancelled grants  | (15,744)         |           |
|   | <b>Total: Education</b>   | <b>914,581</b>   |           |
| <b>Grants for Women's Education</b>   | 149 awards  | 400,292          |           |
|   | Cancelled grants  | (8,932)          |           |
|   |   | <b>391,360</b>   |           |
|   | <b>Total Education</b>  | <b>1,305,941</b> |           |

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| Name  | Purpose  | Value (£) | Term      |
|---|--|-----------|-----------|
| <b>Other activities</b>   |  |           |           |
| <b>Open Door</b>  |  |           |           |
| Dr L Dearden; Institute for Fiscal Studies  | Higher Education Funding Policies and the Lifetime Returns to Higher Education   | 85,731    | 9 months  |
| Professor S Sutton; Department of Public Health and Primary Care, University of Cambridge                             | Harnessing dynamic computer images for equitable access to health promotion - development of practical innovation in the communication of risk | 71,802    | 24 months |
| Dr H Rolfe; National Institute of Economic and Social Research  | Mental Health Problems at Work   | 63,447    | 8 months  |
| Ms A Park; National Centre for Social Research  | Matters of life and death - public attitudes towards end of life decision making   | 56,600    | 25 months |
| Ms C Bryson, Mr M Barnes, Mr M Clark; National Centre for Social Research   | Family life and atypical working hours   | 54,220    | 12 months |
| Dr K Stewart; Centre for Analysis of Social Exclusion, London School of Economics                                     | Employment trajectories for mothers in low-skilled work  | 52,934    | 28 months |
| Dr M Russell; The Constitution Unit, University College London  | The governance of Parliament   | 47,222    | 24 months |
| Mr J Andrews; Low Incomes Tax Reform Group, Chartered Institute of Taxation   | Access to the Law  | 35,000    | 11 months |
| Mr J Sloan; Overseas Partnering and Training Initiative, Leeds General Infirmary                                      | Training in post-surgical nursing skills at Kamuli Hospital, Uganda  | 29,871    | 36 months |
| Dr L Brabin, Dr S Roberts, Professor H Kitchener; Academic Unit of Obstetrics & Gynaecology, University of Manchester | Parental attitudes to vaccination of school children against human papillomavirus  | 28,953    | 12 months |
| Mr P Robinson; Institute for Public Policy Research   | The balance of funding between the individual and the state  | 25,000    | 6 months  |
| Professor A Phillips; Dr S Saharso; Gender Institute, London School of Economics                                      | Gender equality, cultural diversity: European comparisons and lessons  | 22,620    | 24 months |
| Professor M Farber; Department of Mathematical Sciences, University of Durham   | Prospects in Mathematics: A symposium for potential research students  | 10,500    | 3 months  |
| Professor J MacDermot; Imperial College London  | Learning Resources for Medical Students of the University of Gambia  | 9,941     | 12 months |
| Professor N Rose; Department of Sociology, London School of Economics   | Values and Conflicts in Mental Health: The Placebo Effect in Psychiatry and its Implications   | 9,810     | 3 months  |
| Ms H Grice; Sense International   | Development of a network of deafblind adults in Uganda   | 9,750     | 2 months  |
| Dr D McHugh; Hansard Society, London School of Economics  | Review of the modernisation of parliamentary procedure and practice since 1997   | 9,731     | 7 months  |

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| Name   | Purpose   | Value (£) | Term      |
|--|---|-----------|-----------|
| Mr C Judge; Oxford Bus Museum Trust Ltd  | Morris Motors Museum & Exhibition Hall                      | 5,000     | 0 months  |
| Ms J Lyon; Prison Reform Trust   | Pension provision for prisoners                             | 2,500     | 6 months  |
|  | Supplementary grants  | 81,050    |           |
|  | Cancelled grants  | (44,773)  |           |
|  | Total: Open Door  | 666,909   |           |
| <b>Commonwealth Programme</b>  |   |           |           |
| Professor R Jenkins; WHO Collaborating Centre for Research and Training for Mental Health, King's College London | Developing primary care of mental disorders in Kenya        | 181,575   | 36 months |
| Professor A Foster; International Centre for Eye Health, London School of Hygiene and Tropical Medicine          | Developing African training centres in community eye health | 164,020   | 36 months |
| Professor P Garner; Liverpool School of Tropical Medicine, University of Liverpool                               | Training in the science of research synthesis               | 150,087   | 36 months |
| Ms A Ferron; Health Unlimited  | Maternal mortality prevention in Mandera District, Kenya    | 100,000   | 24 months |
|  | Supplementary grants  | 17,020    |           |
|  | Cancelled grants  | (11,280)  |           |
|  | Total: Commonwealth   | 601,422   |           |
|  | Total: Other Activities                                     | 1,268,331 |           |
|  | Total: Grants Awarded                                       | 5,815,628 |           |
|  | Total: Grants Cancelled                                     | (233,632) |           |
|  | Total All Programmes  | 5,581,996 |           |

**The Nuffield Foundation**  
**Report and Financial Statements for the year ended 31<sup>st</sup> December 2004**

**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 a base value of £187,257,506 (the average of previous twelve quarter market values on 30<sup>th</sup> June 2004).
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%     | +/- 2% |

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  | 85% World Gov;<br>15% High Yield | -      |
| Property        | IPD                              | -      |
| Cash            | 30 day 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.

# The Nuffield Foundation

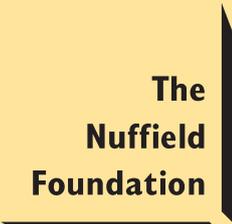
## Report and Financial Statements for the year ended 31<sup>st</sup> December 2004

### Statement of Financial Activities

|   | 1995          | 1996          | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003           | 2004           |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
|   | £m             | £m             |
| <b>Incoming Resources</b>                       |               |               |               |               |               |               |               |               |                |                |
| Investment income (net of charges)              | 6.52          | 7.54          | 7.53          | 7.77          | 7.95          | 6.94          | 7.29          | 5.67          | 5.52           | 5.26           |
| Other income                                    | 0.58          | 0.67          | 0.72          | 0.95          | 0.81          | 1.26          | 1.35          | 0.69          | 0.65           | 0.82           |
| <b>Total incoming resources</b>                 | <b>7.10</b>   | <b>8.21</b>   | <b>8.25</b>   | <b>8.72</b>   | <b>8.76</b>   | <b>8.20</b>   | <b>8.64</b>   | <b>6.36</b>   | <b>6.17</b>    | <b>6.08</b>    |
| <b>Expenditure</b>                              |               |               |               |               |               |               |               |               |                |                |
| <b>Grants made</b>                              | 5.31          | 5.73          | 5.51          | 5.21          | 6.82          | 6.60          | 5.22          | 6.37          | 8.87           | 5.58           |
| <b>Projects managed internally</b>              |               |               |               |               |               |               |               |               |                |                |
| Curriculum Development                          | 0.83          | 0.61          | 0.64          | 0.94          | 0.89          | 0.74          | 0.70          | 0.80          | 0.86           | 0.78           |
| Council on Bioethics                            | 0.06          | 0.06          | 0.18          | 0.24          | 0.30          | 0.34          | 0.56          | 0.78          | 0.57           | 0.71           |
| Other projects                                  | 0.29          | 0.37          | 0.07          | 0.15          | 0.22          | 0.23          | 0.01          | 0.24          | 0.12           | 0.18           |
|   | 1.18          | 1.04          | 0.89          | 1.33          | 1.41          | 1.31          | 1.27          | 1.82          | 1.56           | 1.67           |
| Support costs                                   | 0.85          | 0.85          | 0.92          | 0.86          | 0.83          | 0.88          | 1.13          | 0.87          | 0.95           | 0.64           |
| Charity administration                          | -             | -             | 0.11          | 0.11          | 0.11          | 0.09          | 0.11          | 0.15          | 0.27           | 0.35           |
| <b>Total Expenditure</b>                        | <b>7.34</b>   | <b>7.62</b>   | <b>7.43</b>   | <b>7.51</b>   | <b>9.17</b>   | <b>8.88</b>   | <b>7.73</b>   | <b>9.21</b>   | <b>11.64</b>   | <b>8.24</b>    |
| <b>Net Movement on Funds</b>                    | <b>(0.24)</b> | <b>0.59</b>   | <b>0.82</b>   | <b>1.21</b>   | <b>(0.41)</b> | <b>(0.68)</b> | <b>0.91</b>   | <b>(2.85)</b> | <b>(5.47)</b>  | <b>(2.16)</b>  |
| Other Gains and losses                          | 23.55         | 12.04         | 19.60         | 12.48         | 31.69         | (8.64)        | (28.79)       | (38.28)       | 20.13          | 17.24          |
| Funds at beginning of year                      | 149.69        | 173.00        | 185.63        | 206.05        | 219.74        | 251.02        | 241.70        | 213.82        | 172.69         | 187.35         |
| <b>Funds at end of year</b>                     | <b>173.00</b> | <b>185.63</b> | <b>206.05</b> | <b>219.74</b> | <b>251.02</b> | <b>241.70</b> | <b>213.82</b> | <b>172.69</b> | <b>187.35</b>  | <b>202.43</b>  |
| <b>Balance Sheets</b>                           |               |               |               |               |               |               |               |               |                |                |
| <b>Fixed Assets</b>                             |               |               |               |               |               |               |               |               |                |                |
| Investments                                     | 171.43        | 183.47        | 203.06        | 215.55        | 247.24        | 238.60        | 207.60        | 169.34        | 191.44         | 208.13         |
| Tangible Fixed Assets                           | 1.56          | 1.52          | 1.51          | 1.59          | 1.55          | 1.53          | 3.72          | 3.66          | 3.56           | 3.54           |
| Programme Related Investment                    | -             | -             | -             | -             | -             | -             | -             | 0.10          | 0.10           | 0.10           |
|   | 172.99        | 184.99        | 204.57        | 217.14        | 248.79        | 240.13        | 211.32        | 173.10        | 195.10         | 211.76         |
| <b>Current Assets</b>                           |               |               |               |               |               |               |               |               |                |                |
| Cash and short term deposits                    | 3.94          | 5.76          | 7.90          | 8.07          | 9.03          | 9.40          | 8.72          | 6.80          | 2.49           | 0.95           |
| Other current assets                            | 1.30          | 1.05          | 0.76          | 1.15          | 1.02          | 1.26          | 1.80          | 1.06          | 0.77           | 0.64           |
|   | 5.24          | 6.81          | 8.66          | 9.22          | 10.05         | 10.66         | 10.52         | 7.86          | 3.26           | 1.58           |
| <b>Current Liabilities</b>                      | <b>(5.23)</b> | <b>(6.17)</b> | <b>(7.18)</b> | <b>(6.62)</b> | <b>(7.82)</b> | <b>(9.09)</b> | <b>(8.02)</b> | <b>(8.27)</b> | <b>(11.01)</b> | <b>(10.92)</b> |
| <b>Net Current Assets</b>                       | <b>0.01</b>   | <b>0.64</b>   | <b>1.48</b>   | <b>2.60</b>   | <b>2.23</b>   | <b>1.57</b>   | <b>2.50</b>   | <b>(0.41)</b> | <b>(7.75)</b>  | <b>(9.34)</b>  |
| <b>Total Net Assets</b>                         | <b>173.00</b> | <b>185.63</b> | <b>206.05</b> | <b>219.74</b> | <b>251.02</b> | <b>241.70</b> | <b>213.82</b> | <b>172.69</b> | <b>187.35</b>  | <b>202.43</b>  |
| <b>Reserves</b>                                 |               |               |               |               |               |               |               |               |                |                |
| Income reserves                                 | 0.99          | 1.63          | 2.50          | 3.75          | 3.43          | 2.73          | 5.75          | 3.35          | (0.96)         | (1.30)         |
| Endowments                                      | 172.01        | 184.00        | 203.55        | 215.99        | 247.59        | 238.97        | 208.07        | 169.34        | 188.31         | 203.73         |
|   | 173.00        | 185.63        | 206.05        | 219.74        | 251.02        | 241.70        | 213.82        | 172.69        | 187.35         | 202.43         |
| <b>Performance</b>                              |               |               |               |               |               |               |               |               |                |                |
| <b>Total Returns (12 months to 31 Dec.)</b>     |               |               |               |               |               |               |               |               |                |                |
| Investments                                     | 21.2%         | 11.7%         | 15.0%         | 10.4%         | 19.1%         | -0.5%         | -10.2%        | -17.4%        | 15.2%          | 12.3%          |
| Benchmark (WM 2000/Bespoke)                     | 20.0%         | 11.3%         | 16.2%         | 13.2%         | 21.2%         | -2.1%         | -9.7%         | -16.5%        | 16.5%          | 11.4%          |
| <b>Change in Indices (12 months to 31 Dec.)</b> |               |               |               |               |               |               |               |               |                |                |
| Expenditure/Investments                         | 4.3%          | 4.2%          | 3.7%          | 3.5%          | 3.7%          | 3.7%          | 3.7%          | 5.4%          | 6.1%           | 4.0%           |
| Growth in Foundation Expenditure                | 6.7%          | 3.8%          | -2.5%         | 1.1%          | 22.1%         | -3.2%         | -13.0%        | 19.2%         | 26.4%          | -29.3%         |
| Increase in RPI                                 | 3.2%          | 2.5%          | 3.6%          | 2.8%          | 1.8%          | 2.9%          | 0.7%          | 2.9%          | 2.8%           | 3.5%           |
| Increase in Average Earnings                    | 2.9%          | 4.2%          | 4.9%          | 4.0%          | 5.8%          | 5.3%          | 2.1%          | 3.4%          | 3.4%           | 4.4%           |

#### Notes

- 1 These statements have been extracted from previously audited financial statements
- 2 Costs of Managed Projects have been re-analysed as such in line with SoRP treatment (previously treated as Grants)
- 3 The Charity SoRP was introduced in 1997. Accounts are shown as published.
- 4 These statements do not form part of the trustees' Report and Accounts.



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