



Report and Financial Statements 2007
The Nuffield Foundation

**THE NUFFIELD FOUNDATION
REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2007**

www.nuffieldfoundation.org

The Nuffield Foundation
Report and Financial Statements for the year ended 31st December 2007

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Structure, Governance and Management

Constitution and objects

The Nuffield Foundation is an unincorporated charity registered with the Charity Commission (206601). It was established by trust deed on 9th 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 1st 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 recruitment process that involves advertisement and interview. 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. Trustees are given an induction appropriate to their needs but this is not reflected in a formal policy.

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 two 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.

Objectives, activities and achievements

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.

In all areas of work the trustees look to make best use of the Foundation's defining characteristic, which is its independence, and to build on and develop its reputation as an organisation that supports objective studies and developments of high quality and relevance. They prefer not to support work that can be funded by government agencies (such as the Research Councils), although they will do so

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on occasion when a project is particularly close to the Foundation's interests. They are especially interested in funding projects where there is a good argument that government should not be the prime funder. The work of the Nuffield Council on Bioethics is one such example, as are many of the projects funded through the Access to Justice programme, and the various projects that the Foundation has funded over the years on constitutional reform and the role of parliament.

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. There were no major changes to our programmes during 2007, but reviews of our Commonwealth and Education programmes are planned for 2008.

The Foundation occupies an elegant Georgian building in central London. As well as housing our 40 staff the building's fine rooms are also heavily used as a venue for meetings, seminars and other events connected with our projects and programmes. Just how heavily was revealed by a recent survey, which showed that some 7000 people visited the building in 2007, attending over 400 separate events. As well as being a tribute to the excellent work of the Foundation's domestic staff the figures reveal the extent to which the Foundation is active in supporting and promoting the work it funds, and the way in which it acts as a facilitator and convenor, and not simply as a grant maker.

What underpins all this is a focus on the outcomes of our grants. The aim of much of the work we fund is to bring about improvements in policy and practice. Often this depends on bringing the work to the attention of the right people and it is here that the Foundation's networks, contacts and reputation for independence can be a significant help. We work closely with the many of the people and organisations we fund to help them communicate the results of their work. Being able to offer the opportunity to meet and discuss their work in civilised and neutral surroundings is an important dimension of that.

Social Research and Innovation (£2.6m, 21%)

The Foundation's interest in social research and social welfare is concentrated in a number of distinct topic areas, as well as being a major element of the 'Open Door' programme, which is listed separately. In each of these four areas, grants are made both for research and for practical and innovative projects. In addition, in each area the Foundation is increasingly active in promoting discussion and debate through programmes of seminars, lectures and other events, usually held at the Foundation's premises.

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.

In 2007, the Foundation made several grants that were somewhat larger than usual, reflecting the fact that in some areas larger grants are needed in order to gather representative samples or to see if changes in service delivery actually improve outcomes for children.

In the area of children at risk or in need, the Foundation awarded a grant to Professor Michael Lamb, at Cambridge University to examine the effects of interviewing in child sexual abuse cases. Professor Lamb will be working in cooperation with investigative interviewers in Israel to assess the relative usefulness of different interview techniques. This research should help improve the quality of investigative interviews with children who may be reluctant to disclose child abuse.

On the same topic, a grant was also made to Ms Barbara Esam, at the NSPCC, to examine the extent to which recent court initiatives to improve the position of young witnesses actually improve outcomes for these young people, who are often not merely witnesses but victims as

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well. That work is being carried out jointly with Ms Joyce Plotnikoff, an acknowledged expert on court processes.

The Foundation's Child Protection and Family Justice Committee was particularly pleased to have made a grant to Professor Judith Harwin, at Brunel University, to carry out an evaluation of a pilot family drug and alcohol court. This innovation aims to bring together services for substance-abusing parents with child protection services, under the watchful eye of a family judge who can ensure that momentum is maintained. If this intervention looks promising, an evaluation of outcomes may follow.

The Foundation made a grant to Vicky Peacey of One Parent Families to carry out a qualitative study of children's experiences of and perspectives on contact problems following divorce or separation. This will be done as a follow-up study to a representative sample of families having difficulties arranging contact, which remains an issue of interest to the Foundation.

During 2007, the Foundation hosted a number of seminars relevant to our work in Child Protection and Family Justice. In April the Foundation held a seminar to present the preliminary findings of the Nuffield-funded work on Transparency and Openness in the Family Justice System; this was led by Julia Brophy and Ceridwen Roberts of the Oxford Centre for Family Law and Policy who are writing a briefing paper on this issue. The seminar was based on their findings about how other countries handle the issues raised by the transparency review of family courts. It included evidence about press attendance in other systems, and whether has led to improvements in the situation for the parties, or for greater public understanding. It also raised the issue of how legal judgments could be made more transparent to the parties to a dispute, or made available in some form for a wider audience. The project has already had an influence on thinking in the Ministry of Justice, as was shown by a later roundtable discussion of a second consultation paper on this topic.

The launch of the new *Family Drug and Alcohol Court* saw the Foundation hosting a seminar led by the Honorable Judge Len Edwards, who pioneered a similar service in Los Angeles linking intensive assessment and substance misuse interventions with the child care proceedings. We also sponsored a series of seminars led by One Parent Families|Gingerbread on lone parents and employment, in response to the Government's Welfare Reform Green Paper; a seminar to launch a report by the Immigration Law Practitioners Association on the handling of asylum-seeking children and young people whose age is disputed; and a seminar to disseminate the results of the Daycare Trust's study on "Childcare – the state of the nation".

2007 also saw the launch of a grant-making initiative on **resilience**. This initiative aims to stimulate thinking about genetic and environmental sources of individual variation when children respond to stressful or difficulty family or social circumstances. We hope to fund two large projects in this area in 2008.

During the year, work continued on the **Adolescent Mental Health Initiative**, a four year programme of research funded by Trustees in 2005. This consists largely of reviews and critical evaluation of existing data to analyse the life experiences of adolescents in the UK today. An underlying question is whether social change has meant that young people in Britain are less productive, healthy or happy than young people in other countries. Five review projects were commissioned in 2007 to examine different topics in what is intended to be a multi-disciplinary look at adolescent mental health problems, and their relationship to education, family and social lives. The commissioned reviews were on the following topics: Time trends in parenting; Time trends in time use and activity patterns of adolescents; Patterns of drug use and alcohol misuse; Links between young people, neighbourhoods, schools and families; and Adolescent stress. This work, led by Dr Ann Hagell, will result in a series of briefing papers and a book, as well as an agenda for future research.

The **Access to Justice** programme aims to promote developments in the administration of justice to improve the working of civil and administrative law from the standpoint of ordinary people and citizens. In 2007, following a seminar series that was held in 2006 and 2007, the Foundation launched an initiative on **Administrative Justice**, with four particular areas of interest (Pathways; Feedback mechanisms; Choice of redress mechanism; Quality of decision making). Details of each funding strand were posted to nearly 700 academics, practitioners and

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policy makers. A grant was made in 2007 to Professor Simon Halliday at the University of Strathclyde for a conceptual analysis of administrative justice and feedback mechanisms, and further reviews and empirical research projects are likely to follow in 2008.

In 2007 the Foundation made a grant to Professor Dame Hazel Genn at University College London and Professor Martin Partington to follow up the recommendations of the **Nuffield Inquiry on Empirical Research in Law** which had reported in December 2006. Meetings were held with academics, learned societies and other funders to discuss capacity-building and new funding in the area. The aim is to encourage a wide range of others to invest in more empirical research in law, spanning civil, family and criminal law, but where the focus is the legal institutions, behaviours and policies. The Foundation brought together a number of funders to discuss this issue at the end of the year, and hope we may see steps to bring together some multi-disciplinary centres to encourage capacity building in this area.

During the year, the Foundation has continued funding various other projects as part of its usual grant-making activity in this area. These include a grant to Professor Peter Bartlett at Nottingham University for a research and development project working with the Government of Lesotho to develop new mental health legislation. A grant was awarded to Roger Smith from Justice to examine the workings of the Parole Board, and how it brings together evidence about to make its decisions. A grant was also made to Amanda Cumberland at Fair Trials Abroad to investigate British consular practice in attending or monitoring trials of UK citizens who face criminal legal proceedings abroad.

In 2007 the Foundation hosted the launch of a book on the civil work of the Court of Appeal. This book was the result of a grant made to Professor Gavin Drewry, Louis Blom-Cooper QC and Charles Blake. The resulting book *The Court of Appeal* documents some of the tensions and tasks of the Court of Appeal, and speculates about some of the ways that recent court reforms may have affected the Court of Appeal. In December the Foundation hosted a seminar and reception for the UK Association of Women Judges. The guest speaker, Professor Judith Resnik of Yale University, spoke to an audience of about 40 women judges from all levels, giving information from her own research in America on the effects of the composition of the judiciary on the work of judging. Lady Hale of Richmond, who was formerly a Trustee of the Foundation, chaired the lively discussion.

The Foundation's programme on **Older People and their Families** 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. Trustees decided that 2007 would be the last year that this programme operated as a separate area of work; from 2008 our interest in autonomy, decision-making and financial planning related to ageing will be signalled as a theme within our 'Open Door' area of grant-making.

Grants made in 2007 include a grant to the Pensions Policy Institute (PPI) for a project to provide evidence relevant to the proposed reforms to the state pension system, including evidence about the effects of the proposed 'opt in' on pension saving. In addition, the Foundation hosted further PPI-led seminars, as well as the launch of their report on different models for long-term oversight of pension policy-making. An award was made to Dr Helen Barnes at the Institute for Employment Studies to look at the management of older workers in the context of the new laws on age discrimination. A grant was also made to Mr James Lloyd at the International Longevity Centre to examine the living conditions of older carers; by using longitudinal data, the project should shed some light on the consequences of caring *per se*, rather than looking simply at the social factors correlated with caring. Finally, an award was made to Dr Sarah Harper at Oxford University for the Oxford Spring School on Ageing. This school will bring together younger social scientists, demographers and scientists to learn about the biology, economics and demography of ageing, with an aim of increasing interdisciplinary research capacity in this area.

The Foundation seeks further to promote research capacity in the social sciences by means of two academic schemes which are not aimed at promoting policy-relevant research. The first scheme provides **Social Science Small Grants**. These grants, normally up to £7,500 though they may exceptionally go up to £12,000, are made for small self-contained or pilot projects in

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the social sciences. Priority is given to younger researchers, though any project that addresses the Foundation's wider interests is eligible. Grants of this size are surprisingly difficult to obtain: research councils rarely fund under £40,000.. Universities may be able to provide seed-funding, but usually for much smaller amounts. The scheme continues to attract good quality applications and meets a real need. In 2007, we made 73 awards. Examples of the successful projects are listed on our web-site.

The second scheme, **the New Career Development Fellowships**, supports 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. Despite a large number of applications, few of the applications met the exacting criteria of developing new skills or knowledge after the PhD, so only one award was made in 2007, to Dr Jane Nolan at the University of Cambridge, for a project entitled "*Understanding the social networks and guanxi: A comparative study of foreign and local financial experts in Hong Kong and Shanghai.*"

Science (£3.8m, 30%)

The Foundation funds a range of activities aimed at developing research and professional capacity in science.

Oliver Bird Rheumatism Programme

This Programme provides doctoral training in rheumatic disease research. Twenty eight students are now in training in our five Collaborating Centres at UK universities and this year all gave excellent presentations at the Annual Conference held at Aberdeen University alongside the Bone Research Society meeting. This summer marked the mid-term of the Programme and Trustees carried out an evaluation of its progress. The Centres provided progress reports and proposals for a further five years of funding. These were reviewed by our international peer review college. Further perspectives on the Programme were gathered from Programme advisers and the students themselves.

The evaluation has provided evidence of an innovative, collaborative programme of doctoral training in rheumatic disease research that has benefited students, host institutions and supervisors alike. Students are training in internationally well regarded research groups; they feel part of a prestigious, well funded and supportive programme; they are already publishing and presenting their work; they expect to do well and, for most, to continue in the field. We believe that the Oliver Bird Rheumatism Programme is turning out to be an innovative model of PhD training and that it has already enhanced the profile and added substantial value to the field of rheumatic disease research in the UK. The students are being well prepared to enhance research capacity and we are beginning to see scientific outputs that might be translatable. Trustees agreed that the Programme should continue for a further five years.

Nuffield Science Bursaries

Undergraduate Research Bursaries are designed for those considering scientific research as a career. They enable students to take part in a defined research project for six to eight weeks in the summer vacation. Students receive a bursary of £175-£185 a week and gain a detailed insight into research before they finally commit to that path. 434 bursaries were offered in 2007.

Science Bursaries for Schools and Colleges of £75 per week are available to students in their first year of an advanced or higher - level science course. They offer the opportunity to join a project for four to six weeks during the summer vacation in any area of science, technology, engineering and maths (STEM). Students carry out well defined projects from start to finish alongside practising STEM professionals and have an opportunity to develop their STEM skills. 800 bursaries were awarded in 2007. The scheme relies on the active cooperation of numerous science-based organisations, from both public and private sectors, which provide placements for the students. The scheme is generously co-funded by a number of other organisations, notably the Wellcome Trust, Research Councils UK and the Royal Society.

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In 2007 the Undergraduate and Schools and Colleges Bursaries received increased funding which has formed the basis of a 4 year expansion of these schemes. For 2008 we expect to award up to 450 bursaries at undergraduate level and approximately 1000 funded places for Schools and Colleges.

Education (£2.0m, 16%)

Grants for research and development in education

Education continues to be a major focus for the Foundation's research and development funding. There are currently four major strands.

The Nuffield Review of 14-19 Education and Training has now entered its second three year phase, a major output of which is a series of widely disseminated and publicised Issues Papers. The first two were published this year: on the new 14-19 Diplomas; and on partnership development to deliver learning for 14-19 year-olds. The Review has also held numerous seminar and engagement events, including the first of a series of workshops run in collaboration with Rathbone, aimed at understanding better the persistence of high numbers of young people outside employment, education and training. The final report of the Review will be published in 2009.

Assessment remains a major focus, and the cross-university Assessment Reform Group, funded by the Foundation, has been identifying and evaluating examples of innovation in educational assessment and held a series of large seminars with policy-makers and practitioners to examine their implications.

Speech and language delays and disorders have been another priority and this year a number of large projects supported by the Foundation reached the stage at which findings could be presented at a series of six seminars. The subjects included systematic reviews in speech and languages science, early intervention in the foundations of reading skills, and educational outcomes and post-16 destinations for those with delays and disorders.

The Nuffield Foundation and the Social Science Research Council (SSRC) in the United States have jointly convened **The International Working Group on Education and Migration**, examining the consequences of large-scale immigration on education systems. This group has commissioned a dozen papers and is now playing a major role in the development of a research agenda in this field, not least through funding a programme of international fellowships.

In addition to these strands the Foundation has funded a number of other education-related research activities:

- the appointment of a co-ordinator to the need and scope for research and development in maths education;
- seminar for the presentation of a three year study funded by the Foundation examining the design of the assessment of literacy for deaf pupils.
- research project examining the impact of independent schools on state-funded education including the teaching profession.
- a pair of seminars drawing together international experts to discuss common challenges for science education.

The Foundation will shortly be engaging in a five year review of its education activity, and will be consulting closely with its recently established high level Education Advisory Committee and with other key thinkers in the education world.

The Nuffield Curriculum Centre continues to play a major role in the design and development of teaching of individual subjects. The main areas of interest are science, design and technology, mathematics and STEM (a cross-curricular consideration of **Science, Technology, Engineering and Mathematics**). The role of citizenship and ICT across the curriculum is also of interest. The Centre is now one of the few remaining independent organisations involved in curriculum development; in such circumstances, the value conferred by independence assumes even greater importance.

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November 2007 saw the start of a new cross-curricular STEM project, which aims to help schools exploit the opportunities presented by the new KS3 National Curriculum starting in September 2008. Thematic modules will encourage teachers to collaborate in creating activities, while exploring overarching themes such as sustainable development and healthy lifestyles. Case studies of STEM practitioners will be included, to demonstrate careers that are potentially available to pupils who continue to study STEM subjects.

Salters-Nuffield Advanced Biology (SNAB) has been revised for the new QCA criteria, for first teaching in September 2008. The Nuffield Curriculum Centre was extensively involved in the development of the new specification for this course, which, in its revised form, will be the only advanced biology specification offered by the awarding body Edexcel. The same specification has been organised so that it can be taught by either a context led or a concept-led route. The context-led route is supported by the revised SNAB resources and teacher training, but much of this projects' work will be relevant to any teachers of this specification.

Following the successful collaboration with the Gatsby Science Enhancement Programme on Learning Skills for Science (LSS), the Curriculum Centre started an extension of this project to produce LSS activities for post-16 science courses. Other partnership projects include a new Practical Biology website, following the success of the Practical Physics and Practical Chemistry websites. The new website will be a partnership between Nuffield, the Biosciences Federation and other contributing organisations.

In a changing secondary education landscape, Nuffield Design & Technology is committed to helping teachers respond positively and effectively to the changes. During 2007, twelve articles were commissioned to act as 'tools for change'. These articles, available from the Curriculum Centre website, were written by highly experienced educators, to help teachers ensure that design & technology can make its full contribution in a reconfigured curriculum.

The Twenty First Century Science team continue to support teachers of this course. During 2007, a series of short films were made, involving interviews with members of the project team and Twenty First Century Science teachers. The films include example student activities and extracts from the OUP publications, and aim to help users understand the purpose and features of this suite of courses.

A new A level, Science in Society, will be available for teaching from September 2008. It aims to develop the knowledge and skills that are needed for students to understand how science works, analyse contemporary issues involving science and technology and communicate their scientific appreciation and understanding to others. The course started development in 2007 in response to demand from teachers and students involved in the free-standing AS course Science for Public Understanding.

Grants for Women

These grants are made through the Elizabeth Nuffield Educational Fund (a gift from Lord Nuffield's wife) to women studying to improve their employment prospects. Awards are made by the ENEF Committee, which also monitors the changing landscape of support for women students, identifying gaps in provision that the Fund can help to plug.

In addition to supporting individual women studying for a first qualification at higher education level, the majority of whom are nursing and midwifery students receiving help with informal childcare costs, ENEF makes grants to fund initiatives that will help inform and shape its future policy. Following a pilot project in 2006, a partnership with 15 colleges of further education across England was formed, with a total financial commitment from the Committee of £246,000. The Elizabeth Nuffield FE Grants are to be administered by the colleges and will support eligible women learners who are facing unanticipated financial hardship that may prevent them successfully completing their course of study. The Daycare Trust, in collaboration with ENEF, launched a briefing paper, Childcare for Adult Learners in Further Education, at a joint seminar in December that was hosted by ENEF and chaired by the Fund's new chair, Fran Bennett. This element of our work will be reviewed over the coming year, as it is something of an experiment.

The needs of family carers, as well as those of their disabled family members, have been central to the Government's ongoing welfare reform programme and ENEF has published the

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second of two guides authored by Dr Philippa Russell, Disability Rights Commissioner and Chair of the Standing Commission on Carers. Care Matters. A guide to the Carers (Equal Opportunities) Act 2004 was launched at a seminar at the Foundation in May.

For a number of years ENEF has supported a programme helping refugee women professionals, most of whom are doctors and nurses, to re-qualify in the UK. The Refugee Education Training and Advisory Service (RETAS) received a further grant of £25,000 in 2007 and 27 awards were made towards course fees and associated attendance costs, examination fees, and the costs of family care.

Open Door (£1.4m, 11%)

The Foundation keeps an 'Open Door' to applications for grants that are span its main areas of interest or to exceptional projects that are outside our normal areas. These projects must have some bearing on our widest charitable object – the "advancement of social well-being". Many of these are for projects involving social research on themes such as poverty and income distribution, young people and law, and scrutiny of government and good governance, in which, as an independent foundation, we have a special interest. In 2007 we made grants in all of these areas.

One notable project in the area of income distribution was a large grant made to Professor John Hills and his colleagues at the Centre for the Analysis of Social Exclusion at the LSE for a series of linked investigations into inequality of wealth distribution in the UK, aimed to understand the causes of growing inequality of wealth and assets. A particular issue will be the links between asset and wealth inequality and discussions over inheritance and inheritance tax.

Professor Adam Crawford at the University of Leeds received an award for an examination of the use of anti-social behaviour interventions for young people. The project will examine how the criminal and civil elements of these interventions interact, the sorts of offences they are used for, and whether these are used differentially on different social groups. A grant was awarded to Professor Mike Hough at the Institute of Criminal Policy Research, King's College London, to examine the provisions in the Criminal Justice Act 2003 for sentencing adult offenders who are deemed to be dangerous; this will be the first empirical examination of the orders for Imprisonment for Public Protection and how these are being used.

The Foundation made several grants in the area of good government. These include a grant to Professor Sandra Nutley at Edinburgh University to explore how government uses evidence in its audit, inspection and scrutiny functions, and how these might be improved; a grant to the Charity Tax Group for an assessment of how tax burdens on charities might be eased; a grant to the Media Standards Trust for the funding of a web-space where people can read informed criticism of media coverage and respond to misrepresentation; and a grant to Chatham House for a study of the UK's role in Europe.

We sponsored or hosted various seminars linked to grant activity undertaken under the 'Open Door'. These included a plenary conference on the IFS Mirrlees Review on taxation, held in Cambridge; a series of seminars on longitudinal studies and life-course development; and the launch of a book, *City Survivors: Bringing up children in disadvantaged neighbourhoods*, by Professor Anne Power at the London School of Economics.

Other activities (£1.2m, 10%)

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. 2007 was a productive year for the Council, with the publication of two reports and the establishment of a new Working Party.

The report *The forensic use of bioinformation: ethical issues* was published in September 2007. The report concluded that fingerprinting and DNA profiling are valuable tools in the detection and prosecution of offenders, but more safeguards are needed to protect the liberty and privacy of the

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innocent. For example, the Council recommended that the police should only be allowed to keep the DNA of people who are convicted of a crime. The exception would be people charged with serious violent or sexual offences, whose DNA could be kept for up to five years even if they are not convicted.

The report *Public health: ethical issues*, published in November 2007, considered the responsibilities of governments, individuals and others in promoting the health of the population. The Council concluded that the state has a duty to help everyone lead a healthy life and reduce inequalities in health. A 'stewardship model' sets out guiding principles for making decisions about public health policies, and an 'intervention ladder' provides a way of thinking about the acceptability of different public health measures. The report uses four case studies to illustrate the ethical issues: infectious disease; obesity; alcohol and smoking; and water fluoridation.

In December, the Council set up a Working Party to consider the ethical issues raised by dementia. The group is chaired by Tony Hope, Professor of Medical Ethics at the University of Oxford. The issues being considered include: how decisions are made for or with people with dementia; the use of advance directives or 'living wills' to specify treatment; and the implications of changes in behaviour for the individual and for their relationships with other people. A report will be published in mid-2009.

At the end of 2000, Sir Bob Hepple, retired as Chairman of the Council after five years in office. The Foundation is grateful to him for his wise and successful stewardship. His successor is Professor Albert Weale, of the Department of Government, University of Essex.

For further information on these and other projects, see: www.nuffieldbioethics.org

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.

The four grant competitions agreed by the Trustees to be held every two years were completed in 2006. 2007 saw the successful midterm reviews of two grants made in 2004 to establish training provision in Africa – one in community eye health and the other in carrying out Cochrane reviews.

Nuffield's exploration of the possibilities of funding this international work collaboratively resulted in two initiatives. Firstly, in partnership with the Baring Foundation and the Paul Hamlyn Foundation, Nuffield funded a study of international funding by UK Trusts and Foundations entitled "Going Global". Secondly Nuffield entered into a funding collaboration with Volkswagen Foundation, Merieux Foundation and Gulbenkian Foundation to launch a capacity building programme to promote African research into neglected tropical diseases.

The Programme will be independently evaluated next year and trustees will decide on its future focus and operation in the light of both its achievements and the current wider international funding needs and context.

Financial review

The Foundation had a good year; it spent £12.3m (2006: £10.9m) which included four grants under the Oliver Bird Rheumatism programme worth £2.5m in total. As mentioned above this programme makes grants roughly once every five years. Other programmes had mixed fortunes, some over spending and some under spending, and in the case of the Child Protection programme some deferral of budget until 2008. Increasingly the Foundation makes large grants (over £250k) which require considerable planning. It can be difficult to predict when these applications will be sufficiently far advanced to be defined as grants that meet accounting criteria, and the trustees are keen that such decisions should not be driven by a financial timetable so are prepared to accept considerable volatility in annual spending. Non grant costs were in line with the budget for the year. The investment portfolio increased in value by £5m (2006: £23m) after withdrawing income and capital of £11m in line with its total return spending policy.

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Non investment income for the year was £1m (2006: £1m) which includes a continuing strong royalty stream from the new Twenty First Century science GCSE course. Charitable expenditure was £10.9m (2006: £9.6m) after a broadly fruitful year of good quality applications described above and at the end of this report. Net assets were £254m (2006: £250m). Both the restricted and unrestricted funds have negative balances of £319k and £2,924k respectively. This is due to the SORP requirement to charge the full multi-year cost of grants in the year of award. Future investment returns will restore these deficits.

Increasingly activities are delivered through different mechanisms; sometimes responsive grant-making is the most appropriate, but on other occasions a series of seminars may be more fruitful. These distinctions are analysed in Note 3 to the accounts which separates grants, other direct costs, and an allocation of overhead costs. Each component plays an appropriate and indispensable part in how the Foundation delivers its objectives.

Investment management and governance (£1.4m, 11.5%)

The investment performance for periods ending 31st December is summarised below.

Total Returns	1 Year	3 Years	5 Years
Nuffield Foundation (gross of fees)	6.2	12.2	13.0
Bespoke Benchmark (gross of fees)	6.3	12.4	13.0
WM Total Charities (gross of fees)	6.1	12.9	13.4
Key			
Nuffield Foundation	Actual performance		
Bespoke Benchmark	WM2000 to 3/03; then bespoke		
WM Total Charities	Including property		

Performance in the year was fair; over the past three years the Foundation has been increasing its exposure to Private Equity which has led to under performance against our benchmark as money is invested but shows no immediate return. The investment in Private Equity contributed 1.2% to the overall return for the year (the asset class returned the Foundation 33% in 2007). Full details of the trustees' investment policy are given at the end of this document.

Investment management fees of £1.3m (2006: £1.2m) continued to reflect the costs of active management. Managers are measured net of fees to ensure that these costs are recouped through improved performance. The Foundation changed two managers during the year, one due to persistent under performance, and the other due to a change in strategy away from pooled bond funds.

Accounting for Total Returns and Reserves Policy

The trustees' policy is to distribute 4% of the trailing twelve-quarter average market value of its investments (based on values at 30th June). Cambridge Associates have advised this as a sustainable amount to distribute. 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.

The trustees' Reserves Policy is driven by two components: the first is to keep the unrestricted 'Expenditure Reserve' at a level of + / - £2m to allow for cumulative under-spending or over-spending from year to year. Stepping outside this range would trigger a review of spending. On 31st December this reserve was worth -319k (2006: -£838k). The restricted reserve is expected to return to a positive value due to the combination of restrained expenditure and increasing distributions into it from the endowment.

The second part of this policy reflects how the trustees seek to preserve the endowment's value. The 'Core Endowment' represents that part of the assets which the trustees seek to maintain (at least) in real terms. It is based on the value of the endowments on 31st December 2003 together with an allowance for subsequent inflation. Because stock markets fluctuate an 'allowance for market volatility' is also included. This accounts for the difference between the Core Endowment and the current value of the endowment. However if this allowance became too large (or small) for a sustained period a review of the distribution rate would be triggered (without necessarily leading to a change). At 31st December 2007 this allowance for volatility represented 18% of the core endowment (2006:

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20%), above the 'normal' range of + / - 16%, which is also the volatility implicit in the investment portfolio. As a result the trustees reviewed their spending plans during the year and agreed to increase the rate of distribution from the investment portfolio to 4.5% from 2008 for a period of five years.

£000s	Lower Limit	31/12/2007 Actual	Upper Limit
Core endowment			
'Preserved Value' at 31 Dec. 2003		188,311	
Allowance for inflation		30,009	
Balance at 31 st December 2007		218,320	
Allowance for market volatility		39,640	
Endowment total	183,388	257,960	253,251
Expenditure Reserve			
Restricted	-	(2,924)	-
Unrestricted	(2,000)	(319)	2,000
Total funds		254,717	

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.

Future Plans

The work of the Foundation continues to evolve as demanded by the changing environment in which it works and the different activities that it supports. This is described in some detail above.

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.

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

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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 16th May 2008 and signed on their behalf by



The Baroness O'Neill
Chairman

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

We have audited the financial statements of the Nuffield Foundation for the year ended 31 December 2007 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 accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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' 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 Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it. We also read the other information included and consider whether it is consistent with the audited financial statements. This other information comprises only the information on grants awarded during the year and the summary of financial objectives and investment strategy. 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2007 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: 2nd June 2008

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

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STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowed Funds £000s	Total 2007 £000s	Total 2006 £000s
INCOMING RESOURCES						
Incoming resources from generated funds						
	2					
Voluntary income		8	748	-	756	824
Activities for generating funds		191	-	-	191	193
Investment income						
	6					
Investment portfolio		-	-	5,984	5,984	6,155
Other interest		27	-	-	27	33
Other income		38	-	-	38	21
Total incoming resources		<u>264</u>	<u>748</u>	<u>5,984</u>	<u>6,996</u>	<u>7,226</u>
RESOURCES EXPENDED						
Costs of generating funds						
Investment management costs		-	-	1,438	1,438	1,239
Charitable activities						
Social research & innovation		2,586	-	-	2,586	2,382
Science		1,188	2,602	-	3,790	1,343
Education		1,593	398	-	1,991	2,569
Open Door		1,383	-	-	1,383	1,622
Other activities		513	702	-	1,215	1,654
Charitable activities		<u>7,263</u>	<u>3,702</u>	<u>-</u>	<u>10,965</u>	<u>9,570</u>
Governance		73	-	-	73	94
Total resources expended	3	<u>7,336</u>	<u>3,702</u>	<u>1,438</u>	<u>12,476</u>	<u>10,903</u>
NET OUTGOING RESOURCES before transfers						
		(7,072)	(2,954)	4,546	(5,480)	(3,677)
Transfers	11	7,591	885	(8,476)	-	-
NET OUTGOING RESOURCES after transfers						
		<u>519</u>	<u>(2,069)</u>	<u>(3,930)</u>	<u>(5,480)</u>	<u>(3,677)</u>
Net gain on investment assets	6	-	-	10,209	10,209	23,364
NET MOVEMENT IN FUNDS		519	(2,069)	6,279	4,729	19,687
Fund balances brought forward at 1 January		<u>(838)</u>	<u>(855)</u>	<u>251,681</u>	<u>249,988</u>	<u>230,301</u>
Fund balances carried forward at 31 December	11	<u>(319)</u>	<u>(2,924)</u>	<u>257,960</u>	<u>254,717</u>	<u>249,988</u>

Notes 1 – 11 form part of these Financial Statements

The Nuffield Foundation
Report and Financial Statements for the year ended 31st December 2007

BALANCE SHEET

		2007	2006
		£000s	£000s
FIXED ASSETS			
	Tangible fixed assets	5 3,273	3,340
	Investments	6 261,714	256,184
	Programme related investments	6 100	100
		<u>265,087</u>	<u>259,624</u>
CURRENT ASSETS			
	Debtors	7 953	649
	Bank and cash	446	526
		<u>1,399</u>	<u>1,175</u>
LIABILITIES: amounts falling due within one year			
	Provision for grants payable	8 (6,173)	(6,605)
	Creditors	9 (559)	(1,017)
		<u>(6,732)</u>	<u>(7,622)</u>
NET CURRENT LIABILITIES			
		<u>(5,333)</u>	<u>(6,447)</u>
LIABILITIES FALLING DUE AFTER ONE YEAR			
	Provision for grants payable	8 (5,037)	(3,189)
NET ASSETS			
		<u>254,717</u>	<u>249,988</u>
FUNDS			
	Unrestricted funds	(319)	(838)
	Restricted funds	(2,924)	(855)
	Endowed funds	11 257,960	251,681
TOTAL FUNDS			
		<u>254,717</u>	<u>249,988</u>

Notes 1 – 11 form part of these Financial Statements

These financial statements were approved by the trustees on 16th May 2008 and were signed on their behalf by:



The Baroness O'Neill
Chairman

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CASH FLOW STATEMENT

	2007 £000s	2006 £000s
Net cash outflow from operating activities	(10,725)	(8,795)
Returns on investment and servicing of finance		
Investment income	5,984	6,155
Interest received	27	33
	<u>6,011</u>	<u>6,188</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(45)	(34)
Disinvestment from portfolio	4,679	2,720
	<u>4,634</u>	<u>2,686</u>
Decrease in cash during the year	<u>(80)</u>	<u>79</u>

Analysis of changes in net cash during the year

Cash at bank and in hand		
At 1 January	526	447
At 31 December	446	526
(Decrease)/increase in cash during the year	<u>(80)</u>	<u>79</u>

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

Net outgoing resources for the year	(5,480)	(3,677)
Depreciation	112	140
Investment income (including interest received)	(6,011)	(6,188)
Movement in current assets/liabilities :		
Increase in grant commitments	1,416	446
(Decrease)/Increase in creditors	(458)	482
(Increase)/decrease in debtors	(304)	2
Net cash outflow from operating activities	<u>(10,725)</u>	<u>(8,795)</u>

Notes 1 – 11 form part of these Financial Statements

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Report and Financial Statements for the year ended 31st December 2007

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 March 2005, applicable UK accounting standards, and the Charities Act 1993.

(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. Investment income and other gains (or losses) are allocated to the individual funds in proportion to their holding in the Common Investment Fund at the beginning of the year

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. Grants which are awarded subject to conditions are included as expenditure at the point at which the trustees agree that they no longer have control over the fulfilment of the condition.

'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. 'Governance' comprises costs incurred in trust administration and compliance with regulatory requirements, together its share of apportioned costs.

(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. Where identifiable costs related to Charitable Activities or Governance are attributed to appropriate activities and funds in full, or where not separately identifiable they are apportioned on the basis of headcount.

(e) Investments

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

(f) Taxation

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

(g) Exchange gains and losses

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

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Report and Financial Statements for the year ended 31st December 2007

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
Equipment, fixtures and fittings	- 3 years to 20 years

(i) Total Return Accounting

The Charity Commission permitted the Foundation to adopt the use of total return in relation to its permanent endowment on 7th February 2006. The power permits the trustees to invest permanent endowments to maximise total return and to make available an appropriate portion of the total return for expenditure each year. Until this power is exercised the total return shall be an 'unapplied total return' and remain as part of the permanent endowment. The trustees have decided that it is in the interests of the Foundation to present its expendable endowment in the same manner, although there is no legal restriction on the power to distribute the expendable endowment.

The trustees have used the values of the permanent endowments at 31st December 2003 to represent the 'Preserved Value' of the original gift.

(j) 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.

(k) Pension costs

Pension costs in respect of the multi employer pension scheme are accounted for as if it were a defined contribution scheme and are charged as they are incurred.

2 Incoming resources from generated funds

	2007	2006
	£000s	£000s
Voluntary Income		
Grants received in support of:		
Nuffield Council on Bioethics	429	291
School Science Bursaries	40	85
Other restricted activities	279	238
Unrestricted activities	8	210
	<u>756</u>	<u>824</u>
	2007	2006
	£000s	£000s
Activities for generating funds		
Sales, Royalties and Fee income	<u>191</u>	<u>193</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Resources expended

	Direct costs		Support Costs £000s	Total 2007 £000s	Total 2006 £000s
	Grants £000s	Other £000s			
Cost of Generating Funds					
Investment management	-	1,438	-	1,438	1,239
Charitable Expenditure					
Social Research & Innovation					
Child Protection & Family Law	612	42	18	672	479
Social Science Small Grants	476	49	45	570	455
New Career Development Fellowships	177	32	27	236	624
Older People & Their Families	249	37	18	304	196
Access to Justice	282	54	18	354	522
Adolescent Mental Health	353	43	54	450	106
	<u>2,149</u>	<u>257</u>	<u>180</u>	<u>2,586</u>	<u>2,382</u>
Science					
Newly Appointed Lecturers	(17)	-	18	1	378
Undergraduate Research Bursaries	549	74	45	668	469
School Science Bursaries	285	184	50	519	386
Rheumatism	2,510	65	27	2,602	110
	<u>3,327</u>	<u>323</u>	<u>140</u>	<u>3,790</u>	<u>1,343</u>
Education					
Nuffield Curriculum Centre	-	738	273	1,011	1,005
Education Grants	130	142	54	326	1,212
Maths Education	-	14	-	14	-
Grants for Women	532	54	54	640	352
	<u>662</u>	<u>948</u>	<u>381</u>	<u>1,991</u>	<u>2,569</u>
Open Door*	1,262	94	27	1,383	1,622
Other Activities					
Nuffield Council on Bioethics	-	543	323	866	876
Commonwealth Programme	283	48	18	349	778
	<u>283</u>	<u>591</u>	<u>341</u>	<u>1,215</u>	<u>1,654</u>
Governance costs					
Audit fee	-	16	-	16	17
General costs	-	-	-	-	-
Trustees' remuneration	-	54	-	54	55
Trustees' expenses	-	3	-	3	2
Legal fees	-	-	-	-	20
	<u>-</u>	<u>73</u>	<u>-</u>	<u>73</u>	<u>94</u>
Total Charitable Expenditure	<u>7,683</u>	<u>2,286</u>	<u>1,069</u>	<u>11,038</u>	<u>9,664</u>
Total Resources Expended	<u>7,683</u>	<u>3,724</u>	<u>1,069</u>	<u>12,476</u>	<u>10,903</u>

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

Professor Sir Michael Rutter, a trustee, was a joint applicant with Professor Edmund Sonuga-Barke for a grant which was awarded £144,598 in 2007. Professor Rutter took no part in the decision, either at the meeting where it was made, or during the processes prior to its consideration.

Each trustee is entitled to an annual allowance by virtue of the provisions of the Trust Deed. This is currently £7,250 per annum. During the year 5 trustees claimed re-imbursment of travel and subsistence expenses (2006: four).

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Report and Financial Statements for the year ended 31st December 2007

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Personnel costs

	2007	2006
	£000s	£000s
Wages and salaries	1,479	1,544
Social security costs	140	116
Other pension contributions	117	97
	<u>1,736</u>	<u>1,757</u>
Average full time equivalent number of staff employed in year:	No.	No.
Grant making	11	11
Nuffield Curriculum Centre	8	6
Nuffield Council on Bioethics	8	8
Support services	10	10
	<u>37</u>	<u>35</u>
Remuneration of Higher Paid Staff	No.	No.
Between £60,000 and £69,999	1	1
Between £70,000 and £79,999	1	1
Between £80,000 and £89,999	1	1

Employer's pension contributions for higher paid staff were in total £24k.

The Pensions Trust Pension Scheme

Staff are entitled to contribute to a pension scheme known as the Pension Trust Growth Plan. This is a multi-employer pension plan and which in most respects is a money purchase arrangement, although it does include certain guarantee elements as described below.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from normal retirement dates. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity. The capital is guaranteed through investing in short term, high quality securities and deposits.

It is not possible in the normal course of events to identify the share of the underlying assets of this multi-employer pension plan belonging to the individual participating employers. Accordingly, in line with the requirements of FRS 17, the accounting charge for the year represents only the Nuffield Foundation employer contributions payable.

The latest formal valuation of the Growth Plan was performed at 30 September 2005 and this showed the Plan to have a past service funding level of 96%. As a result, the Nuffield Foundation has a contingent liability of £1.8m at 31 December 2007 in the event that it was to withdraw its membership of the Growth Plan.

The Nuffield Foundation paid contributions at a rate of 10% of member salaries during the accounting period. The Plan trustee has indicated that no additional contributions from participating employers are required at this time and the Plan actuary has advised that the funding shortfall will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions.

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Report and Financial Statements for the year ended 31st December 2007

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Tangible Fixed Assets

	Leasehold Property £000s	Other assets £000s	Total £000s
Cost or valuation			
At 1 January	3,300	640	3,940
Additions	-	45	45
Disposals	-	(129)	(129)
At 31 December	<u>3,300</u>	<u>556</u>	<u>3,856</u>
Depreciation and amortisation			
At 1 January	230	370	600
Charge for year	39	73	112
Disposals	-	(129)	(129)
At 31 December	<u>269</u>	<u>314</u>	<u>583</u>
Net book value			
At 31 December	<u>3,031</u>	<u>242</u>	<u>3,273</u>
At 1 January	<u>3,070</u>	<u>270</u>	<u>3,340</u>

All tangible fixed assets are held for continuing use in the Foundation's activities. The depreciated historic cost of the leasehold property is £1,270k. The lease expires on 24th December 2084 and was revalued in 2001 by Cotton Thompson Cole, Chartered Surveyors.

6. Investments

a) Investments at Market Value	2007	2006
	£000s	£000s
Market Value at 1 st January	256,184	235,540
Net disinvestment in portfolio	(4,679)	(2,720)
Realised and unrealised gains/(losses)	<u>10,209</u>	<u>23,364</u>
Market Value at 31 st December	<u>261,714</u>	<u>256,184</u>
Historic cost of listed investments at 31 st December	<u>212,464</u>	<u>197,418</u>
b) Disposition of Investments	2007	2006
	£000s	£000s
UK Equities and Overseas Equities	181,852	176,505
UK Property Unit Trusts	24,495	27,050
Private Equity (unlisted)	18,664	9,990
Overseas Fixed Interest and Index Linked Stocks	-	35,367
Cash	36,703	7,272
Total	<u>261,714</u>	<u>256,184</u>

All assets are held directly other than £48m held in pooled funds

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Investments (continued)

c) Income from Investments	2007	2006
	£000s	£000s
UK Equities and Overseas Equities	4,389	4,997
UK Property Unit Trusts	1,002	1,019
Private Equity	20	28
Cash	573	111
	<u>5,984</u>	<u>6,155</u>

d) Five Largest Holdings

	2007
	£000s
Lloyd George, Japan Pacific Fund	23,132
Schroder Exempt Property Unit Trust	14,158
BlackRock Property Fund	6,233
BP	5,738
European Strategic Partners II	5,301

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.

7 Debtors and prepayments

	2007	2006
	£000s	£000s
Secured loans	-	37
Accrued Income	660	458
Other debtors	293	154
	<u>953</u>	<u>649</u>

Contingent assets (potentially recoverable grants)	21	26
----------------------------------------------------	----	----

8 Grants Payable

a) Grants Payable

	2007	2006
	£000s	£000s
Grants awarded but not paid at 1 January	9,794	9,348
Grants awarded in the year	7,845	6,691
Grants cancelled in the year	(161)	(281)
Grants paid in the year	(6,268)	(5,964)
Grants awarded but not paid at 31 December	<u>11,210</u>	<u>9,794</u>
Payable within one year	6,173	6,605
Payable after one year	5,037	3,189
	<u>11,210</u>	<u>9,794</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Grants Payable (continued)

b) Analysis of grants awarded

	2007 £000s	2006 £000s
Awarded to individuals	563	251
Awarded to institutions	7,282	6,440
	<u>7,845</u>	<u>6,691</u>

Five largest contributions

	2007 £000s
University College London	778
University of Aberdeen	649
University of Glasgow	647
Newcastle University	638
Kings College London	451

9 Creditors: amounts falling due within one year

	2007 £000s	2006 £000s
Income Tax and National Insurance	47	39
Accruals	355	740
Other creditors	157	238
	<u>559</u>	<u>1,017</u>

10 Statement of Total Returns

Calculation of Total Return

	Permanent Endowments £000s	Expendable endowments £000s	Total £000s
Investment Return			
Investment income	241	5,743	5,984
Capital Gains	411	9,798	10,209
Investment Management costs	(58)	(1,380)	(1,438)
Total Return for year	<u>594</u>	<u>14,161</u>	<u>14,755</u>
Less:			
Application of Return to Expenditure Reserve	341	8,135	8,476
Net Total Return for the year	<u>253</u>	<u>6,026</u>	<u>6,279</u>
Unapplied Total Return			
<i>at 1st January 2007</i>	<u>2,559</u>	<u>60,811</u>	<u>63,370</u>
At 31st December 2007	<u>2,812</u>	<u>66,837</u>	<u>69,649</u>
‘Preserved Value’ at 31 December 2003	7,581	180,730	188,311

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 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 research into the prevention and cure of rheumatism. It is used to fund the Rheumatism grant programme. Unspent income is restricted to this purpose.
- 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 'Expenditure Reserve' is referred to in the Total Return Order made by the Charity Commission as the 'Trust for Application (income)'. It is that part of the Foundation's net assets that the trustees have determined is available for distribution.

b) Fund Movements

	Balance at 1 st January 2007	Movement in Incoming Resources	Movement in Outgoing Resources	Unrealised Gain/(Loss)	Transfers	Balance at 31 st December 2007
Capital Funds						
Endowments						
Permanent Endowment						
Elizabeth Nuffield Fund	2,175	52	(12)	88	(73)	2,230
Commonwealth Relations Trust	7,965	189	(46)	323	(268)	8,163
	<u>10,140</u>	<u>241</u>	<u>(58)</u>	<u>411</u>	<u>(341)</u>	<u>10,393</u>
Expendable Endowments						
Oliver Bird Fund	16,145	384	(92)	655	(544)	16,548
Main Fund	225,396	5,359	(1,288)	9,143	(7,591)	231,019
	<u>241,541</u>	<u>5,743</u>	<u>(1,380)</u>	<u>9,798</u>	<u>(8,135)</u>	<u>247,567</u>
Total Endowed Funds	<u>251,681</u>	<u>5,984</u>	<u>(1,438)</u>	<u>10,209</u>	<u>(8,476)</u>	<u>257,960</u>
Expenditure Reserve						
Restricted Funds						
Elizabeth Nuffield Fund	-	-	(73)	-	73	-
Commonwealth Relations Trust	(785)	7	(274)	-	268	(784)
Oliver Bird Fund	(158)	-	(2,602)	-	544	(2,216)
Other Restricted Funds	88	741	(753)	-	-	76
	<u>(855)</u>	<u>748</u>	<u>(3,702)</u>	<u>-</u>	<u>885</u>	<u>(2,924)</u>
Unrestricted Funds						
General Fund	(838)	264	(7,336)	-	7,591	(319)
Total Expenditure Reserve	<u>(1,693)</u>	<u>1,012</u>	<u>(11,038)</u>	<u>-</u>	<u>8,476</u>	<u>(3,243)</u>
Total Funds	<u>249,988</u>	<u>6,996</u>	<u>(12,476)</u>	<u>10,209</u>	<u>-</u>	<u>254,717</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Funds (continued)

c) Analysis of Funds

	Unrestricted Funds £000s	Restricted Funds £000s	Expendable Endowment £000s	Permanent Endowment £000s	Total £000s
Investments	-	-	251,321	10,393	261,714
Other fixed assets	-	-	3,373	-	3,373
Net current assets (liabilities)	(319)	(2,924)	(2,090)	-	(5,333)
Liabilities due in over one year	-	-	(5,037)	-	(5,037)
Total funds	(319)	(2,924)	247,567	10,393	254,717

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GRANTS AWARDED DURING THE YEAR

Name	Purpose	Value (£)	Term (m)
Social research and Innovation			
Child Protection & Family Law			
Professor Michael Lamb, Department of Social and Developmental Psychology, University of Cambridge	Strategies for interviewing children who are reluctant to disclose sexual abuse	199,529	41
Professor Judith Harwin, School of Health Sciences and Social Care, Brunel University	First stage descriptive evaluation of a pilot Family Drug and Alcohol Court	150,000	24
Ms Barbara Esam, NSPCC	Evaluating the implementation of policy commitments to young witnesses: a national survey	144,583	18
Ms Vicki Peacey, One Parent Families	Children's perspectives on contact problems	54,035	12
Dr Jane Barlow, Department of Public Health, University of Warwick	The Oxfordshire Home Visiting Study: three-year follow-up (supplement)	15,000	4
Professor Susan Golombok, Centre for Family Research, University of Cambridge	Adolescents conceived by donor insemination (supplement)	13,860	6
Ms Ceridwen Roberts, Department of Social Policy and Social Work, University of Oxford	Briefing papers aimed at informing a policy and practitioner audience about key family policy issues (supplement)	10,000	6
	Other grants	25,868	
	Cancelled grants	(683)	
	Total: Child Protection & Family Law	612,192	
 Adolescent Mental Health			
Professor Frances Gardner, Centre for Family Law and Policy, University of Oxford	Time trends in parenting and in adolescent problem behaviour. Can one help explain the other?	94,535	12
Professor Sarah Curtis, Department of Geography, Queen Mary, University of London	Invitation to strand 5: Neighbourhoods	91,741	12
Dr Leon Feinstein, Centre for Research on the Wider Benefits of Learning, Institute of Education	Research on the activity patterns and time-use of adolescents	72,868	11
Dr Seija Sandberg, North East London Mental Health Trust	Adolescent stress	47,788	7
Dr Michael Donmall, National Drug Evidence Centre, University of Manchester	Cross-national and time trends in a key mental health outcome: drug and alcohol misuse	46,494	11
	Total: Adolescent Mental Health	353,426	

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Name	Purpose	Value (£)	Term
New Career Development Fellowships			
Dr Jane Nolan and Professor Malcolm Warner, Faculty of Social and Political Sciences, University of Cambridge	Understanding the social networks and guanxi: A comparative study of foreign and local financial experts in Hong Kong and Shanghai	149,938	36
	Other grants	27,421	
	Cancelled grants	-	
	Total: New Career Development Fellowships	177,359	
Social Science Small Grants			
	80 awards	509,003	
	Grants cancelled	(32,779)	
		476,224	
Older People & their Families			
Dr Helen Barnes, Institute for Employment Studies, University of Sussex	An ageing workforce: The employer's perspective	88,118	11
Ms Niki Cleal, Pensions Policy Institute	Shaping a stable pensions solution: next steps	79,812	10
Mr James Lloyd, International Longevity Centre-UK	Living and Caring? An investigation of the Experiences of Older Carers	54,951	10
Professor Sarah Harper, Oxford Institute of Ageing, University of Oxford	Oxford Spring School on Ageing	15,000	16
	Other grants	11,563	
	Grants cancelled	(114)	
	Total: Older People & their Families	249,330	
Access to Justice			
Professor Peter Bartlett, School of Law, University of Nottingham	Designing mental health law in developing countries: a case study of Lesotho	55,252	24
Mr Roger Smith, Justice	A new parole system for England and Wales?	49,025	17
Professor Dame Hazel Genn, DBE, Faculty of Laws, University College London	Law in the Real World Implementation Plan	60,300	15
Ms Amanda Cumberland, Fair Trials Abroad	Investigation of trial monitoring by consular officials	45,049	18
Mr Sebastian Saville, Release	Drugs and the Law Publication	15,000	9
Dr Simon Halliday, The Law School, University of Strathclyde	A conceptual analysis of administrative justice and feedback mechanisms	15,000	5
Ms Katie Ghose, British Institute of Human Rights, King's College London	Series of debates on key human rights issues	15,000	12
Dr Robert Thomas, School of Law, University of Manchester	Asylum adjudication: a study of the procedure and determination of asylum appeals	11,695	12

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Name	Purpose	Value (£)	Term
Access to Justice (continued)			
	Other grants	16,259	
	Grants cancelled	(670)	
	Total: Access to Justice	281,910	
	Total: Social Research & Innovation	2,150,441	

Science

Rheumatism Programme

Professor David Isenberg, Centre for Rheumatology, University College London	From bones to B cell biology	656,075	60
Professor David Reid, Department of Medicine and Therapeutics, University of Aberdeen	Integrated programme for research into the pathogenesis of bone and musculo-skeletal disease	618,055	60
Professor Iain McInnes, Division of Immunology, Infection and Inflammation, University of Glasgow	Elucidating immune mechanisms in inflammatory arthritis	618,055	60
Professor Tim E Cawston, Department of Rheumatology, Newcastle University	Prevention and treatment of joint inflammation and damage	618,055	60
	Cancelled grants	-	
	Total: Rheumatism	2,510,240	

Bursaries

Undergraduate Research Bursaries	426 Awards	600,530	
School Science Bursaries	794 Awards	285,062	
	Cancelled grants	(69,327)	
	Total: Science	3,326,505	

Education

Education

Professor Jim Taylor, Department of Economics, Lancaster University	Has the specialist schools initiative improved student outcomes?	96,787	24
Dr Catherine Adams, School of Psychological Sciences, University of Manchester	Effectiveness of speech and language therapy intervention for children with pragmatic language impairments: an interdisciplinary study	34,258	28
Professor Christopher Winch, Department of Education and Professional Studies, King's College London	Cross-national equivalence of vocational skills and qualifications	14,800	12

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Name	Purpose	Value (£)	Term
Education (continued)			
	Other grants	7,294	
	Cancelled grants	(22,652)	
	Total: Education	130,487	
Grants for Women's Education			
	86 direct grants to women in HE		
	27 grants to refugee women for a professional re-qualification	562,865	
	15 grants to Further Education colleges		
	Cancelled grants	(30,726)	
		532,139	
	Total Education	662,626	

Other activities

Open Door

Professor John Hills, Centre for Analysis of Social Exclusion, London School of Economics	The changing distribution of wealth: Trends, drivers and policy implications	247,811	30
Professor Adam Crawford, Centre for Criminal Justice Studies, University of Leeds	The impact of anti-social behaviour interventions on young people by place, ethnicity, gender and age	197,390	29
Professor Patricia Howlin, Department of Psychology, King's College London	Adult outcomes and needs among high functioning individuals with autism spectrum disorders and their siblings	183,900	36
Professor Edmund Sonuga-Barke, Social, Genetic and Developmental Psychiatry Centre, King's College London	Effects of early deprivation on long-term adjustment: Mid-adolescent follow-up of the English and Romanian Adoptee study	144,598	60
Dr Robin Niblett, Royal Institute of International Affairs	Europe after 50: Policy implications for Britain	95,463	9
Professor Sandra Nutley, Management School and Economics, University of Edinburgh	The use of evidence in the audit, inspection and scrutiny of government	90,688	18
Professor Mike Hough, Institute for Criminal Policy Research, King's College London	The sentencing of dangerous offenders	65,760	12
Martin Moore, Media Standards Trust	A space to challenge the news	50,000	12
Mr Mathieu Mori, Charity Tax Group	Assessing and easing the tax burden on charities	40,400	7
Dr Hilary Perraton, Von Hügel Institute, University of Cambridge	Learning abroad: A history of the Commonwealth Scholarship and Fellowship Plan	35,000	19

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Name	Purpose	Value (£)	Term
Open Door (continued)			
Ms Fran Bennett, Department of Social Policy and Social Work, University of Oxford	Understanding the compliance costs of benefits and tax credits	34,773	12
Ms Elaine Player, Institute for Criminal Policy Research, King's College London	Remanded in custody: An examination of the remand population of England and Wales	17,000	4
Mr Robert Chote, Institute for Fiscal Studies	Project on nutrition and public policy	15,000	3
Mr Alex Brazier, Hansard Society	No Overall Control: The implications of the Commons without a single Party majority (A 'Hung Parliament') (Supplement)	7,498	8
Ms Emma Knights, Daycare Trust	Childcare for Students in Further Education	6,110	3
	Other grants	33,744	
	Cancelled grants	(3,086)	
	Total: Open Door	1,262,049	
Commonwealth Programme			
Dr Wilhelm Krull, Volkswagen-Stiftung	Developing research capacity in Africa in neglected communicable diseases and related public health issues	250,000	36
	Other grants	33,076	
	Total: Commonwealth	283,076	
	Total: Other Activities	1,545,125	
	Total: Grants Awarded	7,844,734	
	Total: Grants Cancelled	(160,037)	
	Total All Programmes	7,684,697	

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Summary of Financial Objectives and Investment Strategy

Objectives

1. Financial Objective
 - 1.1. to maintain (at least) the Foundation's endowment in real terms
 - 1.2. to produce a consistent and sustainable amount for expenditure
 - 1.3. to deliver 1.1) and 1.2) within acceptable levels of risk
2. Capital Maintenance
 - 2.1. The Foundation seeks to protect its endowment from its current experience of inflation (based on 62% Average Earnings Index and 38% Retail Price Index).
 - 2.2. The Foundation's composite inflation index will be applied to the endowment value of £188,310k (the value on 31st December 2003).
3. Distribution rate
 - 3.1. The Foundation intends to distribute 4% of the average of the previous twelve quarter rolling market values. (4.5% from 2008 for five years).
 - 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 bonds).
 - 6.2. No stock lending.

7. Asset allocation and ranges

Asset Class	Target	Range
<i>Real Assets</i>		
Global Equities	70%	
Private Equity	10%	+/- 10%
Property	10%	+/- 2%
<i>Total Real Assets</i>	<i>80%</i>	
<i>Nominal assets</i>	10%	8% - 15%
<i>Total assets</i>	100%	

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
<i>Real Assets</i>	
Global Equities	Acadian, Harding Loevner, Longview, Marathon, Lloyd George
Private Equity	Various
Property	3 pooled funds
<i>Nominal Assets</i>	
Fixed Interest	Objective Completion
Custodian	Northern Trust

Asset Class	Benchmark	Target
O'seas Equities	MSCI ACWI	+ 2%
Private Equity	MSCI ACWI	+ 4%
Fixed Interest	5 – 15yr ML Gilt index	-
Property	IPD	-
Cash	30 day LIBID	-

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 1st April 2003.

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	1998 £m	1999 £m	2000 £m	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m	2006 £m	2007 £m
Statement of Financial Activities										
Incoming Resources										
Investment income (net of charges)	7.77	7.95	6.94	7.29	5.67	5.52	5.26	5.92	4.92	4.55
Other income	0.95	0.81	1.26	1.35	0.69	0.65	0.82	0.62	1.07	1.01
Total incoming resources	8.72	8.76	8.20	8.64	6.36	6.17	6.08	6.54	5.99	5.56
Expenditure										
Grants made	5.21	6.82	6.60	5.22	6.37	8.87	5.58	5.22	6.41	7.68
Projects managed internally										
Curriculum Development	0.94	0.89	0.74	0.70	0.80	0.86	0.78	0.99	1.01	1.01
Council on Bioethics	0.24	0.30	0.34	0.56	0.78	0.57	0.71	0.76	0.88	0.87
Other projects	0.15	0.22	0.23	0.01	0.24	0.12	0.18	-	-	-
Support costs	0.86	0.83	0.88	1.13	0.87	0.95	0.64	1.02	1.28	1.41
	2.19	2.24	2.19	2.40	2.69	2.51	2.31	2.76	3.16	3.28
Charity administration	0.11	0.11	0.09	0.11	0.15	0.27	0.35	0.11	0.09	0.07
Total Expenditure	7.51	9.17	8.88	7.73	9.21	11.64	8.24	8.09	9.66	11.04
Net Movement on Funds	1.21	(0.41)	(0.68)	0.91	(2.85)	(5.47)	(2.16)	(1.56)	(3.68)	(5.48)
Other Gains and losses	12.48	31.69	(8.64)	(28.79)	(38.28)	20.13	17.24	29.43	23.36	10.21
Funds at beginning of year	206.05	219.74	251.02	241.70	213.82	172.69	187.35	202.43	230.30	249.99
Funds at end of year	219.74	251.02	241.70	213.82	172.69	187.35	202.43	230.30	249.99	254.72
Balance Sheets										
Fixed Assets										
Investments	215.55	247.24	238.60	207.60	169.34	191.44	208.13	235.54	256.18	261.71
Tangible Fixed Assets	1.59	1.55	1.53	3.72	3.66	3.56	3.54	3.45	3.34	3.27
Programme Related Investment	-	-	-	-	0.10	0.10	0.10	0.10	0.10	0.10
	217.14	248.79	240.13	211.32	173.10	195.10	211.76	239.09	259.62	265.09
Current Assets										
Cash and short term deposits	8.07	9.03	9.40	8.72	6.80	2.49	0.95	0.45	0.65	0.45
Other current assets	1.15	1.02	1.26	1.80	1.06	0.77	0.64	0.65	0.53	0.95
	9.22	10.05	10.66	10.52	7.86	3.26	1.58	1.10	1.18	1.40
Liabilities	(6.62)	(7.82)	(9.09)	(8.02)	(8.27)	(11.01)	(10.92)	(9.88)	(10.81)	(11.77)
Net Current Assets	2.60	2.23	1.57	2.50	(0.41)	(7.75)	(9.34)	(8.79)	(9.64)	(10.37)
Total Net Assets	219.74	251.02	241.70	213.82	172.69	187.35	202.43	230.30	249.99	254.72
Reserves										
Income/Expenditure reserves	3.75	3.43	2.73	5.75	3.35	(0.96)	(1.30)	(0.66)	(1.69)	(3.24)
Endowments	215.99	247.59	238.97	208.07	169.34	188.31	203.73	230.97	251.68	257.96
	219.74	251.02	241.70	213.82	172.69	187.35	202.43	230.30	249.99	254.72
Performance										
Total Returns (12 months to 31 Dec.)										
Investments (net of fees)	10.4%	19.1%	-0.5%	-10.2%	-17.4%	15.2%	12.3%	17.3%	12.5%	5.9%
Benchmark (WM 2000/Bespoke)	13.2%	21.2%	-2.1%	-9.7%	-16.5%	16.5%	11.4%	19.1%	12.2%	6.3%
Change in Indices (12 months to 31 Dec.)										
Expenditure/Investments	3.5%	3.7%	3.7%	3.7%	5.4%	6.1%	4.0%	3.4%	3.8%	4.2%
Growth in Foundation Expenditure	1.1%	22.1%	-3.2%	-13.0%	19.2%	26.4%	-29.3%	-1.7%	19.4%	14.2%
Increase in RPI	2.8%	1.8%	2.9%	0.7%	2.9%	2.8%	3.5%	2.2%	4.4%	4.0%
Increase in Average Earnings	4.0%	5.8%	5.3%	2.1%	3.4%	3.4%	4.2%	3.8%	3.8%	3.6%

Notes

- 1 These statements have been extracted from previously audited financial statements
- 2 These statements do not form part of the trustees' Report and Accounts.