

**The Baily Thomas Charitable Fund
- A Registered Charity**

Report and Financial Statements

30 September 2017

The Baily Thomas Charitable Fund - A Registered Charity

CONTENTS

	Page
TRUSTEES' ANNUAL REPORT	1 - 9
AUDITORS' REPORT	10 - 11
STATEMENT OF FINANCIAL ACTIVITIES	12
BALANCE SHEET	13
CASHFLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 22

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

The Trustees present their annual report and financial statements for the year ended 30 September 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland published on 16 July 2014.

Reference and Administration Details of the Charity, its Trustees and Advisors

Settlor	Frank Bruce Baily Thomas - died 7 January 1997
Date of Settlement Deed	2 October 1970
Trustees	Mrs Suzanne Jane Marriott, BA (Hons), Dip Law, TEP, Notary Public - Chair of Trustees Professor Anne Elizabeth Farmer, MD, FrcPsych Kenneth Robert Young, FCA Professor Sally-Ann Cooper BSc, MB, BS, MD, FrcPsych Jonathan Philip Snow, BSc (Hons), ASIP
Principal Address	c/o TMF Global Services (UK) Ltd 400 Capability Green Luton LU1 3AE
Registered Charity Number	262334
Secretary to the Trustees	Ann Cooper, TMF Global Services (UK) Ltd
Solicitors	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Administrators and Accountants	TMF Global Services (UK) Ltd 400 Capability Green Luton LU1 3AE
Auditors	FKCA Limited Prospero House 46-48 Rothesay Road Luton LU1 1QZ
Bankers	CAF Charity Money Management Kings Hill West Malling Kent ME19 4TA

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Reference and Administration Details of the Charity, its Trustees and Advisors - continued

Investment Managers

Artemis Asset Management Limited
42 Melville Street
Edinburgh
EH3 7HA

Baillie Gifford - appointed May 2017
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

BlackRock - terminated May 2017
12 Throgmorton Avenue
London
EC2N 2DL

Pictet Asset Management - appointed May 2017
PO Box 12265
Chelmsford
CM99 2EH

Ruffer LLP - terminated May 2017
80 Victoria Street
London
SW1E 5JL

Investment Consultants

Stanhope Consulting
35 Portman Square
London
W1H 6LR

Structure, Governance and Management

The Charity is an unincorporated trust constituted under a trust deed dated 2 October 1970 and is a registered charity, number 262334. The deed settled the Trust Fund as to capital and income on a discretionary trust for application to charitable purposes or to charitable institutions connected with the prevention, treatment or relief of mental or other forms of illness. There was a twenty-one year power to accumulate income to 2 October 1991. The Charity does not actively fundraise and seeks to meet its charitable objectives through the careful stewardship of its existing resources.

The Trustees have wide powers of investment as though beneficially entitled.

A Charity Commission order was endorsed on 7 August 2003 giving the necessary authority to the provision of indemnity insurance for the Charity Trustees out of the funds of the Charity.

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Structure, Governance and Management - continued

The power of appointing Trustees is vested in the surviving Trustees or Trustee for the time being, save that the President for the time being of the Law Society has power to appoint a new Trustee in the place of Mrs S J Marriott and the President for the time being of the Royal College of Physicians has power to appoint a new Trustee in the place of Professor A E Farmer.

The appointment of new Trustees is considered by the existing Trustees to ensure that the board of Trustees has the appropriate skill sets to carry out its responsibilities.

The induction process for new Trustees comprises an initial meeting with the Chair of the Trustees at which time the new Trustee is briefed on the grant making activities, the investment strategy of the Charity, the administration arrangements and the responsibilities of Trustees. New Trustees are provided with a copy of the Charity's most recent annual financial statements, a brief history of the trust and other relevant documents.

The Trustees consider the Board of Trustees and the Secretary to the Trustees as comprising the key management personnel of the Charity in charge of directing and controlling the Charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 6 and 11 to the financial statements.

The Trustees are required to disclose all relevant interests and register them with the Chair and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

The Trustees who have served during the year and since the year end are set out on page 1. They usually meet bi-annually to discuss the affairs of the Fund including the consideration of applications, the approval or refusal of grants, to consider the performance of their investment portfolio and review policies on reserves and risk assessment. During the year, the Trustees held an additional interim grants meeting in March. They consider recommendations for, and make final decisions on, the awarding of grants over £5,000.

The Trustees have delegated the power to make grants of £5,000 and below to the Chair of Trustees, unless they fall into the area of research in which case the power has been delegated to both Medical Trustees. Such grants are usually made on a monthly basis, or as demand decrees, and are ratified retrospectively by the Trustees at their meetings.

The Trustees have a panel of Grant Assessors who visit and report on applicants specified by the Trustees.

The day to day administration of the Fund is carried out by TMF Global Services (UK) Ltd to include the processing of grant application forms prior to consideration by the Trustees and the preparation of grant cheques for approval and signature by the Trustees.

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Objectives and Activities for the Public Benefit The Trust's only charitable activity is its grant-making programme, through which the Trustees seek to support charitable projects within the Fund's remit. During the year the Trustees have continued to make grants in accordance with their charitable objectives of the prevention, treatment or relief of mental or other forms of illness. Since June 2001 the Trustees' funding priority has been solely learning disability. The Trustees consider under learning disability the conditions generally referred to as severe learning difficulties, together with autism.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year.

The Trust furthers its charitable purposes for the public benefit through its grant-making policy which aims at:

- funding research into learning disabilities and will fund the salaries of Professors where their role includes research activity that will further the objects of the charity;
- financing scholarships to individuals undertaking postgraduate research, normally at PhD level, where the student's area of interest furthers the objects of the charity; and by
- providing grants to projects that seek to benefit the learning disabled by funding capital projects and core costs to include staff costs, general running and office costs at charitable organisations, schools and centres.

Applications to the Trust for general grants are by completion of the on-line grant application form within the website. Funding is normally considered for capital and revenue costs and for both specific projects and for general running/core costs. Applications will only be considered from voluntary organisations which are registered charities or are associated with a registered charity. Grants are not normally awarded to individuals. Financial circumstances will be relevant only in determining the amount of an award.

Applications for grants in the area of research are made in writing to the Trustees and should be in the form of a scientific summary with a research plan to include a brief background and a short account of the design of the study and number of subjects, the methods of assessment and analysis, timetable, main outcomes and some indication of other opportunities arising from the support of such research. Applications are only considered from established research workers and are subject to normal professional peer review procedures. Any benefit by researchers and research institutions is purely incidental to the objects of the Trust's work.

Applications for the Baily Thomas Doctoral Fellowship are by completion of the application form which is published on the website.

Details of how to apply for grants and scholarships, together with the relevant forms, are available on the Trust's website: www.bailythomas.org.uk.

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Grant Making Policy, Achievements and Performance

The Trust has established its grant making policy to achieve its objects for the public benefit to improve the lives of the learning disabled. A learning disability is a disorder in which a person has difficulty learning in a typical manner making it problematic for a person to learn as quickly, or in the same way as someone who is not affected by a learning disability. A learning disability cannot be cured or fixed but with the right support and intervention, people with learning disabilities can succeed in school and go on to be successful in life. The beneficiaries of the Trust's grant making programme are ultimately the learning disabled, regardless of age, gender or creed.

The Trustees set an annual budget for grants to be awarded which is calculated with reference to the average value of the portfolio over the previous three years. During the year under review 278 grants totalling £2,575,848 (excluding returned grants) were made from the Baily Thomas Charitable Fund (2016 - £2,983,665). This was within the budget set for the year.

All grants over £20,000 are listed in note 4 to the accounts. Although they are analysed in separate categories for disclosure purposes, the Trust fund's charities are in a broad range of areas and the Trustees are interested in supporting initiatives which meet their selection criteria regardless of the charitable area into which the project falls; any fluctuation in the level of grants funded across the categories is, therefore, a reflection of the applications received rather than of a change in the Trustees' priorities. The size of general grants ranged from £500 to Mylor Sailability towards a sailing programme, to a capital grant for £50,000 to Prior's Court Foundation towards a learning centre.

A total of 13 grants were awarded during the year for research in the area of learning disabilities. The largest research grant of £96,721 was awarded to University of Bristol, towards a study over 24 months entitled 'Intellectual disabilities in school aged children cooled for neonatal encephalopathy: neuropsychological profiling, relation with function connectivity and activity levels'.

During the year the Trustees awarded the following Fellowship:

Birkbeck College, University of London	£81,918
Towards the study 'Information sampling: testing for common pathways towards learning disability in pre-term infants and infants at familial risk for ASD'.	

Major donations made during the year included:-

General grants	
Prior's Court Foundation	£50,000
Towards a learning centre to enable young people severely affected by autism to gain skills for life leisure and the workplace.	
PUSH	£25,000
Towards the 4R's (reduce, reuse, recycle & retail) employment programme.	
Us in a Bus	£25,000
Towards "Keep the Interaction Wheels turning" a service to help with communication issues.	

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Grant Making Policy, Achievements and Performance - continued

General grants - continued

Voluntary and Community Services Peaks and Dales £25,000

Towards the community café work experience and training project.

Friends of Ysgol Maes Hyfryd £20,455

Towards a summer playscheme for the pupils.

Grove Park Charitable Trust £20,000

Towards a soft play area for children with severe learning disabilities.

RAW Workshop £20,000

Towards a training and employment programme.

Tree of Hope £20,000

Towards salary costs of a family support officer.

Research grants

University of Bristol £96,721

For 24 months study 'Intellectual disabilities in school aged children cooled for neonatal encephalopathy: neuropsychological profiling, relation with function connectivity and activity levels'.

University of Edinburgh £90,860

For 24 months study 'The role of family systems factors in psychological outcomes for children with rare genetic syndromes associated with intellectual disability'.

University of Birmingham £89,279

For 24 months study 'The behavioural and cognitive characteristics of autism spectrum disorder in genetic syndromes'.

University of Cambridge £84,421

For 24 months study 'Pathways to autism in intellectual disability of known genetic origin'.

Coventry University £77,975

For 24 months study 'The identification of Anxiety in Children and Adults with intellectual disability'.

University College London £64,867

For 12 months study 'Development of a psychosocial intervention designed to increase the Capacity Of people with INTELlectual disabilities to manage and resist STigma (CONTEST)'.

The Trustees are confident that together these grants demonstrate a high degree of public benefit in accordance with the guidance published by the Charity Commission.

Financial Review and Reserves Policy

The grant-making programme is funded from income generated from its investment portfolio, distributions received from the Provident Fund and cash drawdown from investments.

Total income generated from the Charity's own investments rose by £82,066 to £1,615,298. Income received from the Provident Fund fell by £15,671 (8.8%) to £162,833 which after accounting for reclaimable tax due, resulted in a total distribution for the year of £265,521 (2016 £300,296). During the year there was an overall increase of income to £1,880,819 (2016 £1,833,528).

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Financial Review and Reserves Policy - continued

The future needs of the beneficiaries of the Provident Fund, who are ex-employees of Mansfield Brewery, remain difficult to quantify by the Provident Fund Trustees and they are therefore unable to predict the level of future income distributions to the Charitable Fund.

The Trustees set an annual budget for grants to be awarded which is calculated with reference to the average value of the portfolio over the previous three years. The grant distribution is taken from both income and capital receipts. To meet the grant making objectives throughout the year the Trustees elected to drawdown cash from investments. The holding of BlackRock Institutional Liquidity Fund was sold in December which realised cash of £1,504,133.

Investment Policy and Performance

By their Order of 15 December 1999, The Charity Commissioners for England and Wales authorised the Trustees to appoint Investment Managers and delegate to them power at their discretion to buy and sell investments on their behalf in accordance with the investment policy laid down by the Trustees, which are on terms consistent with the Order of the Charity Commissioners.

The investments made by the Trustees are after taking appropriate investment advice, and such services are currently provided by Stanhope Consulting who also monitor the investments' performance.

The Chair of Trustees, Mr Young, Mr Snow and Mr Nangle (a Trustee until November 2012 whose services have been retained as Co-opted Advisor) sit on the Investment Committee. Meetings of the Committee are usually held bi-annually with Stanhope Consulting, to consider overall strategy, investment performance and the appointment of Fund Managers.

Following a review in November 2010, the Trustees resolved to target a specific return rather than a strategic asset allocation. In June 2011 the Trustees appointed Ruffer LLP and BlackRock as absolute managers. The Trustees resolved to retain Artemis Asset Management Limited who were appointed in September 2008.

Following a review and subsequent selected presentation of Fund Managers at the Extraordinary Investment Committee meeting held in April 2017, the Trustees selected Baillie Gifford and Pictet Asset Management as absolute managers. The Trustees resolved to retain Artemis Asset Management Limited and terminate the mandates with Ruffer LLP and BlackRock. Their portfolios were liquidated in May 2017 and funds of £27,713,000 allocated each to Baillie Gifford and Pictet Asset Management with the balance of £2,700,342 to CafCash by way of a drawdown to meet current and forecasted commitments.

As at September 2017 the investments comprise 3 funds, the Artemis Institutional Equity Income Fund, the Baillie Gifford Multi Asset Growth Fund and the Pictet Multi Asset Portfolio. The capital value of the portfolio as at September 2017 stands at £89,982,486, which represents Fixed Assets investments.

The long term objective/benchmark is to achieve RPI +3.5% p.a. over the long term. The benchmark for the Artemis Institutional Equity Income Fund is the FTSE All Share Index. The benchmark for the Baillie Gifford Multi Asset Growth Fund is to achieve 3 month LIBOR +3.5% p.a. net of fees over rolling three year periods. The benchmark of the Pictet Multi Asset Portfolio is to achieve 3 month LIBOR +4% p.a. net of fees over rolling three year periods.

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Investment Policy and Performance - continued

Over the past 12 months the combined portfolio has underperformed the benchmark but it has remained ahead of the target by 0.7% p.a. over five years. Since purchase the performance of the portfolios for one of the Fund Managers has exceeded the benchmark with two Fund Managers generating negative returns.

Plans for Future

The Trustees plan to continue their existing strategy of making grants to organisations for the prevention, treatment or relief of severe learning difficulties and autism.

Risk Management

The major risks to which the Fund is exposed, as identified by the Trustees, have been reviewed and the Trustees are satisfied that the systems in place mitigate those risks. The Trustees consider the variability of investment returns to constitute the Charity's major risk. This is mitigated by retaining expert Investment Consultants, having a diversified investment portfolio and the technical skill-set of the Investment Committee panel.

The Baily Thomas Charitable Fund - A Registered Charity

TRUSTEES' ANNUAL REPORT

for the year ended 30 September 2017

Statement of Trustees' responsibilities for the financial statements

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 Charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 which disclose with reasonable accuracy the financial position of the Charity and which enable them to ascertain the financial position of the Charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. The Trustees are 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:

6 November 2017

Date

and signed on their behalf by:

Suzanne Marriott

Trustee

INDEPENDENT AUDITORS' REPORT

to the Trustees of the The Baily Thomas Charitable Fund - A Registered Charity

We have audited the financial statements of The Baily Thomas Charitable Fund for the year ended 30 September 2017 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. 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, in accordance with the Charities Act 2011 and the regulations made under Section 154 of the Act. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statements set out on page 9, the Trustees are responsible for the preparation of the financial statements and for being satisfied they give a true and fair view.

We have been appointed as auditor under 144 (82) of the Charities Act 2011 and report in accordance with regulations made under 154 of the Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 charitable company'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' Annual 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 the financial statements

In our opinion

- I the financial statements give a true and fair view of the state of the charity's affairs as at 30 September 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- I the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- I the financial statements have been prepared in accordance with the Charities Act 2011.

INDEPENDENT AUDITORS' REPORT

to the Trustees of the The Baily Thomas Charitable Fund - A Registered Charity

Matters on which we are required to report by exception

- | the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- | the charitable company has not kept adequate accounting records; 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 the audit.

FKCA Limited
Statutory Auditors
Prospero House
46-48 Rothesay Road
Luton
LU1 1QZ

8 November 2017

The Baily Thomas Charitable Fund - A Registered Charity

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 30 September 2017

	Note	Unrestricted Fund 2017 £	Unrestricted Fund 2016 £
INCOME AND ENDOWMENTS from:			
Investment income	2a	1,615,298	1,533,232
Other income	2b	265,521	300,296
		<u>1,880,819</u>	<u>1,833,528</u>
Total income			
EXPENDITURE on:			
Cost of raising funds	3	33,876	27,282
Charitable activities	4	2,707,698	3,117,056
		<u>2,741,574</u>	<u>3,144,338</u>
Total expenditure			
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS			
		(860,755)	(1,310,810)
Net gains/(losses) on investments	7	3,896,668	4,785,208
		<u>3,035,913</u>	<u>3,474,398</u>
NET INCOME/(EXPENDITURE) AFTER GAINS AND LOSSES ON INVESTMENTS			
Other recognised gains and losses		-	-
		<u>3,035,913</u>	<u>3,474,398</u>
NET MOVEMENT IN FUNDS			
		3,035,913	3,474,398
TOTAL FUNDS BROUGHT FORWARD			
		89,287,424	85,813,026
TOTAL FUNDS CARRIED FORWARD			
		<u><u>92,323,337</u></u>	<u><u>89,287,424</u></u>

The Baily Thomas Charitable Fund - A Registered Charity

BALANCE SHEET

as at 30 September 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Investment assets	7	89,982,486	88,453,670
CURRENT ASSETS			
Debtors	8	227,360	246,940
Cash and cash equivalents	8	3,285,656	1,904,530
		3,513,016	2,151,470
LIABILITIES: amounts falling due within one year	9	(1,022,462)	(1,208,091)
NET CURRENT ASSETS		2,490,554	943,379
TOTAL ASSETS LESS CURRENT LIABILITIES		92,473,040	89,397,049
LIABILITIES: amounts falling due after one year	10	(149,703)	(109,625)
TOTAL ASSETS LESS CURRENT LIABILITIES		92,323,337	89,287,424
Representing:			
RESERVES AND FUNDS			
Unrestricted fund		92,323,337	89,287,424

Approved by the Trustees on:

6 November 2017

Date

and signed on their behalf by:

Suzanne Marriott

Trustee

The Baily Thomas Charitable Fund - A Registered Charity

STATEMENT OF CASHFLOWS

for the year ended 30 September 2017

	Note	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	13	(2,602,024)	(2,694,983)
Cash flows from investing activities:			
Investment income		1,615,298	1,533,232
Proceeds from sale of investments		58,126,343	1,500,000
Purchase of investments		(55,758,491)	(269,278)
Net cash provided by (used in) investing activities		3,983,150	2,763,954
Change in cash and cash equivalents in the year		1,381,126	68,971
Cash and cash equivalents at the beginning of the year		1,904,530	1,835,559
Cash and cash equivalents at the end of the year		3,285,656	1,904,530
Represented by:			
Cash held within the investment portfolio		-	1,502,385
Cash at bank		3,285,656	402,145
		3,285,656	1,904,530

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

1. ACCOUNTING POLICIES

The principal accounting policies adopted are as follows:

a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note to these financial statements. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Charity constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. With respect to the next reporting period, 2017-18, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees' annual report for more information).

b) Fund structure

The unrestricted income fund comprises funds which the Trustees are free to use for any purpose in furtherance of the charitable objects.

c) Income recognition

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held is included upon notification of the interest paid or payable. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Credit is taken in the accounts for income tax deducted from investment income which has or will be reclaimed from the H M Revenue & Customs.

Distributions from the Baily Thomas Provident Fund are accounted for when they are advised to the Charity. They are credited in the Statement of Financial Activities including recoverable income tax. The distribution included in 2017 is based on the accounts of the Provident Fund for the year ended 5 April 2017.

d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the Statement of Financial Activities. For more information on this allocation refer to note e) below.

Grants payable are payments made in furtherance of the charitable objectives of the charity. Provision is made for grants approved by the Trustees in the year. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Charity.

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

1. ACCOUNTING POLICIES - continued

e) Allocation of governance and other support costs

Governance and support costs have been allocated between charitable activities and governance based on the activity to which they relate. The allocation is analysed in note 5.

Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit of the Charity, legal and accountancy charges, together with an apportionment of overhead and support costs.

f) Cost of raising funds

The cost of generating funds comprises the investment consultancy charges.

g) Charitable activities

The expenditure on charitable activities comprises grants made in the year, governance costs and an apportionment of support costs as shown in note 5.

h) Fixed asset investments

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the Balance Sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

i) Cash and cash equivalents

Cash at bank and cash equivalents are held to meet short-term cash commitments as they fall due. The Charity defined its holding of BlackRock Institutional Liquidity Fund as a cash equivalent, highly liquid investment which could be called upon without notice. The Liquidity Fund seeks to maximise current income consistent with the preservation of principal and liquidity through the maintenance of a portfolio of high quality short-term "money market" instruments. The Blackrock Institutional Liquidity Fund was liquidated on 14 December 2016.

j) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

k) Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates and translation differences are taken to the Statement of Financial Activities.

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

2. INCOME AND ENDOWMENTS

a) Investment income	2017	2016
	£	£
Geographically:		
Within the UK	1,614,688	1,602,742
Outside the UK	-	5,139
	<hr/>	<hr/>
	1,614,688	1,607,881
Less: non recoverable and overseas tax	-	(75,741)
Interest on cash deposits	610	1,092
	<hr/>	<hr/>
	<u>1,615,298</u>	<u>1,533,232</u>

b) Other income

The Charity is entitled under the trust deed of the Baily Thomas Provident Fund to surplus income each year not applied for the benefit of former employees of Mansfield Brewery plc. The surplus income for the year was £162,833 (2016 £178,504) with tax reclaimable thereon of £102,688 (2016 £121,792).

The Charity also holds a reversionary interest in the capital of the Fund. At 5 April 2017 the accounts show the value of the Fund was £31,704,499 (2016 £34,077,180).

3. COST OF RAISING FUNDS

	2017	2016
	£	£
Investment consultancy charges	33,876	27,282
	<hr/>	<hr/>

Following the Trustees' change of investment objective from June 2011, the Charity holds units in funds and as such all fees are taken into account and reflected through the performance of the units. The total charges for the year attributable to the Charity are estimated at £655,378 (2016 £714,086).

4. ANALYSIS OF CHARITABLE ACTIVITIES

The Charity undertakes its charitable activities through grant making and awarded grants to a number of institutions in furtherance of its charitable objectives.

	2017	2016
	£	£
Grant funded activity	2,471,743	2,881,849
Support and governance costs		
- Charitable activities	157,580	165,841
- Governance	78,375	69,366
	<hr/>	<hr/>
	<u>2,707,698</u>	<u>3,117,056</u>

Grants refunded/withdrawn

The Trustees require Charities to return any money which they have not utilised for the purpose of their original appeal. Accordingly during the year 4 grants totalling £60,105 (2016, 4 grants £68,316) have been refunded and 5 grants totalling £44,000 (2016, 5 grants £33,500) have been withdrawn.

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

4. ANALYSIS OF CHARITABLE ACTIVITIES - continued

	Commitments B/F £	Grants awarded in the year £	Grants paid in the year £	Commitments C/F £
Grants of £20,000 and over				
Birkbeck College, University of London	-	81,918	-	81,918
Coventry University	-	77,975	46,183	31,792
Friends of Ysgol Maes Hyfryd	-	20,455	20,455	-
Grapevine Coventry and Warwickshire	-	20,000	20,000	-
Grove Park Charitable Trust	-	20,000	20,000	-
Liberty Consortium	-	20,000	20,000	-
Ochil Tower School	-	20,000	20,000	-
Prior's Court Foundation	-	50,000	20,000	30,000
PUSH	-	25,000	-	25,000
Puzzle Centre Trust Ltd	-	20,000	20,000	-
RAW Workshop	-	20,000	20,000	-
Reading Mencap	-	20,000	-	20,000
Rix-Thompson-Rothenberg Foundation	35,000	100,000	100,000	35,000
Rushcliffe Community and Voluntary Service	-	20,000	-	20,000
Tree of Hope	-	20,000	20,000	-
University College London	94,463	64,867	159,330	-
University of Birmingham	51,520	89,279	51,520	89,279
University of Bristol	28,121	96,721	96,721	28,121
University of Cambridge	-	84,421	-	84,421
University of Edinburgh	-	90,860	90,860	-
University of Glasgow	50,714	50,853	-	101,567
University of Sheffield	-	53,718	-	53,718
Us in a Bus	-	25,000	20,000	5,000
Voluntary and Community Services Peaks and Dales	-	25,000	-	25,000
Worthwhile Occupational and Recreational Krafts Limited (Work Ltd)	-	20,000	20,000	-
GRANTS of £20,000 and over	259,818	1,136,067	765,069	630,816
ALL OTHERS	1,048,619	1,439,781	1,912,729	575,671
TOTAL GRANTS	1,308,437	2,575,848	2,677,798	1,206,487
Grants refunded	-	(60,105)	(60,105)	-
Grants withdrawn	-	(44,000)	-	(44,000)
	1,308,437	2,471,743	2,617,693	1,162,487
Falling due in one year				1,012,784
Falling due after more than one year				149,703
				1,162,487

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

4. ANALYSIS OF CHARITABLE ACTIVITIES - continued

GRANTS BY CATEGORY	2017	2016
	£	£
Rix-Thompson-Rothenberg Foundation - grant making	100,000	70,000
Research projects	718,310	799,738
<u>Main grants programme</u>		
Major capital building/refurbishment costs	225,000	293,657
Other capital building/refurbishment costs	30,000	20,000
Major running costs/revenue costs	774,454	895,000
Other running costs/revenue costs	204,763	247,690
Equipment costs	139,814	79,000
<u>Small grants programme</u>		
Capital building/refurbishment costs	20,278	22,000
Running costs/revenue costs	316,979	485,830
Equipment costs	46,250	70,750
	2,575,848	2,983,665
	2,575,848	2,983,665

GRANTS BY VALUE

Value	2017		2016	
	Total value £	No. of grants	Total value £	No. of grants
£100 - £5,000	489,333	167	669,063	212
£5,001 - £10,000	548,082	59	621,508	67
£10,001 - £15,000	334,314	23	383,302	27
£15,001 - £25,000	363,507	18	278,657	14
£25,001 - £80,000	297,413	5	836,678	16
£80,001 - £100,000	543,199	6	194,457	2
	2,575,848	278	2,983,665	338
	2,575,848	278	2,983,665	338

All grants were made to institutions.

GRANT COMMITMENTS

The Trustees have also made further non-binding grant commitments to 5 future projects, the timing of which is unknown, totalling £50,000 (2016 £80,000).

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

5. ALLOCATION OF GOVERNANCE AND OTHER SUPPORT COSTS

Overhead and support costs were allocated between governance and charitable activities as detailed below:

Unrestricted Fund	2017		2016	
	Charitable	Governance	Charitable	Governance
	Activities		Activities	
	£	£	£	£
Audit fees	-	4,800	-	4,980
Legal and professional costs (inc. expenses)	-	55,176	-	55,514
Accountancy and administration (inc. expenses)	139,749	17,361	146,766	7,953
Employers' liability insurance	-	183	-	162
Trustees' indemnity insurance	-	693	-	688
Grant assessors' expenses	9,432	-	12,093	-
Trustees' expenses	1,474	-	614	-
Doctoral interviews	154	-	386	-
Bank charges	-	127	-	34
Website development and hosting	5,982	-	5,982	-
Information Commissioner	-	35	-	35
Sundry expenses	789	-	-	-
	<u>157,580</u>	<u>78,375</u>	<u>165,841</u>	<u>69,366</u>

6. TRUSTEES EXPENSES AND REMUNERATION

The Trustees sought advice from the Charity Commission regarding the payment of fees and expenses to the two Medical Trustees. On their recommendation the two Trustees may invoice the Fund for their time spent on evaluating research applications and also on the Charity's work and reclaim any out of pocket expenses incurred.

Expenses of £1,474 (2016 £614) were charged by two Trustees (2016 one) in the year ended 30 September 2017.

	2017	2016
	£	£
Travel	<u>1,474</u>	<u>614</u>

7. FIXED ASSET INVESTMENTS

	2017	2016
	£	£
Movement in fixed asset listed investments		
Market value at 30 September 2016	88,453,670	84,899,184
Less: sale proceeds	(58,126,343)	(1,500,000)
Add: acquisitions at cost	55,758,491	269,278
Net gains/(losses) on revaluation and disposal	3,896,668	4,785,208
	<u>89,982,486</u>	<u>88,453,670</u>
Market value at 30 September 2017	<u>89,982,486</u>	<u>88,453,670</u>
Historical cost of quoted investments at 30 September 2017	<u>77,591,866</u>	<u>70,405,783</u>

All investments are listed on a recognised stock exchange.

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

7. FIXED ASSET INVESTMENTS - continued

As at 30 September 2017, the market value of investments listed in the UK amounted to £89,982,486 with no investments listed overseas.

All holdings as at 30 September 2017 represented more than 5% of the total fund and comprised of the following:

	Market value 30/9/17 £	Historical value £
38,511,941.478 Artemis Institutional Equity Income Fund	34,125,431	22,165,866
24,352,372.583 Baillie Gifford Multi Asset Growth Fund	28,029,581	27,713,000
25,438,733.637 Pictet Multi Asset Portfolio	27,827,474	27,713,000

8. CURRENT ASSETS

	2017 £	2016 £
Debtors - Taxation reclaim	102,688	121,792
- Due from Provident Fund	112,833	113,505
- Prepayments	11,839	11,643
BlackRock Institutional Liquidity Fund	-	1,502,381
CAF Charity Money Management	3,285,656	402,145
Cash at Investment Managers	-	4
	<u>3,513,016</u>	<u>2,151,470</u>

9. LIABILITIES: amounts falling due within one year

	2017 £	2016 £
Accruals - Charles Russell Speechlys LLP	205	3,168
- Wilkins Kennedy	4,458	900
- Auditor's fees	4,800	4,800
- Accounting and taxation services	-	412
- Assessors expenses	180	-
- Information Commissioner	35	-
Grants	1,012,784	1,198,811
	<u>1,022,462</u>	<u>1,208,091</u>

10. LIABILITIES: amounts falling due after one year

	2017 £	2016 £
Grants	149,703	109,625
	<u>149,703</u>	<u>109,625</u>

The Baily Thomas Charitable Fund - A Registered Charity

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2017

11. RELATED PARTIES

Mrs Suzanne Marriott, a Trustee of the Fund, is a partner of Charles Russell Speechlys LLP. In the year ended 30 September 2017 legal costs of £35,856 (including reimbursed expenses of £168) were charged to the Charity by Charles Russell Speechlys LLP (2016 £39,314 including expenses of £276). Accrued fees of £205 were outstanding at the year end.

Mrs Marriott is also a Trustee/Governor of The Rix-Thompson-Rothenburg Foundation charity which received a grant of £100,000 from the Fund during the year (2016 £70,000).

Mr Kenneth Young, a Trustee of the Fund, is a partner of Wilkins Kennedy. In the year ended 30 September 2017 fees of £19,320 were charged to the Charity by Wilkins Kennedy (2016 £16,200). Accrued fees of £4,458 were outstanding at the year end.

12. VOLUNTEERS

The Charity does not receive any contributions from volunteers.

13. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net movement in funds (as per the Statement of Financial Activities)	3,035,913	3,474,398
(Gains)/losses on investments shown in investing activities	(3,896,668)	(4,785,208)
Deduct investment income shown in investing activities	(1,615,298)	(1,533,232)
(Increase)/decrease in debtors	19,580	78,279
Increase/(decrease) in creditors	(145,551)	70,780
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	<u>(2,602,024)</u>	<u>(2,694,983)</u>