

**REGISTERED CHARITY NUMBER: 298863**

**THE MACFARLANE TRUST  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDING 31 MARCH 2013**

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

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# **THE MACFARLANE TRUST**

## **TRUSTEES' REPORT**

### **CHAIRMAN'S STATEMENT**

2012/13 was a year of change for the Trust, not all of it planned. At the end of August Martin Harvey retired as Chief Executive on health grounds. As many of you will know, he had suffered from health problems intermittently over the previous three years and, understandably, he felt it was time to seek a less stressful lifestyle. Martin was Chief Executive for the previous nine years, during which he had obtained unmatched knowledge of the history and workings of the Macfarlane Trust and associated organisations. Most important, though, was the rapport he established with many beneficiaries and since his retirement many have expressed their appreciation for the support he gave.

In January 2013 Jan Barlow took up post as Chief Executive of the Macfarlane Trust, as well as the Caxton Foundation. Jan brings to us considerable experience as a Chief Executive of a number of other charities. I have been particularly impressed with the relationships she is building with beneficiaries and external bodies, notably the Department of Health (DH); this will stand us in good stead for the future.

During the year, two new Trustees were appointed. Eileen Jackman was appointed by the Trust to succeed Christopher Fitzgerald and Kate Evans was appointed by the Haemophilia Society to succeed Stuart Fuller who, as I reported last year, sadly passed away in May 2012. Eileen and Kate bring new experience to the Trust and strongly complement the skills we already have on the Board. Eileen is already involved with National Support Services Committee (NSSC) and Kate has undertaken a valuable assessment of our future communications needs.

The country is experiencing a prolonged period of economic recession, which we are acutely aware has an impact on our beneficiaries, as well as the funding of the Macfarlane Trust. During the year we engaged in robust negotiations with the DH and Ministers regarding our financial allocation for 2013/14. The result was that we received an allocation of £2.2 million which is, effectively, the same as for 2012/13. On the face of it this may not seem a progressive outcome but, given the cuts in public spending, it was the best we could expect. By far the majority of our funding is committed to regular payments to beneficiaries; we regard the retention and increase of these as our top priority. After our commitments to management costs, to enable us to run the Trust, we are currently only able to allocate a small grants budget, which is inadequate for the level of demand from our beneficiaries. Unfortunately, following the introduction of the MFET Limited payments, and the publication of the Archer Report, the Macfarlane Trust's overall allocation was reduced significantly and this has impacted on our ability to make financial grants.

Looking ahead, the Board is committed to submitting to the Government a strong case for a significant increase in our allocation for 2014/15 which would enable us to support our beneficiaries adequately in the future. This will not be easy in the current economic climate but we will work to convince the DH, and Ministers, of the ongoing and changing needs of our beneficiary community.

With regard to the financial pressures being experienced by beneficiaries now, we managed to identify a fuel payment to primary beneficiary households last winter. The Board has already agreed to make a similar payment for 2013/14 and primary beneficiary households will receive this at the beginning of the winter, much earlier than last year. The Board has also agreed a cost of living increase to regular payments to primary beneficiaries of 2.2% for 2013/14. We are aware that most beneficiaries are feeling the effect of changes to benefits and welfare legislation. Whilst we are not in a position to make additional payments to compensate for any reductions beneficiaries are experiencing, we are doing all we can to highlight with the appropriate authorities the particular needs of our beneficiary community.

Prior to the publication of the Archer report, the Macfarlane Trust Board adopted a policy of building up reserves, as the organisation was not guaranteed a regular allocation from Government. This has now changed and we are given regular funding. Consequently, the Board has agreed to allocate to beneficiaries those reserve funds not earmarked for known commitments. These will meet health and mobility-related, non-recurring needs of some beneficiaries. The Chief Executive wrote to beneficiaries

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## **TRUSTEES' REPORT**

on 7 May 2013, explaining the intentions in more detail. This will be a one-off opportunity and we will be working to clear criteria to ensure that, within the limited resources, we endeavour to meet the highest priorities.

Last September one of our beneficiaries took the initiative to re-establish the Partnership Group, a forum where beneficiaries can meet with the senior team from the Macfarlane Trust to discuss matters of common interest. So far, four meetings have been held and I have found it a valuable way of sharing views and information. In the coming year I hope that a larger and wider cross-section of the beneficiary community will be able to attend.

Finally, I would like to express my appreciation to all those I have worked with over the last year. In particular, the staff who have been working during a period of great change and, for five months, without a Chief Executive; the Ministers; and the DH. I would also like to express my particular appreciation to my colleagues on the Board who devote a considerable amount of their own time in a voluntary, unpaid capacity on Trust matters.

**Roger Evans**  
**Chairman**

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

**Registered Charity Number 298863**

### **Registered Address**

Alliance House  
12 Caxton Street  
London SW1H 0QS

### **Trustees**

#### **Appointed by the Haemophilia Society**

Alan Burgess  
Stuart Fuller (passed away 24 May 2012)  
Matthew Gregory  
Kate Evans (appointed September 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 30 April 2012)  
Russell Mishcon  
Eileen Jackman (appointed September 2012)

#### **Chief Executive**

Martin Harvey (retired August 2012)  
Jan Barlow (appointed 3 January 2013)

#### **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**

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

#### **Auditors**

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

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

### **GOVERNANCE & ADMINISTRATION**

The Macfarlane Trust (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 DH. The Board itself may also appoint three. MFT's policy for the recruitment of Trustees follows the practices laid down by OCPA, the Office of the Commissioner of Public Appointments.

Since its establishment in 2011, the Caxton Foundation (Caxton) has provided administrative support to the other four entities which operate out of Alliance House: MFT, Eileen Trust, MFET Limited (MFET) and the Skipton Fund Limited. Caxton acts as the employer for all staff. The "service delivery" costs for staff and rent are shared according to the budgeted operating costs across the Alliance House entities; in the case of MFT, there is a Service Level Agreement with Caxton. The DH pays Caxton directly for these service delivery costs for all 5 Alliance House entities. Some staff are employed for work on one particular organisation, others undertake work for more than one. A Liaison Committee comprising members of the boards of both MFT and Caxton meets to discuss issues relating to the Service Level Agreement, and in addition, an MFT trustee attends the Caxton Employment Affairs Committee as an observer. The Chairs of both MFT and Caxton also meet regularly with the Chief Executive to discuss matters of common interest.

### **OPERATIONAL REVIEW**

#### **Objectives**

MFT was established in 1988 to administer a £10 million fund provided by the 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 DH in order to enable the work of MFT to be continued and to provide for its administrative costs. It now receives a regular, annual, allocation from DH. The total amount of funding received by MFT over the 25 years since its inception to 31 March 2013 is now in excess of £60 million.

#### **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.

#### **Beneficiary Community**

At 31 March 2013, MFT's community of care included 354 infected beneficiaries, comprising 312 survivors of those who were originally registered with MFT (318 in the previous year) and 42 partners of living and deceased beneficiaries who have themselves become HIV positive. There were 5 further infected beneficiaries who had lost touch with MFT.

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

In its response to Lord Archer's Inquiry Report, the previous Labour Government committed increased funding from the DH 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 £13,886 per annum for the year under review and from 1 April 2013 has been increased further to £14,191 per annum. This is administered through MFET.

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 profound side effects, even at a relatively early stage of the development of Hepatitis C. The increase in the overall funding provided by the DH 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 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 beneficiaries**

#### **Financial support**

In the year under review the non-discretionary payments to all MFT's infected beneficiaries, made at the rate of £13,886 per annum, totalled £5,222,951. These payments were made by the DH through MFET. In the previous year the payments through MFET totalled £5,083,100.

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 to primary beneficiaries totalled £981,268 in the year under review (£791,509 in the previous year). In addition, the Trustees agreed that one-off supplementary payments, amounting in total to £112,750, should be made to primary beneficiary households to help with winter fuel bills which are a particularly heavy burden for all infected beneficiaries. MFT also provides support for widows and dependants.

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

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 £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.

In the year under review single grants totalling £160,080 were made to infected and non-infected beneficiaries.

### **Non-financial support**

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 continues to be available. During the year, MFT's specialist Benefits Adviser also supported beneficiaries with benefits-related issues of varying complexity and covering a wide range of issues.

During the year, MFT also held a number of events at which beneficiaries were able to come together and review the means of dealing with various common issues.

### **FINANCIAL REVIEW**

#### **Income & Expenditure**

In 2012/13 MFT's total income of £2,153,100 (2011/12: £2,622,692) comprised £2,001,373 from the DH, together with £151,727 in investment income.

MFT's total expenditure in 2012/13 was £2,924,320, almost all of which was spent directly on charitable activities, ie in support of beneficiaries. The majority was spent on discretionary regular payments to infected beneficiaries and non-infected widows, as well as in supplements to children. In addition, a winter fuel payment was made to primary beneficiary households, and MFT also funded specialist benefits advice and beneficiary events. In total, MFT's expenditure exceeded income by £771,220, provision for which was made from the reserves.

#### **Investment Activity**

MFT has maintained the strategic management of its financial reserves in line with previous years, with the equities portfolio being managed by Sanlam Private Investments (UK) Ltd (SPI UK) and the fixed interest portfolio split between SPI UK and Charities Official Investment Fund. The current target 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.

#### **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.

# THE MACFARLANE TRUST

## TRUSTEES' REPORT

### 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, as its operations are wholly financed by the DH. MFT has, nevertheless, had a policy of maintaining a minimum level of reserves. This was agreed with the DH 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.

At 31 March 2013 MFT's investment portfolio was valued at £4,267,701. With regular allocations now being received from the DH, the need to continue to hold such a large reserve is no longer necessary. Over the next 2 years, the board is therefore committed to reducing its level of reserves to in the region of £750,000, representing between 3-6 months of expenditure. The planned reduction of reserves will include an exercise in 2013/14 to allocate grants to fund health and mobility-related repairs and improvements to property for its beneficiaries.

### 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 29 July 2013 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 2013, as set out on pages 11 to 22. 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 9, 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 2013 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**

1 October 2013

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

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

**THE MACFARLANE TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 MARCH 2013**

	Note	Unrestricted General £	Restricted Funds £	2013 Total £	Unrestricted General £	Restricted Funds £	2012 Total £
<b>Incoming resources</b>							
Incoming resources from generated funds	2						
Voluntary income		2,001,373	-	2,001,373	2,468,877	-	2,468,877
Investment income		151,727	-	151,727	153,815	-	153,815
Total incoming resources		2,153,100	-	2,153,100	2,622,692	-	2,622,692
<b>Resources expended</b>							
Charitable activities	3	2,891,651	1,910	2,893,561	2,896,776	723	2,897,499
Governance costs	4	30,759	-	30,759	48,454	-	48,454
Total resources expended		2,922,410	1,910	2,924,320	2,945,230	723	2,945,953
<b>Net (resources expended) before other gains and losses</b>		<b>(769,310)</b>	<b>(1,910)</b>	<b>(771,220)</b>	<b>(322,538)</b>	<b>(723)</b>	<b>(323,261)</b>
<b>Other gains and losses</b>							
Unrealised gain/(loss) on investments	5b	300,720	-	300,720	(17,493)	-	(17,493)
Realised gain/(loss) on sales of investments	5b	31,654	-	31,654	(12,950)	-	(12,950)
Unrealised gain on property investment	5c	-	-	-	7,300	-	7,300
Realised (loss) on property investment	5c	(1,035)	-	(1,035)	-	-	-
Total gains/(losses)		331,339	-	331,339	(23,143)	-	(23,143)
<b>Net movement in funds</b>		<b>(437,971)</b>	<b>(1,910)</b>	<b>(439,881)</b>	<b>(345,681)</b>	<b>(723)</b>	<b>(346,404)</b>
<b>Reconciliation of Funds</b>							
<b>Total funds brought forward at 1 April 2012</b>		<b>4,996,425</b>	<b>9,277</b>	<b>5,005,702</b>	<b>5,342,106</b>	<b>10,000</b>	<b>5,352,106</b>
<b>Total funds carried forward at 31 March 2013</b>		<b>4,558,454</b>	<b>7,367</b>	<b>4,565,821</b>	<b>4,996,425</b>	<b>9,277</b>	<b>5,005,702</b>

**THE MACFARLANE TRUST**

**BALANCE SHEET**

**FOR THE YEAR ENDED 31 MARCH 2013**

	Note	£	2013 £	2012 £
<b>Fixed assets</b>				
Tangible fixed assets	5a		636	650
Investments	5b		4,267,701	4,222,799
Property	5c		82,154	117,689
			<u>4,350,491</u>	<u>4,341,138</u>
<b>Current assets</b>				
Debtors	6	59,274		177,901
Cash at bank and in hand		306,211		188,849
			<u>365,485</u>	<u>366,750</u>
Creditors: Amounts falling due within one year	7	(481,537)		(64,443)
<b>Current assets less current liabilities</b>			<u>(116,052)</u>	<u>302,307</u>
<b>Total assets less current liabilities</b>			<u>4,234,439</u>	<u>4,643,445</u>
Debtors due after more than one year	6		332,018	362,907
<b>Net assets</b>			<u>4,566,457</u>	<u>5,006,352</u>
<b>Funds</b>				
- Unrestricted	8a	4,558,454		4,996,425
- Restricted	9	7,367		9,277
			<u>4,565,821</u>	<u>5,005,702</u>
Valuation of fixed assets	5a		636	650
			<u>4,566,457</u>	<u>5,006,352</u>

Approved by the Trustees on 29 July 2013 and signed on their behalf by

**Roger Evans**  
Chairman

## **THE MACFARLANE TRUST**

### **NOTES TO THE ACCOUNTS**

#### **FOR THE YEAR ENDED 31 MARCH 2013**

##### **1. Accounting policies**

- (a) The financial statements have been prepared under the historical cost convention 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.
- (c) The accounts include 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.
- (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. In 2011 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.
- (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.
- (i) All investment income, net of investment management charges, and all donations and voluntary income are included in the Statement of Financial Activities.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**1. Accounting policies (Continued)**

- (j) 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 $\frac{1}{3}$ % on cost
Furniture and other office equipment	20% on cost

- (k) Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

- (l) 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	£	2012 £
<b>Voluntary income</b>			
Eileen Trust management charge	14	-	9,631
Skipton Fund management charge	14	-	20,000
MFET Limited management charge	14	-	28,250
Caxton Foundation management charge	14	-	450
Donations		<b>1,503</b>	500
Government Capital Grant		<b>1,999,870</b>	2,410,046
		<b>2,001,373</b>	<b>2,468,877</b>
<b>Investment income</b>			
Bank Deposit interest		<b>125</b>	550
Reserves Portfolio dividends		<b>147,487</b>	149,331
Reserves Portfolio interest		<b>1,920</b>	1,683
Interest on loans		<b>2,195</b>	2,251
		<b>151,727</b>	<b>153,815</b>
<b>Total</b>		<b>2,153,100</b>	<b>2,622,692</b>

Government Capital Grant noted above comprises £1,999,870 (2012:£2,410,046) received via MFET Limited.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

3. **Charitable activities**

	Note	£	2012 £
<b>Grants payable</b>			
Grants – current year	3a	160,080	168,967
Winter payments	3b	112,750	180,000
Widows payments & dependants	3c	1,121,517	1,324,980
Discretionary payments	3d	981,268	791,509
Dependants supplement payments	3e	309,900	163,250
		<u>2,685,515</u>	<u>2,628,706</u>
<b>Costs of activities</b>			
Bereavement project		-	14,079
Beneficiary events		34,362	26,091
Registrants group meetings		3,963	-
International conferences		2,811	5,939
Benefit/debt advisor costs		15,431	13,247
Other contributions to projects		-	335
Financial assistance survey		98,885	-
		<u>155,452</u>	<u>59,691</u>
<b>Support costs</b>			
Staff costs and staff recruitment		23,920	135,849
Travel & subsistence		10,595	19,014
Rent & rates		-	10,458
Premises maintenance		1,661	4,267
Postage & telephone		5,726	14,424
Equipment leasing & servicing		786	-
Computer support and website costs		1,150	103
Stationery, printing & publications		3,101	7,778
Bank charges		567	1,111
Insurances		4,140	7,565
Consultancy & adverts		-	2,600
Meetings & conferences		-	652
Subscriptions		481	918
Skipton Fund charges		-	4,032
Furniture & equipment	5a	-	331
Computer equipment	5a	517	-
Fixed asset disposal proceeds		(50)	-
		<u>52,594</u>	<u>209,102</u>
<b>Total</b>		<u><u>2,893,561</u></u>	<u><u>2,897,499</u></u>

- (a) 145 registrants received single grants which were made of varying amounts.
- (b) 161 primary beneficiaries received a winter fuel payment of £500, while 129 received a winter fuel payment of £250.
- (c) 109 widows and 9 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 £19,000 per annum.
- (d) 292 primary beneficiaries were eligible to receive discretionary top up payments in the year at rates varying according to their income level.
- (e) 145 supplement payments were made to 85 primary beneficiaries for the support of their dependent children.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

4. **Governance costs**

	£	2012 £
Legal & professional fees	16,239	22,575
Audit fees	4,500	4,500
Accountancy	1,741	4,363
Consultancy	293	-
Trustees recruitment	7,986	17,016
	<u>30,759</u>	<u>48,454</u>
	<u><u>30,759</u></u>	<u><u>48,454</u></u>

The audit fees and £1,741 (2012: £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 2012		14,943	6,668	21,611
Additions	3	517	-	517
Disposals		(601)	(1,853)	(2,454)
		<u>14,859</u>	<u>4,815</u>	<u>19,674</u>
At 31 March 2013		14,859	4,815	19,674
<b>Accumulated depreciation</b>				
At 1 April 2012		14,742	6,219	20,961
Charge for year		172	158	330
On disposals		(400)	(1,853)	(2,253)
		<u>14,514</u>	<u>4,524</u>	<u>19,038</u>
At 31 March 2013		14,514	4,524	19,038
<b>Net book values</b>				
At 31 March 2013		<u>345</u>	<u>291</u>	<u>636</u>
At 31 March 2012		<u>201</u>	<u>449</u>	<u>650</u>

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

<b>b. Managed funds</b>	<b>£</b>	<b>2012 £</b>
<b>Market value at 1 April 2012</b>	<b>4,222,799</b>	4,082,911
Increase in cash	<b>168,754</b>	175,417
Disposals	<b>(456,226)</b>	(5,086)
	<b>3,935,327</b>	4,253,242
Realised gain/(loss)	<b>31,654</b>	(12,950)
Unrealised gain/(loss)	<b>300,720</b>	(17,493)
<b>Market value as at 31 March 2013</b>	<b>4,267,701</b>	4,222,799
<b>Historical cost at 31 March 2013</b>	<b>3,769,480</b>	4,017,725

**Notes**

- i. Sanlam Private Investments (UK) Ltd (previously known as 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 £189,244 (2012: £371,060).

<b>c. Property (see note 1e)</b>	<b>£</b>
<b>Market value of MFT share at 1 April 2012</b>	<b>117,689</b>
Disposals	<b>(34,500)</b>
Realised (loss) on investment	<b>(1,035)</b>
<b>Market value of MFT share at 31 March 2013</b>	<b>82,154</b>
<b>Cost of MFT share at 31 March 2013</b>	<b>71,862</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 2013**

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

	£	2012 £
Secured advances (i)	300	300
Secured loans attracting interest (ii)	26,424	-
Advances to beneficiaries (iii)	23,577	9,739
Other unsecured loans to beneficiaries	4,200	1,220
Other debtors (see note 14)	4,146	165,027
Prepayments and accrued income	627	1,615
	<u>59,274</u>	<u>177,901</u>

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

	£	2012 £
Secured advances (i)	151,832	152,182
Secured loans attracting interest (ii)	152,046	193,083
Advances to beneficiaries (iii)	9,880	5,932
Other unsecured loans to beneficiaries	18,260	11,710
	<u>332,018</u>	<u>362,907</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**

	£	2012 £
Accruals and deferred income	455,016	54,502
Other creditors (see note 14)	26,521	9,941
	<u>481,537</u>	<u>64,443</u>

Accruals and deferred income of £455,016 (2012: £54,502) includes grants payable of £447,255 (2012: £46,741).

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

8a.	<b>Unrestricted funds</b>		£
	<b>At 1 April 2012</b>		<b>4,996,425</b>
	Government funding for year		<b>1,999,870</b>
	(Decrease) in MFT resources		<b>(2,442,304)</b>
	Increase in Honeycombe Memorial Fund		<b>4,463</b>
			<hr/>
	<b>At 31 March 2013</b>		<b>4,558,454</b>
			<hr/> <hr/>
	General funds		<b>4,515,393</b>
	Honeycombe Memorial Fund	8b	<b>43,061</b>
			<hr/>
			<b>4,558,454</b>
			<hr/> <hr/>
8b.	<b>Honeycombe Memorial Fund</b>		£
	<b>At 1 April 2012</b>		<b>38,598</b>
	Investment income		<b>1,506</b>
			<hr/>
			<b>40,104</b>
	Grants made and other movements		<b>(1,848)</b>
			<hr/>
			<b>38,256</b>
	Realised and Unrealised gain		<b>4,805</b>
			<hr/>
	<b>At 31 March 2013</b>	8a	<b>43,061</b>
			<hr/> <hr/>

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 2012</b>		<b>9,277</b>
	Educational grants met by Wilsons fund		<b>(1,910)</b>
			<hr/>
	<b>At 31 March 2013</b>		<b>7,367</b>
			<hr/> <hr/>

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 £7,367 was being carried forward for future use.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**10. Employees and salaries**

	<b>No.</b>	2012
The average number of employees was:	-	No. 3
	<b>==</b>	<b>==</b>
Staff costs includes:	<b>£</b>	£
Wages and salaries	-	110,851
Social security costs	-	12,214
Pension costs	-	6,775
Other costs	<b>5,396</b>	7,596
	<b>==</b>	<b>==</b>
	<b>5,396</b>	137,436
	<b>==</b>	<b>==</b>

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 £5,903 (2012: £6,663) 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 two Trustees who are beneficiaries of MFT. In aggregate, these payments were £10,160 (2012: £11,800).

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 £nil (2012: £6,775) represents contributions paid by MFT to the funds. At the year-end there were no outstanding contributions payable (2012: £nil).

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**13. Financial commitments**

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

	<b>2013</b>	2012
	<b>£</b>	£
Operating leases which expire		
Within 1 year	<b>40,500</b>	-
in the 2 <sup>nd</sup> to 5 <sup>th</sup> years inclusive	-	40,500
	<b>40,500</b>	40,500
	<b>=====</b>	<b>=====</b>

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 is also a director of MFET. The former Chief Executive of MFT was also the former Chief Executive of Caxton, as well as being a former director of Skipton. Finally the current Chief Executive of MFT is also the Chief Executive of Caxton.

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 came into force last 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 year totalled £173,963 (2012: £71,219). Caxton received funding in the year from the Department of Health to cover these costs totalling £152,868 (2012: £92,314). The balance remaining of £nil (2012: £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. MFT incurred various shared costs which it then recharged to the other entities as appropriate. MFT made recharges of £177 (2012: £20,000 management charge) to Skipton, £4,941 (2012: £18,801, including £450 management charge) to Caxton, £12 (2012: £9,631 management charge) to Eileen Trust and £47 (2012: £28,250 management charge) to MFET.

In addition some other the other entities incurred shared costs themselves, and therefore MFT incurred recharges of £9,548 (2012: £4,032) from Skipton and £31,462 (2012: £27,604) from Caxton.

**THE MACFARLANE TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

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

Also under the terms of agreement with the Secretary of State for Health, payments of £1,998,870 (2012: £2,410,046) were due to MFT by MFET.

At the year-end MFT was owed £177 by Skipton (2012: £4,032 was owed to Skipton), £12 (2012: £881) by Eileen Trust and £3,957 (2012: £164,146) by MFET. MFT itself owed £26,521 (2012: £5,909) to Caxton.

15. **Controlling party**

The Charity is controlled by the Trustees.