

**REGISTERED CHARITY NUMBER: 298863**

**THE MACFARLANE TRUST  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDING 31 MARCH 2012**

# **THE MACFARLANE TRUST**

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## **THE MACFARLANE TRUST**

### **CHAIRMAN'S STATEMENT**

May I first say what a privilege it is to be appointed by my fellow Trustees as Chairman of The Macfarlane Trust ("MFT"). I have been a Trustee for over five years and, at different times, been a member of the National Support Services Committee and Employment Affairs Committee. I believe I have a good understanding of MFT and its purposes. Through my Trustee membership, and the time I was interim Chief Executive of the Haemophilia Society, I know well a number of beneficiaries and always enjoy their company, hearing their opinions on matters important to them. I look forward to meeting many more in the coming years, starting with the Men Only Weekend in June.

It gives me great pleasure to pay tribute to my predecessor Christopher FitzGerald. Over the last five years or so Christopher has been an inspirational Chairman for MFT during a time of great change. With our Chief Executive, he guided MFT through the Archer Inquiry, leading the policy review, and implementing enhanced levels of discretionary support to both the infected and non-infected communities. Christopher started the debate on seeking to address the capital needs facing many of the beneficiary community, and dating back before Archer, and a review of the Trust's reserves, and of how they may most fairly and properly be used, is now under way. Although it may not be evident to many of you, Christopher has led important, unglamorous work, putting in place a structure for governing MFT and working with our fellow Trusts.

MFT continues to evolve in challenging circumstances, and I am determined to ensure that MFT is properly resourced to continue meeting its obligations during these challenging economic times.

The most significant of changes are to the delivery of the non-discretionary payments, which started in 2009/10 following the Archer Inquiry Report, with the decision by the Coalition Government to index-link all the non-discretionary payments to the Consumer Prices Index. From April 2011, the value of the non-discretionary payment to each individual primary beneficiary was increased to £13,200, from £12,800. From April 2012, this will rise to £13,886.

MFT continues to evaluate annually the level of non-discretionary "top up" payments payable over and above the non-discretionary payments receivable. At the level of greatest need, that system of discretionary financial support, coupled with the non-discretionary payments, ensures that a household will have a net income not less than £18,600 per annum.

I fully recognise that these commitments still fall short of what many believe is required to implement fully the recommendations of the Archer Report. Nevertheless, I believe they are a big step towards providing financial security for MFT's infected beneficiaries well beyond the position before Lord Archer conducted his Inquiry. As many will recall, at that time all beneficiaries were entirely dependent on the support from MFT's activities for which continued funding was by no means guaranteed. Whilst their entitlement under this system of non-discretionary index-linked payments provides a degree of security for all, my fellow Trustees and I are sensitive to beneficiaries still needing support, which will enable them to enjoy a 'normal' lifestyle.

We have continued to address the historical inadequacy of support to the non-infected community of beneficiaries. Last year, we were able to introduce a policy where every bereaved spouse or partner had a net income of at least £17,000 per annum. For 2011/12, we were able to increase that level of support to the non-infected community to an income where the spouse or partner had a net income of at least £18,000. Supplements are also now paid for dependent children. From 1 April 2012, we are planning to increase the level of support so that each spouse or partner will receive at least £19,000 per annum.

The Trustees' Report for the year, including the Board Financial Review, provides much more detail of these developments which have brought about such major enhancements to MFT's support of its beneficiaries. This has advanced from the discretionary and charitable basis provided towards the non-discretionary, non-means tested basis recommended for all beneficiaries in Lord Archer's Inquiry Report.

The Government's announcement back in January 2011 mainly focussed on those infected by NHS blood or blood products with hepatitis C. These changes meant that, for legal reasons, MFT could not

continue as employer of staff and lessee of Alliance House although they do not limit in any way MFT's ability to develop its disbursement policies or its arrangements for governance.

Last year's Chairman's Statement went into considerable detail as to why the various changes were necessary. I think it apposite to report on how arrangements have worked in the first six months. Although all the staff are now employed by The Caxton Foundation ("Caxton"), each and every one of them continues to provide the same services for MFT as they did when they were our employees.

MFT has entered into a Service Level Agreement with Caxton, effective from 1 September 2011, which sets out the framework for their providing all the services needed by MFT to implement its policies and meet its charitable objectives. This Agreement guarantees that requisite services are provided and staff are available to ensure this happens. A fundamental feature of the Agreement is the establishment of a Liaison Committee, with equal representation from Caxton and ourselves. This is a forum where all issues of concern to both charities, regarding the management and delivery of the services will be raised. This Committee has met on two occasions since its inception, mainly to discuss budgetary matters. In last year's Statement, both Boards were confident that, with goodwill on all sides, this new arrangement could be made to work for the benefit of both charities and, to date, this has proved the case. Until my appointment as Chairman I was a Trustee of Caxton, as well as MFT. I know that there is a genuine commitment and determination amongst Caxton Trustees to work with MFT in a way which will be of benefit to all of us and this is reciprocated. One of my priorities as Chairman will be to make sure this continues from MFT's perspective.

I am delighted to take the opportunity of expressing my appreciation to my colleagues on the Board of Trustees. All of them give a tremendous amount of their own time to the work for MFT and without this we would not have achieved the advancements in the interests of the beneficiaries in recent years. We are fortunate to have such a dedicated and committed group. I am looking forward to working with them in the future. I would also like to express a special word of appreciation to the staff. They have worked tirelessly during a difficult and uncertain year for them. They have continually focussed their attention on what is in the best interests of the beneficiary community and not been distracted by other issues out of their control. Neil Bateman, MFT's Benefit Advisor, has continued to give valuable advice and guidance and I am delighted that Martin Harvey, our Chief Executive was able to return to full-time work in May 2011 after a period of illness. Happily, he has now resumed leadership of MFT management team. May I also express my appreciation for the support we have received from the Department of Health, both Ministers and civil servants, during this period of transition.

During the year, we said goodbye to Philip Dolan and Adrian Melson. Philip and Adrian, both nominees from the Haemophilia Society, served MFT with distinction over many years both on the main board and the National Support Services Committee. Towards the end of the year, we welcomed Matt Gregory as a Society nominee.

It is with sadness that I have to report that since the end of the year Stuart Fuller has passed away. Stuart was a Board trustee for just over four years. His contribution and good humour will be much missed.

Events for both infected and other beneficiaries continued to be well attended during the year and thanks to the continuing efforts both of the office and volunteers from among its beneficiaries for organising them so efficiently.

In conclusion, I am pleased to be able to reflect on another year in which significant progress has been made to improve the circumstances of so many of the beneficiaries, both infected and non-infected. I will repeat the representations made to the Government by MFT in response to Lord Archer's Inquiry Report: "such implementation will only be effective if the result is to provide for all those affected, not only infected individuals and their families but also the widows and dependants of those who have died, the means for them to plan their futures with a degree of security and certainty which will enable them to get on with their lives, without looking back and without having to rely on charity". It will be our aim to do all we can to achieve this in the year ahead.

**Roger Evans**  
**Chairman**

**THE MACFARLANE TRUST**

**Registered Charity Number 298863**

**Registered Address**

Alliance House  
12 Caxton Street  
London SW1H 0QS

**Trustees**

**Appointed by the Haemophilia Society**

Alan Burgess  
Philip Dolan MBE (until November 2011)  
Stuart Fuller  
Matthew Gregory (from November 2011)  
Adrian Melson (until January 2012)

**Appointed by the Department of Health**

Elizabeth Boyd (Chair - National Support Services Committee)  
Dr. Vanessa Martlew (Medical Trustee)  
Patrick Spellman

**Appointed by the Board of Trustees**

Roger Evans (Appointed Chairman 30 April 2012)  
Christopher FitzGerald (Resigned as Chairman 30 April 2012)  
Russell Mishcon

**Chief Executive**

Martin Harvey

**Bankers**

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

**Investment Managers**

Principal Investment Management Limited  
16 South Park  
Sevenoaks TN13 1AN

**Solicitors**

Wilson Solicitors LLP  
Steynings House  
Summerlock Approach  
Salisbury  
Wiltshire SP2 7RJ

**Auditors**

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

# **THE MACFARLANE TRUST**

## **TRUSTEES' REPORT**

### **Objectives**

The Macfarlane Trust ("MFT") was established in 1988 to administer a £10 million fund provided by Her Majesty's Government to assist people with haemophilia who had been infected with HIV through NHS treatment of their haemophilia with contaminated blood products. MFT's objectives, as set out in its Trust Deed, are "to relieve those persons who are in need of assistance or the needy spouses, parents, children or other dependants of such persons and the needy spouses, parents, children or other dependants of such persons who have died."

Further funding has been received from time to time from the Department of Health ("the Department") in order to enable the work of MFT to be continued and to provide for its costs of administration. The total amount of such funding received by MFT over the 24 years from its inception to 31 March 2012 is £59,474,607. This continuing support from the Department, together with the benefit of the returns from the Trustees' investment operations, has enabled MFT to disburse grants to beneficiaries totalling, by 31 March 2012, £57,752,928. That is more than 97% of the total amount of all funding received.

### **How our activities deliver public benefit**

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their objectives and in planning their future activities. In particular, they consider how planned activities will contribute to the objectives that have been set.

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

### **Beneficiaries**

At the end of the year under review MFT's community of care included 359 infected beneficiaries, comprising 318 survivors of those who were originally registered with MFT (327 in the previous year) and 41 partners of living and deceased beneficiaries who have themselves become HIV positive. There were 5 further infected beneficiaries who had lost touch with MFT.

In its response to Lord Archer's Inquiry Report, the previous Labour Government committed increased funding from the Department which would ensure that every infected beneficiary received non-discretionary financial support at the rate of £12,800 per annum with effect from May 2009.

After its election in May 2010 the Coalition Government conducted a review of the financial and other support available to those persons who contracted hepatitis C from NHS blood and blood products. In January 2011 the Government announced a new package of financial support to those infected with hepatitis C which included the undertaking that the annual non-discretionary payments to infected beneficiaries of MFT would be increased in line with the Consumer Price Index. This undertaking has brought a welcome degree of further security to the infected beneficiaries of MFT. This support was increased to £13,200 per annum for the year under review and from 1 April 2012 has been increased further to £13,886 per annum.

Those of MFT's beneficiaries who are co-infected with the most serious hepatitis C related disease also have the benefit of the commitment in the January 2011 announcement to a further annual non-discretionary payment in line with that which they already receive as infected beneficiaries of MFT.

Co-infection with hepatitis C, which affects nearly all of MFT's infected beneficiaries, remains a serious complication and the drug regimes used to combat both infections can have profoundly distressing side effects even at a relatively early stage of the development of hepatitis C. The increase in the overall funding provided by the Department has gone some way toward addressing these problems as well as the

problems brought by the increased life expectancy resulting from the improvements over the years in the treatment of HIV infection, coupled with a deteriorating quality of life. Nevertheless the challenge remains for the Trustees to deploy the charitable funds remaining available to them most effectively to assist those in need, particularly where the need is exacerbated by medical circumstances, whether of infection or co-infection.

Those charitable funds are also deployed to provide assistance to non-infected beneficiaries including widows and dependent children, some of whom have lost one or both parents.

### **Support to Infected Beneficiaries**

In the year under review the non-discretionary payments to all MFT's infected beneficiaries, made at the rate of £13,200 per annum, totalled £5,083,100. These payments were made by the Department through MFET Limited ("MFET") (as to which see below under "Other Organisations"). In the previous year the payments through MFET totalled £5,081,580.

With these non-discretionary payments having come to form much the greater part of the Government's commitment to the support of MFT's beneficiaries, the ongoing effect for MFT has been a reduction in the funds available for its charitable activities. This has led the Trustees to continue to focus their discretionary support for infected beneficiaries on providing greater help for those with lower levels of income, while still having particular regard to the additional cost of living with haemophilia and HIV.

Accordingly in the year under review the Trustees continued to implement the disbursement arrangements adopted after the introduction of the Government's non-discretionary payments which supplement those payments for most beneficiaries and are calibrated so as to provide the most help to those most in need. These supplementary payments totalled £791,509 in the year under review (£845,731 in the previous year). In addition, the Trustees agreed that special "one off" supplementary payments, amounting in total to £180,000, should be made to help with wintertime energy costs which are a particularly heavy burden for all infected beneficiaries. In the year under review single grants, which are made in exceptional circumstances, amounting in aggregate to £15,487 were made to a total of 22 infected beneficiaries (£41,218 to a total of 73 beneficiaries in the previous year).

The aggregate amount disbursed by MFT in support of infected beneficiaries in the year under review, including single grants made in exceptional circumstances, was £986,996.

### **Support to non-infected beneficiaries**

The substantial increase in the overall funding provided by the Department for the support of MFT's beneficiaries since 20 May 2009, the date of the Response to Lord Archer's Inquiry Report, has also made it possible for the Trustees to provide much more effective help for widows and dependants.

In the year under review the Trustees maintained their policy that payments should in any event continue to be made after the death of an infected beneficiary which would have the effect of ensuring that the value to that beneficiary's household of the non-discretionary payments received before his (or her) death would be maintained for twelve months thereafter. The Trustees also maintained their policy of providing regular support to all those widows having net household incomes at a level below a determined minimum. For the year under review that level was set at £18,000 per annum and in consequence payments amounting in aggregate to £760,530 were made to a total of 111 widows. In addition the policy of providing support to widows up to this determined minimum was backdated to 20 May 2009 with the resulting payments totalling £524,950. From 1 April 2012, the minimum level up to which regular support is provided to widows has been set at £19,000 per annum.

For dependants the Trustees continued their policy of making regular monthly payments for the benefit of children who have lost one or both of their parents at the rate of £3,000 per annum for the first child and £1,200 per annum for each subsequent child. During the year the Trustees also introduced a policy for the benefit of children of living infected beneficiaries (most of whom are receiving regular discretionary payments for themselves) under which payments are made at the rate of £1,200 per annum per child.

The aggregate amount disbursed by the Trust in support of a total of 206 widows and dependants in the year under review, including single grants for those with specific needs, was £1,568,986 (including £524,950 in backdated payments).

### **Non-financial support for beneficiaries**

MFT continues to respond to the needs of beneficiaries by means other than financial assistance. In this respect, MFT's outsourced arrangement with The Terrence Higgins Trust ("THT") continues to be available. THT has experienced staff nationwide who understand and can address the non-financial needs of MFT's community of care, either on a face to face basis or through MFT's dedicated THT helpline. The agreement with THT means that every beneficiary who seeks support has a dedicated case worker skilled to meet his or her individual needs. During the year THT and Neil Bateman, MFT's Benefits Adviser, helped with some 68 cases (including self-referrals) of varying complexity and covering a wide range of issues. In parallel with this arrangement MFT has continued to establish closer relationships with social workers and clinical specialists in comprehensive haemophilia care centres, which provide an alternative source of help for primary beneficiaries. This is all in addition to the day to day assistance provided by MFT's own Support Services team.

MFT also continues from time to time to arrange seminars and other events at which beneficiaries can review means of dealing with various common issues.

### **Governance**

MFT is governed by its Trust Deed and is under the control of its Board which now comprises up to nine Trustees, three of whom are appointed by the Haemophilia Society and three by the Secretary of State for Health. The Board itself may appoint a further three. MFT's policy for the recruitment of Trustees follows the practices laid down by OCPA, the Office of the Commissioner of Public Appointments.

### **Administration**

During the year until September 2011, MFT had 6 full-time employees and, in addition, reimbursed roughly half the costs of an employee of Skipton Fund Limited ("Skipton") (as to which see below under "Other Organisations"). Where temporary support was necessary, confidentiality agreements were signed.

From September 2011, following a formal consultation process under the TUPE arrangements, all staff became employees of Caxton Foundation ("Caxton"), the charity established to implement the discretionary aspects of the package of financial support for those infected with hepatitis C which had been announced by the Government in January 2011. It was the Government's strong desire that MFT and Caxton be administered together, along with MFET, Skipton and the remaining "Other Organisations" referred to below. However, the Trustees were advised that MFT did not have the power under the objects clause in its Trust Deed (which could not be changed) to provide such administration services itself, even to related bodies, beyond the *de minimis* basis previously involved. In those circumstances the Trustees concluded that it was in the overall interests of MFT and its beneficiaries to enter into an arrangement under which its staff and other resources required would be transferred to Caxton which did have the necessary powers and would then provide all necessary administration services for both itself and MFT and for the "Other Organisations" referred to below. The Trustees were satisfied that, although this would mean their giving up direct control of the means by which MFT's welfare and disbursement policies would in future be delivered, they would retain and maintain complete control of those policies and of the disbursement of MFT's funds for the benefit of its beneficiaries.

At the same time it was clear to the Trustees that, before transferring control of MFT's staff and other resources to Caxton, they must have sufficient and satisfactory assurances in place that Caxton would have, and continue to maintain, the operational capabilities to provide the services required for the prompt and effective delivery of those services. To that end MFT entered into a Service Level Agreement with Caxton, effective from September 2011, which sets out the framework for the provision by Caxton of all the services needed by MFT to implement the policies set by the Trustees to deliver its

charitable objectives. A fundamental feature of the Agreement is a Liaison Committee, having equal representation from their respective Boards of Trustees, which provides the forum in which all issues either MFT or Caxton may wish to raise regarding the management and delivery of the services described in the Agreement and in which all material decisions regarding the implementation of the Agreement are discussed and actioned. These arrangements are working well and, notwithstanding the transfer of their employment to Caxton, MFT's former staff continue to work on MFT's matters in support of its beneficiaries as they did before.

### **Risk Assessment**

The Trustees have identified the major risks to which MFT might be exposed and have satisfied themselves, through regular and periodic reviews of these risks, that both the risk assessment and risk management procedures remain up to date and effective.

### **Reserves Policy**

MFT is required by the Charity Commission and by the Charities SORP to publish its policy on holding a financial reserve. Unlike most charities, however, MFT does not have the challenge of fundraising, its operations being wholly financed by the Department. MFT has, nevertheless, had a policy of maintaining a minimum level of reserves. This was agreed with the Department at a time when continued funding was unpredictable and irregular.

The imbalance between the reliance by its beneficiaries on the security of payments from MFT and, on the other hand, the insecurity of MFT's future funding led the Trustees over time to build a portfolio of financial reserves roughly equal to one year's expenditure on recurring financial disbursements plus a provision for management costs.

With much the greater part of the Government's commitment to the support of MFT's beneficiaries now taking the form of non-discretionary disbursements and with most of the costs of administration now being provided by Caxton and paid for by direct allocation from the Department, the funds available to MFT for discretionary support and to cover its direct operating costs have been substantially reduced. In consequence, the sum required to meet the Trustees' reserves policy as at 31 March 2012, requiring six months' forward cover, had been reduced to around £1.2m. The Trustees are now engaged in a further review of their reserves policy and of how the substantial balance remaining may most fairly and properly be used. With the approval of the Department, the Trust is now engaged in reviewing its reserves policy.

### **Other Organisations**

During the year until September 2011 MFT continued to provide administrative support to three other organisations as follows:

#### **Eileen Trust**

Eileen Trust was set up in 1993 to help people other than those with haemophilia who were infected with HIV from contaminated blood or tissue transfer. This Trust, the majority of whose five Trustees are also Trustees of MFT, is funded by the Department independently of MFT and pay's MFT for the administrative services that it provided. Work for the Eileen Trust was accommodated by the staff of MFT without compromising services to the beneficiaries of either Trust and the sharing of facilities continued to work satisfactorily.

#### **The Macfarlane (Special Payments) (No. 2) Trust ("MSPT2") and MFET Limited ("MFET")**

MSPT2 was formed as a non-discretionary Trust to deal with the settlement in 1991 of litigation brought against the Department by people with haemophilia who had been infected with HIV. Payments were made both to those who had been infected and to bereaved families of those who had died. During the year ended 31 March 2010 MSPT2 was used as the vehicle for making the non-discretionary payments required to fulfil the Government's commitment to ensure that with effect from 20 May 2009 every

infected beneficiary would receive financial support at a minimum rate of £12,800 per annum. Since 1 April 2010 such non-discretionary payments have been made through the medium of MFET, a company limited by guarantee and sponsored by the Department, of which the Chairman of MFT and the Chairman of Eileen Trust are *ex officio* the sole directors.

### **Skipton Fund Limited (“Skipton”)**

Skipton, a company limited by guarantee and also sponsored by the Department, was set up in 2004 to administer an *ex gratia* payment scheme to people who were infected with hepatitis C through medical treatment by the NHS that used contaminated blood, blood products or tissue. The Trustees of MFT having determined that it would be in the interests of MFT and its beneficiaries to apply the resources and experience of MFT to assist the Department by administering the scheme. Two of MFT’s Trustees and its Chief Executive are Directors of Skipton which employs an Administrator/Company Secretary, who also acted as the Assistant to MFT’s Chief Executive and roughly half of whose costs were reimbursed by MFT. Skipton shared premises and equipment with MFT and used the services of MFT’s Finance Manager, the costs of these shared resources being borne *pro rata* by MFT and Skipton.

From September 2011, the administration support to the organisations and MFT is provided by Caxton.

### **Statement of the Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees’ Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

**Approved by the Trustees on ..... and signed on their behalf by**

**Roger Evans  
Chairman**

## THE MACFARLANE TRUST

### FINANCIAL REVIEW

#### **MFT Fund**

The total allocation set by the Department for the support of MFT's beneficiaries for the financial year ended 31 March 2012, as reduced by the amount paid directly by the Department to Caxton by way of reimbursement of the cost to Caxton of providing administration services to MFT, was £7,634,846. After deducting from that amount both the total amount disbursed by MFET in the form of non-discretionary payments to infected beneficiaries and MFT's share of the costs of MFET's administration, the funds which remained for MFT for the year to support its charitable activities and to provide for MFT's own management and operating costs amounted to £2,410,046.

	£
The opening balance of MFT Fund was	5,352,106
During the year, receipts of income were	2,622,692
Net investment losses were	(23,143)
Payments to beneficiaries totalled	(2,641,953)
Projects and beneficiary events cost	(46,444)
Support and governance costs totalled	(257,556)
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Therefore, the closing balance of MFT Fund stood at	5,005,702
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Representing:	
Investment portfolio valued at	4,222,799
Other net assets valued at	782,903
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#### **Beneficiary Support**

As indicated above in the Trustees' Report, MFT concentrates much the greatest proportion of its funds on regular payments to beneficiaries, both infected and non-infected. In the year under review these included monthly payments supplementing the Department's non-discretionary minimum to every infected beneficiary with a net household income of up to £36,000 per annum. They also included monthly payments to widows required to bring their net household income up to £18,000 per annum and monthly payments for the benefit of children of infected beneficiaries, including those who have lost one or both parents.

During the year the aggregate value of all monthly payments and of single grants to meet specific and, in the case of infected beneficiaries, exceptional needs amounted to £2,117,003. During the year, an additional £524,950 was disbursed by backdating MFT's enhanced policy for the benefit of widows.

#### **Management**

The funding from the Department for MFT's charitable activities in the year under review continued to be inclusive of the funds required to cover MFT's own management and operating costs. In 2011/12 these amounted to £199,675 (net of reimbursements from the other organisations administered by MFT until September 2011), representing 8% of MFT's incoming resources for the year (net of reimbursements).

The outsourcing of professional welfare delivery services, in particular to THT, enables MFT to provide a comprehensive service of nationwide support. In terms of service delivery and resourcing, the financial benefits of the arrangement remain clear.

In line with good charity management practice, MFT continues to keep under review the provision of services by external providers to ensure both quality and value for money.

**Investment Activity**

MFT has maintained the strategic management of its financial reserves in line with previous years, with the equities portfolio being managed by Principal Investment Management Limited (“Principal”) and the fixed interest portfolio split between Principal and Charities Official Investment Fund. The current 50:50 asset allocation between equities and fixed interest provides a balance between the aim of a degree of portfolio solidity and some capital appreciation over time.

**Honeycombe Memorial Fund**

This dedicated legacy fund is available to all non-infected widows who are seeking to empower their economic, educational or vocational independence.

**Approved by the Trustees on .....and signed on their behalf by**

**Roger Evans  
Chairman**

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF**

### **THE MACFARLANE TRUST**

We have audited the financial statements of The Macfarlane Trust for the year ended 31 March 2012, as set out on pages 14 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for the audit report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2012 and of its incoming resources and application of resources, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Matters on which we are required to report by exception**

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

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

**WARD WILLIAMS**  
**Statutory Auditors**

.....

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

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

**THE MACFARLANE TRUST****STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31 MARCH 2012**

	Note	Unrestricted General £	Restricted Funds £	2012 Total £	Unrestricted General £	Restricted Funds £	2011 Total £
<b>Incoming resources</b>							
Incoming resources from generated funds	2						
Voluntary income		<b>2,468,877</b>	-	<b>2,468,877</b>	2,453,974	10,000	2,463,974
Investment income		<b>153,815</b>	-	<b>153,815</b>	155,953	-	155,953
Total incoming resources		<b>2,622,692</b>	-	<b>2,622,692</b>	2,609,927	10,000	2,619,927
<b>Resources expended</b>							
Charitable activities	3	<b>2,896,776</b>	<b>723</b>	<b>2,897,499</b>	2,117,420	11,669	2,129,089
Governance costs	4	<b>48,454</b>	-	<b>48,454</b>	27,827	-	27,827
Total resources expended		<b>2,945,230</b>	<b>723</b>	<b>2,945,953</b>	2,145,247	11,669	2,156,916
<b>Net (resources expended)/ incoming resources before other gains and losses</b>		<b>(322,538)</b>	<b>(723)</b>	<b>(323,261)</b>	464,680	(1,669)	463,011
<b>Other gains and losses</b>							
Unrealised (loss) on investments	5b	<b>(17,493)</b>	-	<b>(17,493)</b>	(38,022)	-	(38,022)
Realised (loss)/ gains on sales of investments	5b	<b>(12,950)</b>	-	<b>(12,950)</b>	56,921	-	56,921
Unrealised gain/ (loss) on property investment	5c	<b>7,300</b>	-	<b>7,300</b>	(9,580)	-	(9,580)
Total (losses)/gains		<b>(23,143)</b>	-	<b>(23,143)</b>	9,319	-	9,319
<b>Net movement in funds</b>		<b>(345,681)</b>	<b>(723)</b>	<b>(346,404)</b>	473,999	(1,669)	472,330
<b>Reconciliation of Funds</b>							
<b>Total funds brought forward at 1 April 2011</b>		<b>5,342,106</b>	<b>10,000</b>	<b>5,352,106</b>	4,868,107	11,669	4,879,776
<b>Total funds carried forward at 31 March 2012</b>		<b>4,996,425</b>	<b>9,277</b>	<b>5,005,702</b>	5,342,106	10,000	5,352,106

**THE MACFARLANE TRUST**

**BALANCE SHEET**

**FOR THE YEAR ENDED 31 MARCH 2012**

	Note	£	2012 £	2011 £
<b>Fixed assets</b>				
Tangible fixed assets	5a		650	3,358
Investments	5b		4,222,799	4,082,911
Property	5c		117,689	117,689
			<u>4,341,138</u>	<u>4,203,958</u>
<b>Current assets</b>				
Debtors	6	177,901		106,965
Cash at bank and in hand		188,849		710,503
			<u>366,750</u>	<u>817,468</u>
Creditors: Amounts falling due within one year	7	(64,443)		(23,300)
<b>Current assets less current liabilities</b>			<u>302,307</u>	<u>794,168</u>
<b>Total assets less current liabilities</b>			<u>4,643,445</u>	<u>4,998,126</u>
Debtors due after more than one year	6		362,907	357,338
<b>Net assets</b>			<u>5,006,352</u>	<u>5,355,464</u>
<b>Funds</b>				
- Unrestricted	8a	4,996,425		5,342,106
- Restricted	9	9,277		10,000
			<u>5,005,702</u>	<u>5,352,106</u>
Valuation of fixed assets	5a		650	3,358
			<u>5,006,352</u>	<u>5,355,464</u>

Approved by the Trustees on ..... and signed on their behalf by

**Roger Evans**  
Chairman

## THE MACFARLANE TRUST

### NOTES TO THE ACCOUNTS

#### FOR THE YEAR ENDED 31 MARCH 2012

##### 1. Accounting policies

(a) The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value, the Charities Act and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) published in 2005 and applicable accounting standards.

(b) The accounts have been prepared on an accruals basis except that investment income is applied on the date that it is received.

##### **Changes in accounting policies (c) & (d)**

(c) In this year's accounts MFT has included a provision with regards grants that have been approved by the National Support Services Committee (NSSC) board but not paid, as it is considered that grants are likely to be payable once approved by the NSSC. This accrual at the year end totals £46,741. In previous years no such provisions have been made, however the effect on the accounts would not have been material, with an estimated accrual for 2011 of £7,500. As a result no adjustment has been made to the prior year figures regarding this change in accounting policy.

(d) MFT operates, as it has done from the outset, in offices in Alliance House, Caxton Street, London SW1, which it shares with a number of other entities involved with financial support to people infected through the use during NHS treatment of contaminated blood, blood products and tissue. All these entities are funded by the Department of Health. During the year a new charity, Caxton Foundation, registered charity number 1142529, ("Caxton") was established which for reasons of efficiency has, with effect from 1 October 2011, taken over the administrative functions formerly provided by MFT for the various Alliance House entities, including the employment of the staff and responsibility for the lease costs of the space occupied by the entities, including MFT. The costs of performing these functions are now borne by Caxton. Hitherto a number of cross-charges were made between the various entities in order to allocate the costs of services to the entities for which they were performed. Under revised arrangements that have come into force this year, the part of Caxton's costs that is attributable to MFT is the subject of an adjustment through the Department's funding mechanism. For further details please refer to note 14. There is no effect of these changes on the prior year figures, and therefore no adjustments to comparatives have been necessary.

(e) Where the redemption of a threatened mortgage was the only means of maintaining adequate housing for a beneficiary the Trustees from time to time made an interest-free advance in return for a percentage share in the equity of the beneficiary's property. These are not revenue earning investments. MFT's equity share of the property is capitalised and adjusted to include a valuation based on market value at the balance sheet date.

(f) Listed investments are valued using the mid-market price at the year end date.

(g) Two types of funds were held by MFT during the year, 'General' and 'Restricted' funds.

The general fund is an unrestricted fund that incorporates not only all income and expenditure in respect of beneficiaries but also of all income and expenditure that relate to the daily operation of MFT. The general fund also includes funds set aside for the Honeycombe Memorial Fund. In 2005 MFT received a legacy from the widow of a deceased primary beneficiary. The Trustees have decided to use this legacy to provide financial assistance to other widows to assist them to regain economic independence.

The Restricted Fund in the year consists of the Wilsons empowerment fund. The Wilsons empowerment fund is a restricted fund to be used towards the empowerment of the beneficiary community by way of supporting studying and improvement.

(h) Income from grants is included in the Statement of Financial Activities when these are receivable.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**1. Accounting policies (Continued)**

- (i) All investment income, net of investment management charges, and all donations and voluntary income are included in the Statement of Financial Activities.
- (j) During the year MFT supplied administration and other services to Skipton Fund Limited (“Skipton”), MFET Limited (“MFET”), Caxton and Eileen Trust. The management charges relating to these are shown separately under “voluntary income”.
- (k) Expenditure by MFT on tangible fixed assets is part of the annual expenditure included within the Statement of Financial Activities and it is written off as it arises.

Commencing from the year ended 31 March 1999, tangible fixed assets are nevertheless valued in the balance sheet at cost less depreciation as shown in note 5a. For this purpose depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	33 <sup>1</sup> / <sub>3</sub> % on cost
Furniture and other office equipment	20% on cost

- (l) Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.
- (m) MFT operated a defined contribution pension scheme. Contributions payable to this scheme are charged to the Statement of Financial Activities in the period to which they relate. With effect from 1 October 2011 all staff were transferred to Caxton, who took over operation of the defined contribution pension scheme.

**2. Incoming resources from generated funds**

	Note	£	2011 £
<b>Voluntary income</b>			
Eileen Trust receipts	14	<b>9,631</b>	17,500
Skipton Fund receipts	14	<b>20,000</b>	40,000
MFET Limited receipts	14	<b>28,250</b>	47,500
Caxton Foundation receipts	14	<b>450</b>	-
Donations		<b>500</b>	431
Project Grants		-	10,000
Government Capital Grant		<b>2,410,046</b>	2,348,543
		<b>2,468,877</b>	2,463,974
<b>Investment income</b>			
Bank Deposit interest		<b>550</b>	1,258
Reserves Portfolio dividends		<b>149,331</b>	135,735
Reserves Portfolio interest		<b>1,683</b>	1,439
Interest on loans		<b>2,251</b>	17,521
		<b>153,815</b>	155,953
<b>Total</b>		<b>2,622,692</b>	2,619,927

Government Capital Grant noted above comprises £2,410,046 (2011:£2,348,543) received via MFET.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**3. Charitable activities**

	Note	£	2011 £
<b>Grants payable</b>			
Grants – current year	3a	182,214	197,311
Winter payments	3b	180,000	-
Widows & Dependants payments	3c	1,324,980	697,140
Discretionary payments	3d	791,509	845,731
Dependants supplement payments	3e	163,250	-
		<u>2,641,953</u>	<u>1,740,182</u>
<b>Costs of activities</b>			
Bereavement project		14,079	1,241
Beneficiary events		26,091	37,413
Activate project costs		-	2,974
International conferences		5,939	11,928
Other contributions to projects		335	300
		<u>46,444</u>	<u>53,856</u>
<b>Support costs</b>			
Staff costs		135,849	224,574
Travel & subsistence		19,014	18,942
Rent & rates		10,458	22,936
Premises maintenance		4,267	7,253
Postage & telephone		14,424	8,520
Equipment leasing & servicing		-	280
Computer support and website costs		103	5,830
Stationery, printing & publications		7,778	7,060
Bank charges		1,111	913
Insurances		7,565	8,543
Consultancy & adverts		2,600	2,847
Meetings & conferences		652	400
Subscriptions		918	1,236
Skipton Fund charges		4,032	25,116
<b>Equipment &amp; software renewal</b>			
Furniture & equipment	5a	331	-
Computer equipment	5a	-	601
		<u>209,102</u>	<u>335,051</u>
<b>Total</b>		<u><u>2,897,499</u></u>	<u><u>2,129,089</u></u>

- (a) 330 single grants were made of varying amounts.
- (b) 360 primary beneficiaries received a winter fuel payment of £500.
- (c) 111 widows and 16 dependants received regular payments in the year (including backdating payments) at rates varying according to their income level, with the aim being to ensure that all widows had a net household income level of at least £18,000 per annum.
- (d) 265 primary beneficiaries were eligible to receive discretionary top up payments in the year at rates varying according to their income level.
- (e) 79 supplement payments were made to primary beneficiaries for the support of their dependent children.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

4. **Governance costs**

	£	2011 £
Legal & professional fees	22,575	15,296
Audit fees	4,500	4,500
Accountancy	4,363	6,278
Consultancy	-	1,753
Trustees recruitment	17,016	-
	<u>48,454</u>	<u>27,827</u>

The audit fees and £2,323 of the accountancy fees included in governance costs were payable to the auditor for services rendered.

5. **Fixed assets**

**a. Tangible fixed assets**

	Note	Computer equipment £	Fixtures, fittings and office equipment £	Total £
<b>Cost</b>				
At 1 April 2011		19,517	6,490	26,007
Additions	3	-	331	331
Disposals		(4,574)	(153)	(4,727)
At 31 March 2012		<u>14,943</u>	<u>6,668</u>	<u>21,611</u>
<b>Accumulated depreciation</b>				
At 1 April 2011		16,799	5,850	22,649
Charge for year		2,517	522	3,039
On disposals		(4,574)	(153)	(4,727)
At 31 March 2012		<u>14,742</u>	<u>6,219</u>	<u>20,961</u>
<b>Net book values</b>				
At 31 March 2012		<u>201</u>	<u>449</u>	<u>650</u>
At 31 March 2011		<u>2,718</u>	<u>640</u>	<u>3,358</u>

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

<b>b. Managed funds</b>	<b>£</b>	<b>2011 £</b>
<b>Market value at 1 April 2011</b>	<b>4,082,911</b>	3,907,064
Increase in cash	<b>175,417</b>	160,218
Disposals	<b>(5,086)</b>	(3,270)
	<b>4,253,242</b>	4,064,012
Realised (loss)/gain	<b>(12,950)</b>	56,921
Unrealised (loss)	<b>(17,493)</b>	(38,022)
<b>Market value as at 31 March 2012</b>	<b>4,222,799</b>	4,082,911
<b>Historical cost at 31 March 2012</b>	<b>4,017,725</b>	3,891,070

**Notes**

- i. Principal Investment Management Limited manages a portfolio of listed investments and cash with discretion within guidelines stipulated by the Trustees in the management agreement.
- ii. Included in the market value of the portfolio at the year end is cash held to the value of £371,060 (2011: £143,680).

<b>c. Property (see note 1e)</b>	<b>£</b>
<b>Market value of MFT share at 1 April 2011</b>	<b>117,689</b>
Disposals	<b>(7,300)</b>
Unrealised gain on investment	<b>7,300</b>
<b>Market value of MFT share at 31 March 2012</b>	<b>117,689</b>
<b>Cost of MFT share at 31 March 2012</b>	<b>106,362</b>

- i. These investments do not justify the cost of an annual professional valuation; however an internet search has been carried out to give a market value figure.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

6. **Debtors falling due within one year**

	£	2011 £
Staff season ticket loans	-	2,753
Other staff loans	-	1,250
Secured advances (i)	300	30,000
Secured loans attracting interest (ii)	-	4,200
Advances to beneficiaries (iii)	9,739	7,476
Other unsecured loans to beneficiaries	1,220	7,180
Other debtors (see note 14)	165,027	47,231
Prepayments and accrued income	1,615	6,875
	<u>177,901</u>	<u>106,965</u>

**Debtors falling due after more than one year**

	£	2011 £
Secured advances (i)	152,182	151,588
Secured loans attracting interest (ii)	193,083	187,332
Advances to beneficiaries (iii)	5,932	5,408
Other unsecured loans to beneficiaries	11,710	13,010
	<u>362,907</u>	<u>357,338</u>

- i. Secured advances are interest free loans secured by legal charge on the property of the beneficiary.
- ii. Secured loans attracting interest are secured by legal charge on the property of the beneficiary.
- iii. Advances to beneficiaries are interest free loans recovered from the beneficiary by deduction from regular monthly payments.

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

	£	2011 £
Social security and other taxes	-	7,277
Accruals and deferred income (see note 14)	54,502	16,023
Other creditors	9,941	-
	<u>64,443</u>	<u>23,300</u>

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

8a.	<b>Unrestricted funds</b>		£
	<b>At 1 April 2011</b>		<b>5,352,106</b>
	Government funding for year		<b>2,410,046</b>
	(Decrease) in MFT resources		<b>(2,762,805)</b>
	(Decrease) in Honeycombe Memorial Fund		<b>(2,922)</b>
	<b>At 31 March 2012</b>		<b>4,996,425</b>
	General funds		<b>4,957,827</b>
	Honeycombe Memorial Fund	8b	<b>38,598</b>
			<b>4,996,425</b>
8b.	<b>Honeycombe Memorial Fund</b>		£
	<b>At 1 April 2011</b>		<b>41,520</b>
	Investment income		<b>1,724</b>
			<b>43,244</b>
	Grants made and other movements		<b>(5,085)</b>
			<b>38,159</b>
	Realised gain		<b>439</b>
	<b>At 31 March 2012</b>	8a	<b>38,598</b>

In 2005 MFT received a legacy from the widow of a deceased primary beneficiary. The Trustees decided to use this legacy to provide financial assistance to other widows to assist them to regain economic independence.

9.	<b>Restricted funds</b>		£
	<b>At 1 April 2011</b>		<b>10,000</b>
	Educational grants met by Wilsons fund		<b>(723)</b>
	<b>At 31 March 2012</b>		<b>9,277</b>

The Restricted Fund consists of one fund, the Wilsons empowerment fund.

The Wilsons empowerment fund was established in 2011 as a restricted fund to be used towards the empowerment of the beneficiary community by way of supporting studying and improvement. The original grant received was £10,000 and at the year end £9,277 was being carried forward for future use.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**10. Employees and salaries**

	<b>No.</b>	2011
The average number of employees was:	<b>3</b>	No. 5
	=====	=====
Staff costs includes:	<b>£</b>	£
Wages and salaries	<b>110,851</b>	179,404
Social security costs	<b>12,214</b>	19,863
Pension costs	<b>6,775</b>	12,075
Other costs	<b>7,596</b>	15,594
	=====	=====
	<b>137,436</b>	226,936
	=====	=====

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	<b>No.</b>	2011
£60,001 - £70,000	-	No. 1
	=====	=====

MFT had no employees after 30 September 2011 when all were transferred to Caxton, with costs running through that Charity from that point. For further information regarding the relationship with this Charity please refer to note 14.

**11. Trustees expenses and remuneration**

The travel and subsistence costs shown in note 3 includes the sum of £6,663 (2011: £8,927) reimbursed to Trustees for travel and other out of pocket expenses, principally in connection with Board and Committee meetings. This amount is the total sum paid to Trustees during the year.

No remuneration was paid to Trustees in this or in the previous year.

In line with MFT's normal disbursement policies, discretionary top up payments (regular payments) and grants were disbursed to three Trustees and one former trustee who are beneficiaries of MFT. In aggregate, these payments were £11,800 (2011: £7,633).

One of the former Trustees, as a beneficiary of MFT, has a secured loan attracting interest, the principal amount outstanding at the end of the year totalling £19,502 (2011: £19,367).

The rules in respect of the participation by user Trustees were meticulously observed in these respects.

**12. Pension costs**

Until the transfer of all staff with effect from 1 October 2011 to Caxton, MFT operated a defined contribution pension scheme. The assets of the scheme were held separately from those of MFT in independently administered funds. The pension cost for the year of £6,775 (2011: £12,075) represents contributions paid by MFT to the funds. At the year-end there were no outstanding contributions payable (2011: £nil).

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

13. **Financial commitments**

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

	<b>2012</b>	2011
	<b>£</b>	£
Operating leases which expire in the 2 <sup>nd</sup> to 5 <sup>th</sup> years inclusive	<b>40,500</b>	40,500
	<hr/>	<hr/>
	<b>40,500</b>	40,500
	<hr/> <hr/>	<hr/> <hr/>

MFT is the leaseholder of its offices. Until 30 September 2011 the lease costs of the office were divided equally between MFT, Skipton and MFET.

With effect from 1 October 2011, following changes referred to in note 14, Caxton now pays the lease costs of the office in full. Caxton receives additional funding from the Department of Health in respect of those costs and the Government funding of the other Alliance House entities, including MFT, is then adjusted.

14. **Related party transactions**

MFT operates from offices in Alliance House, Caxton Street, London SW1, which it shares with a number of other entities involved with financial support to people infected through the use of contaminated blood, blood products and tissue. These other entities are Caxton, Skipton, Eileen Trust and MFET. Together they are sometimes referred to as the Alliance House entities.

Three of the Trustees of MFT are also Trustees of Eileen Trust, with two of them also being Directors of Skipton. Another Trustee also served as a Trustee of Caxton during the year before resigning in February 2012 and the Chairman for the time being of MFT is also a Director of MFET. Finally the Chief Executive of MFT is also the Chief Executive of Caxton, as well as being a Director of Skipton.

With effect from 1 October 2011, for reasons of efficiency, Caxton took over the administrative functions formerly provided by MFT, including the employment of the staff of the various Alliance House entities and the responsibility for the lease costs of the Alliance House offices. The costs of performing these functions are now borne by Caxton. Hitherto a number of recharges were made between the various entities in order to allocate the costs of services to the entities for which they were performed. Under revised arrangements that have come into force this year, the part of Caxton's costs that was attributable to MFT was the subject of an adjustment through the Government's funding mechanism. Actual service costs incurred by Caxton in respect of MFT in the period 1 October 2011 to 31 March 2012 totalled £71,219. Caxton received funding in the year from the Department of Health to cover these costs totalling £92,314. The balance remaining of £21,095 has been carried forward by Caxton for use against future service delivery costs. No adjustments have been made to the figures in MFT's accounts regarding the above costs borne by Caxton.

As well as the above service delivery costs, the Alliance House entities also have various shared costs. After taking account of the shared costs incurred by MFT compared to its actual fair share, additional management charges have been made for the period 1 October 2011 to 31 March 2012 to the other entities where applicable (details below).

During the year MFT supplied secretarial & other services to Eileen Trust (Registered Charity No. 1028027). The fee for the year ended 31 March 2012 was £9,631 (2011: £17,500). This consisted of a management charge for the period to 30 September 2011 of £8,750, and a charge for the period 1 October 2011 to 31 March 2012 regarding shared expenses of £881. At the year end MFT was owed £881 (2011: £nil) by Eileen Trust.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**14. Related party transactions (continued)**

MFT also supplied administration and other services to Skipton. A management charge was raised of £20,000 (2011: £40,000) and this charge related entirely to the period up to 30 September 2011. In addition, Skipton also supplied MFT with administration and other services in the same period totalling £4,032 (2011: £25,116), including staff costs of £2,608 (2011: £20,017). At the year end MFT owed the Skipton £4,032 (2011: £nil).

MFT also supplied administration and other services to MFET, for which management charges were raised of £28,250 (2011: £47,500). This consisted of a management charge for the period to 30 September 2011 of £23,750, along with a charge for the period 1 October 2011 to 31 March 2012 regarding shared expenses of £4,500. Also under the terms of agreement with the Secretary of State for Health, payments of £2,410,046 (2011: £2,348,543) were due to MFT by MFET. At the year end MFET owed MFT £164,146 (2011: £47,231).

Finally during the year MFT made payments totalling £18,351 regarding costs directly relating to Caxton. In addition MFT raised a management charge for the period 1 October 2011 to 31 March 2012 of £450 to Caxton regarding shared expenses. Caxton also made payments totalling £27,604 for costs which related directly to MFT. At the year end MFT owed Caxton £5,909 (2011: £nil).

**15. Controlling party**

The Charity is controlled by the Trustees.