

Commentary on the model Trustees' Annual Report and accounts: The Rosanna Grant Trust

This example is for an unincorporated grant-making trust constituted by a trust deed. It is a revision of the version we published in 2005 and we gratefully acknowledge the input of the Association of Charitable Foundations.

The Rosanna Grant Trust has unrestricted, restricted and endowment funds. It has an income of £1.3m and total net assets of £24.1m. The permanent endowment is invested under a power of total return. The Trust received a gift of expendable endowment in 2008 with restrictions as to how the income derived from it may be spent.

The Trustees' Annual Report

The annual report addresses matters in the same order as the SORP and includes the new public benefit reporting requirements. *The structure, governance and management* section now includes a reference to related party transactions and discusses how conflicts of interest are managed. The Institute of Chartered Secretaries and Administrators best practice guide 'Recruitment, Appointment and Induction of Charity Trustees', 2nd edition (available from ICSA at a price of £15) is also cited.

The *risk management* statement goes beyond the disclosure required by the SORP and includes additional information on the financial and operational risks faced. The *objectives and activities* section refers to the use of the Commission's public benefit guidance in shaping the Trust's aims and objectives. The *grant making policy* provides information on the nature of the grants made, the criteria applied and provides additional information about the process by which the grants are approved. The section on *achievements and performance* is framed from a public benefit viewpoint and reviews each activity in turn. Under the heading *monitoring achievement*, it concludes with performance information, in tabular form, which illustrates the actual achievement measured in the year and the preceding year against the plan.

A review of investment performance is included in the *investments section* within the *financial review section* of the report. The review of investments includes a reference to the Charity Commission granting a power of total return and contains the information and disclosure which is required by the Charity Commission Order made under section 26 of the Charities Act 1993. The application of the power of total return has implications for the level of reserves the trustees wish to hold and is explained in the *reserves policy* section. The *reserves policy* also separately considers the requirements of the scholarship programme funded from restricted funds, in accordance with Charity Commission guidance set out in our guidance *CC19 - Charities' Reserves*.

The section on *future plans* distinguishes between the broader strategic vision and specific plans for the following financial year.

The report concludes with a statement of trustees' responsibilities in relation to the financial statements which has been included in accordance with APB Audit Standards, although this statement is not a requirement of the SORP.

The accounts

The Statement of Financial Activities (SoFA) reports the main charitable activities undertaken separately from the governance costs of the charity. Investment management costs are charged against endowment and unrestricted funds (SORP 2005 paragraph 187). Note the gross transfer between funds where the power of total return is being exercised and the reconciliation in note 9 (SORP paragraph 75e).

Note that the grant awards for research posts (note 7) are reviewed annually and are subject to the condition of a progress report with each subsequent grant wholly dependent upon demonstrating satisfactory performance. Since the trustees have the requisite expert knowledge to perform each assessment and determine whether the condition has been met, a liability is only recognised for the grant paid in year (SORP paragraph 159). Had there been no condition or the condition was outside of the control of the trustees, a liability would have had to have been accrued for future salary payments in subsequent years using reasonable assumptions, for example average academic tenure.

Governance costs are disclosed in note 5 and support costs and the allocation of supports costs is analysed in notes 5 and 6.

On the face of the balance sheet, the types of fund are disclosed and the provisions for liabilities and charges are separately shown.

The resources expended on grants shown in the SoFA include both liabilities (SORP paragraph 148) and provisions for grant commitments (SORP paragraphs 321 and 328) with the grant commitments analysed in notes 15. The liabilities for years 2 and 3 of the multi-year PhD students included in the accounts reflect an annual review process routinely determined by factors outside of the trustees' control (SORP paragraph 159).

A contingent liability is disclosed concerning a planned future grant (note 16), where a liability has not been accrued (SORP paragraph 161) and recognition of a possible obligation is contingent on the occurrence of one or more uncertain future events not wholly within the charity's control.



The Rosanna Grant Trust

Report and Financial Statements

Year ended: 30th September 2009

Charity no: 987654

Reference and administrative information

Trustees

M Hope, Chair of Trustees

N Jones, Treasurer (reappointed 1/9/2009)

Professor O Jones, Chair of Scientific Sub Committee (appointed 1/9/2009)

Professor E Brown, Chair of Scientific Sub Committee (resigned 1/7/2009)

P Murphy, Chair of Scholarship Sub Committee

Q Rose

R Revel

S Bellingham (reappointed 1/9/2009)

Chief Executive

A N Executive

Principal Office

One Office, Office Street, London, SE2 3LA

Charity Number: 987654

Auditors

A Charity Auditor, London, EC2V 7JB

Bankers

ABC Bank, 40 Finsbury Square, London, EC4 4JC

Solicitors

A Charity Solicitor, London, W1 3PQ

Investment Managers

The Investment Group, 45 Finsbury Square, London, EC4 4JB

Report of the trustees for the year ended 30th September 2009

The trustees present their annual report and financial statements of the charity for the year ended 30th September 2009. 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 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities published in 2005.

Structure, governance and management

The Trust is a registered charity, number 987654, and is constituted under a trust deed dated 17 May 1964. The Trust was established by an initial gift from Sir Christopher Grant in 1964 following the death of his beloved wife, Lady Rosanna Grant, from complications associated with Alzheimer's disease. Over the years the Grant family has made substantial gifts to the charity and the legacy of the Rosanna Grant Trust is a lasting tribute to Sir Christopher and Lady Grant. The Trust does not actively fundraise and seeks to continue the charitable work desired by the donor through the careful stewardship of its existing resources.

New trustees are appointed by the existing trustees and serve for five years after which they may put themselves forward for re-appointment. The Trust Deed provides for a minimum of 3 trustees, to a maximum of 9 trustees, with no more than 3 trustees due for re-appointment in any one year.

At the quarterly trustees' meetings, the trustees agree the broad strategy and areas of activity for the Trust, including consideration of grant making, investment, reserves and risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the relevant sub committee is delegated to the Chief Executive and the Administrator.

Assisting the trustees, the Scientific and Scholarship Sub Committees meet at least quarterly, prior to the main trustees' meeting, to consider new grant applications fulfilling the relevant criteria and make recommendations for funding. The Sub Committees also consider the monitoring information concerning the performance of grants to date, and make recommendations to the trustees concerning the extension, cessation or suspension of existing grant approvals. The Sub Committees have the power to co-opt academic experts as scientific or educational advisers.

The trustees are particularly grateful to Paula Murphy for chairing the Scholarship Sub Committee and to Professor Osborne Jones for agreeing, on a temporary basis, to assume the role of chairing the Scientific Sub Committee following the resignation of Professor Emilius Brown who has left the UK to take up a prestigious role at an American research institution. Following the recommendation of the Nomination Sub Committee, the trustees were hoping to confirm the appointment of Professor Johannes Brown as a new trustee and permanent chair of the Scientific Sub Committee. Professor Brown is eminent in his field, with particular knowledge of genome research and the genetic susceptibility to dementia. However the completion of his research work in Stockholm has delayed his arrival to the UK.

The trustees formally approved arrangements complying with the ICSA guide 'Recruitment, Appointment and Induction of Charity Trustees' and now convene the Nominations Sub Committee on a regular basis both to recruit new trustee(s) for their experience, empathy and knowledge of the charity and to keep the skills and composition of the trustee body and succession planning under review. The trustees have also developed a code of conduct for trustees including formal statements of role and responsibilities and provision for trustee training. New trustees may be sought by open advertisement or through a dialogue with major grant recipients and medical research institutions. Respecting the ethos of the Trust to continue the charitable work intended by the donor, the views of the Grant family, who remain generous donors, sponsors and advocates for the charity, are also taken into account when appointing from the shortlist drawn up by the Nominations Sub Committee. The ultimate decision on selection is a matter for the trustees.

On appointment new trustees sign a model trustee declaration statement committing them to giving of their time and expertise. The induction process has been changed to follow the ICSA good practice guide with a formal induction programme for any newly appointed trustee which includes an initial meeting with the Chair and the trustees, followed by a series of short meetings with the Chief Executive on investments, the grant making process, powers and responsibilities of the trustee board and the sub committees. The welcome pack includes a brief history of the Trust, copy trustee board and sub committee minutes, a copy of the last three years' of annual reports and accounts, a copy of the governing trust deed and a copy of the Charity Commission's guidance 'The Essential Trustee: What You Need to Know' and 'Charities and Public Benefit'.

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 note 2 to the accounts. Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises. Neither the Trust nor any of the trustees have interests with the pharmaceutical industry but any such interests would be disclosed.

The Trust is a member of the Association of Charitable Foundations (ACF). The ACF provides much helpful information on good practice, changes in the law affecting charities and acts as an authoritative lobby on behalf of the charitable foundations with the government and regulators.

Risk management

The trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

The trustees consider variability of investment returns on the permanent endowment to constitute the charity's major financial risk and recent extreme volatility in world stock markets has demonstrated this risk. The trustees manage the permanent endowment on a total return basis, having obtained an Order from the Charity Commission, allowing them to use a total return approach in relation to these investments. The trustees consider that the use of a total return approach will stabilise the resources available for grant making, thereby facilitating longer term grants and a more stable number of scholarship awards but the trustees also take account of the outlook for investment returns and keep the level of awards under review.

Our major operational risk is the extent to which the research and the student grant awards successfully advance knowledge and practice to the benefit of those suffering from Alzheimer's disease and related conditions. The trustees manage this risk by retaining trustees of sufficient skill and expertise to chair our Scientific and Scholarship Sub Committees and through the quality of the institutions and people who we support. A secondary mechanism of reporting and review assists us and those we support in keeping track of how research and knowledge is developing. This review process retains our focus on the public benefit derived from our funding of their work.

Objectives and activities for the public benefit

The objects of the Trust are the promotion of education and research into the study and cure of Alzheimer's disease and related conditions through making grants to appropriate institutions and individuals. 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 carries out these objects by:

funding research and teaching related to the treatment, cure and nursing of Alzheimer's disease and related conditions. The research funded is both pure research and, under the heading of innovation, applied research with the objective of ending this tragic degenerative disease and improving the lives of sufferers and their families. The Trust funds the salaries of professors and lecturers where their role includes research activity that will further the objects of the charity;

financing scholarships to individuals undertaking postgraduate research, normally at PhD or MD but exceptionally at Masters level, where the student's area of interest furthers the objects of the charity; and

providing grants to projects that seek to provide innovations in care as a form of applied research.

By focussing on these areas we achieve our strategic priorities of maintaining a stable scholarship programme and continuing to fund research. In 2008 the trustees decided to continue the innovation grant made to further the social care aspect of applied research with a view to improving the emotional and physical well-being of sufferers and relatives now, whilst the research effort is ongoing for a cure.

The Trust carries out this programme through partnerships with institutions, in particular, the Trust has concentrated on developing the existing partnerships with the Universities of Slough and Taunton and the Wakefield Institute of Technology.

The CG Scholarships Fund was established by gift in 2005, following a supplementary gift from the Grant family. The trustees have the power to spend or retain both capital and income and so the fund is classed as expendable endowment. The fund's objects are to provide institutions with grants to fund scholarships for postgraduate students having a specific research interest in Alzheimer's disease and related conditions. Institutions may use the whole grant in one year (perhaps to fund two students) or may carry all or part of the grant forward to another year. The trustees made three awards of these one-off grants in the year to the University of Taunton.

Grant making policy

The Trust has established its grant making policy to achieve its objects for the public benefit to improve the lives of sufferers with Alzheimer's disease and related conditions now, and to seek a permanent cure in the future. Alzheimer's affects men and women of all races, stripping the sufferer of their capacity for independent life and their dignity. Onset can be as early in a person's 50s but the condition normally affects people as they age, often manifesting in those aged 60 or 70 or over. We review the grant making policy annually to ensure that it reflects the charity's objects and thereby advances public benefit.

The beneficiaries of our grant making programme are ultimately Alzheimer's sufferers and those at risk of developing this disease in the future. Currently it is believed that about 24.3 million people world-wide have Alzheimer's disease. Research reported in The Lancet medical journal for Alzheimer's Disease International (ADI) believes that by 2020 42.3 million will have dementia and by 2040, 81.1 million people; that is a doubling of today's figures. Developments in the care and treatment of sufferers also has the potential to relieve the huge burden of care often faced by the families of sufferers. Our research and educational programmes funds students, researchers, and research institutions and healthcare bodies who use these funds in their work to improve the lives of sufferers from Alzheimer's disease and related conditions, and their carers by developing therapies, potential medications and improvements in the personal care of sufferers. Any benefit received by researchers, and research institutions and healthcare bodies is purely incidental to the objects of our work.

The Trust invites applications for research grants and applied research ('innovation') grants from institutions by advertising in the specialist press. Eligibility is restricted to applicants having an expertise in the field in order to ensure high quality results for Alzheimer's sufferers. Institutional applicants submit a summary of their proposals to the trustees in a specific format, together with outline ethics approval. The Trust is a member of the Association of Medical Research Charities and follows best practice in maintaining the independence of research funding and ensuring that sponsored researchers and research institutions abide by best practice in research ethics and animal testing; our aim is to maximise the efficacy of the research programme whilst minimising the likelihood of harm to research volunteers and animals. Applications made in the correct format are reviewed against the scientific research criteria established by the Scientific Sub Committee and the research objectives. In 2006 the trustees approved the first innovation grant for applied research and have decided to make this research strand a permanent strand of grant making following a review of grant effectiveness in 2008.

Research posts are funded on an annual basis to undertake an agreed programme of research and continuation of the grants is subject to the annual assessment of the Scientific Sub Committee. Grant recipients file an annual progress report in the summer and they may also be occasionally required to appear before the Scientific Sub Committee to answer questions upon scientific

progress or direction. The findings and recommendations of the Scientific Sub Committee are reported to the trustees in late August and a renewal of funding, which is solely at the discretion of the Trust, is notified in early September. Grants are only continued where the applicant remains in post and are automatically terminated in the event that the named applicant leaves the research institution. In all cases, continuation of funding is subject to the research undertaken being in the interests of the Trust and a progress assessment that is satisfactory.

The Trust offers scholarships to fund postgraduate research by individuals from any part of the world who hold an offer of admission for full-time PhD or a master's degree studies programme at a UK University with a research or teaching focus on Alzheimer's disease and related conditions. Applicants must complete a standard form and provide a research proposal agreed with their University. In certain cases candidates are invited to interview by the Scholarship Sub Committee. Academic ability and research potential are the primary determinants of the awards and other factors such as nationality, ethnicity, gender, age, disability, sexual orientation and religion will not be taken into account. Financial circumstances will be relevant only in determining the amount of an award which can be made.

Progress towards a PhD is monitored every 6 months and reported by the student's host institution. Although each grant is made for a maximum of 12 months, there is a facility for renewal for a maximum of 4 years, for those in full time study, and 6 years, for those in part time study. The Scholarship Sub Committee receives the progress reports and makes recommendations each July to the trustees concerning the continuation of student grants. Although the Scholarship Sub Committee has discretion to consider a student's progress independently of the progress report and hear appeals from students for continued funding, the evidence of progress provided by the host institution is normally accepted. An additional condition of each student grant is that a copy of the final report on each piece of research is made publicly available by the recipient institution or of the institution making the educational award.

Grants from the CG Scholarship Fund may be made to any institution worldwide undertaking relevant research. Any recipient institution must have a proven track record of Alzheimer's research and have suitable application and monitoring procedures for students. The trustees' policy is to make two or three large, single year or multi-year grants a year from this fund rather than many smaller ones. The criteria for awards are agreed with the University who are then responsible for the administration of awards. Academic ability and research potential are again the primary determinants of the awards although the University may take into account the financial circumstances of an applicant where a student meeting the academic and research criteria would otherwise be unable to undertake a course of study or research.

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

How our grant and research programmes delivered public benefit:

A review of our achievements and performance

The benefits of the Trust's work are the education of future researchers, the dissemination of research findings, the development of new therapies and the funding of on-going research with the goal being to assist sufferers, their carers and families. The trustees are pleased that the achievements and performance of the Trust, as set out below, demonstrate concrete progress.

a) Research posts

The Trust continues to fund two research posts, one at the University of Slough and one at the Wakefield Institute of Technology. The funding of posts which combine educational roles with an explicit interest in Alzheimer's disease research is a cornerstone of the Trust's long term philosophy of raising awareness and knowledge. The Trust is pleased to continue these important collaborations.

University of Slough - The Alzheimer's Drug Therapy Initiative is a phased research project to address a gap in clinical knowledge in the use of 'inhibitor' drug therapies for Alzheimer's patients. This research which receives no funding from pharmaceutical companies is now in its second phase studying the longer term effectiveness of these medications. This research will help clarify who may benefit from treatment and will provide resource data not otherwise available to clinicians. Initial findings which have been published indicate an improvement or stabilisation of cognitive, functional and behavioural abilities of some patients where therapies commenced at mild to moderate stages of the disease. These studies are already providing vital information to clinicians about the ability of drug therapy to slow the progression of this disease in the longer term.

Wakefield Institute of Technology - The changes to the brain that cause Alzheimer's disease begin many years before the development of the symptoms that currently lead to diagnosis. The ability to detect the earliest signs that someone may develop Alzheimer would enable treatments to commence at an earlier stage before there has been extensive brain damage. The nature of this research is long term and will involve evaluation of clinical symptoms such as memory and personality changes and genetic factors of a volunteer group. The planning stage for this research has now been completed and the volunteer and control groups are in place. The short term goal will be to determine whether adult children of parents with Alzheimer's display more potential indicators than a control group. The longer term aim is to contribute to the development of tests that clinicians can use to assess the risks of developing Alzheimer's and enable early treatments that may be able to halt the development of the disease.

b) The innovation programme

This programme of applied research begun in 2006 broadened the Trust's approach to include research into the care of Alzheimer sufferers and the practical support that can be provided to help their carers. The funding of the Wakefield Institute of Technology's community outreach programme will enable the Institute to evaluate the impact of Alzheimer's disease on family and carers, and to evaluate the pre admission of sufferers to a nursing home or hospital in-patient facility. The research aims to identify best practice and to apply it in the community setting to relieve the burden on carers and permit a sufferer to remain longer with their family. The programme is showing that the use of home aids, emergency call alarms, and deployment of occupational health and district nursing services effectively and the use of music and aromatherapy all provide demonstrable benefit to sufferers and their carers. Following the early success of the programme, the trustees approved the renewal of the programme for a further year, with the option of an additional extension subject to the satisfactory conclusion of negotiations with the Institute of this initial one year grant extension. This grant has been extended for a further year with up to a further 2 years to be considered.

Our commitment to publicly disseminate the outcomes of the innovation research and by inclusion in the National Strategic Partnership Forum and local partnership working with NHS Primary Care Trusts since 2007, we aim to ensure that access is available to all to the practical results of our the work we fund, irrespective of nationality, gender, and personal means, so that the research findings impact on the lives of sufferers on their families.

c) Student grant awards

Our support of research degrees is a key element of our educational strategy of enhancing clinical, care and research expertise. The research undertaken contributes to the understanding of the causes of Alzheimer's disease, effective treatments and ensuring the best possible care for sufferers.

The year proved very successful in terms of the number of grants and amount of funds awarded. The standard of applications was consistently high and the internet based advice and application process has reduced the number of poor quality or inappropriate applications. The trustees were pleased to see a continued high quality of applications, with 19 new PhD and masters scholarships awarded from 30 applications (63%). This approval rate has remained stable at between 60% and 70% since 2006. The trustees are pleased to note that the vast majority of PhD students successfully obtain clinical or research fellow posts and on average obtain their PhD in under 4 years. During the year 15 PhD's and 8 master students funded by the Trust completed their studies. In total over 70 academic papers on Alzheimer's related topics were published around 70% of which resulted in significant advances in research or treatment of the condition.

The number of grants cancelled or recovered continues to be a small proportion of the funds awarded with £18,000 of grants cancelled or recovered in 2009 (£10,000 in 2008), largely due to students dropping out in the first few months or not taking up their PhD or masters place.

d) CG scholarship awards

Three grants were made from the CG Scholarships Fund to the University of Taunton to provide funding for institutional bursaries for students at the University to undertake relevant research. The University demonstrated to the Scientific Sub Committee both a proven track record of Alzheimer's research and the capacity to identify, select and monitor students undertaking Alzheimer's disease research. A planned grant to the Higher College de Brugges for institutional bursaries for genome research was unable to proceed and negotiations have been protracted since 2006. The trustees hope that this award will be made in 2010. It remains the trustees' policy to make two or three large, single year or multi-year grants a year from the CG scholarship fund rather than many smaller ones.

Monitoring achievement

The success of the postgraduate programme is evaluated using the percentage of successful PhD applications, the number and average duration of successful PhD students' studies and the number of academic papers accepted for publication from those supported by the Trust. Any increase in the percentage of PhD students not completing their studies successfully would initially be addressed through dialogue with the University department overseeing the postgraduate studies to understand the situation and then consider the way forward with that institution.

Pure and applied research is assessed by the completion of approved research projects within the planned timescale for the project and the number of research projects for which the findings have been published in reputable peer reviewed journals. The outcome of the research is also assessed by the identification of the changes or improvements to clinical or care practices stemming from the research and is published annually. The long term timescale of seeing initial research ideas progress to changes in practice or therapies can be very lengthy and so the trustees look for timely and appropriate reporting tailored to the nature of the research and its likely outcomes. Each annual report is an opportunity to take stock of how far each research project has progressed and acts more as snapshot celebrating the journey and occasionally a final outcome rather than a full synopsis of achievement. For a fuller review of all our research and the full story from the beginning for each of our funded research programmes review our publication - 'Outcomes of research' which can be downloaded at:

www.Rosanna.org/research/outcome/info.html

Our key performance indicators are summarised in the table below.

Outcome 2009	Target 2009	Outcome 2008	Target 2008
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Postgraduate scholarships percentage successful applications	63%	70%	61%	70%
Trust funded postgraduate scholarships completed	23	20	18	20
Postgraduate scholarships Average duration of PhD	3 years 10 months	3 years	4 years 1 month	3 years
Number of academic papers accepted from postgraduate scholarship students	26	20	22	20
Number of research projects published	4	3	2	3
Percentage of research projects publishing within 2 years of completion	100%	100%	66%	100%

The performance of the CG Scholarships Fund grants and the applied research programme are monitored using reports from the institutions concerned. Feedback influences whether or not further grants will be given to that institution.

Financial review

The Trust's work is entirely reliant on income and investment returns from its endowments. The permanent endowment (the Sir Christopher Grant Bequest) is invested on a total return basis. Its value suffered significantly from the economic downturn and reported a negative total return of £1,373,000 in the year as a result of capital losses of £2,151,000 exceeding the income generated by the fund of £778,000. Nevertheless, the trustees transferred a total of £980,000 from the unapplied return of the endowment fund to support the research and student grant programme in accordance with our existing policy of maintaining grant funding at 2006 levels.

The expendable endowment (CG Scholarships Fund) also suffered from market conditions and fund incurred capital losses of £650,000. The fund generated investment income of £502,000 to support the CG scholarship awards.

Of the £1,040,000 paid in grants, £798,000 of grant funding was awarded to individual students and academic Institutions to fund postgraduate studies. Exceptionally a one-off cost of £40,000 was incurred in consultancy costs and related training for our trustees to assist them in developing and implementing the revised governance and recruitment arrangements.

Investment policy and performance

Following approval by the Charity Commission the Trust's investment strategy is a total return approach to the investment of the permanent endowment.

In accordance with the terms of the Order, the trustees confirm that:

in identifying the value of the portion of the permanent endowment that represented unapplied total return, the trustees first identified the value of the initial founding gift in 1964 and any subsequent gifts of permanent endowment up until the 15th January 2006; and

when determining the amount of unapplied total return to transfer to income the trustees have considered the amount of income required to maintain the current level of charitable activity, the likely benefits to future generations of the research programme, and the likely needs of future beneficiaries; and

when reaching their decision as to the unapplied total return to transfer to income, the trustees have taken professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

Our investment advisors (The Investment Group) are instructed to invest to maximise the total return on permanent endowment funds within the constraints of a medium to low risk investment portfolio. The expendable endowment since 2007 has been managed as medium risk portfolio with a bias towards higher income yielding stock.

The trustees have established an interim policy for withdrawal of funds from the unapplied total return fund which aims to maintain the real value of the permanent endowment in the medium term (5 years), as measured against movements in the retail price index, and to maintain the level of grants within $\pm 10\%$ of the 2005/6 funding level of £1.1m. The continued sustainability of this approach will be reviewed once the stock market and investment conditions are more settled and the components of the investment portfolio have stabilised.

The extreme stock market volatility experienced and the continuing uncertainty regarding the stability of certain banks has made the management of investments especially difficult. Following investment advice, the trustees agreed to temporarily increase the proportion of investments held in cash or on 7 day notice to provide flexibility in the timing of any reinvesting in equities, whilst reducing exposure to further capital losses. However the charity is a long-term investor and stock markets remain above levels seen in the mid 1980s and the trustees, on professional advice, remain of the view that a mixed portfolio of equities, bonds, cash and other investments, weighted according to the appetite for investment risk, remains appropriate.

The total return on all investments, before fees, for 2009 was -6.0% (4.6% in 2008) against a target return of 8.5% (capital growth with dividends and yield reinvested). This compares with the FTSE All-Share Index benchmark of -18.36%.

Reserves policy

The trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately three months of unrestricted charitable expenditure. The trustees consider that this level will provide sufficient funds to respond to applications for grants and ensure that there are sufficient funds available to cover support and governance costs. The trustees consider that a level of 3 months is sufficient given the flexibility afforded by the total return approach towards the investment of the permanent endowment which allows trustees to transfer amounts from the unapplied total element of the endowment fund in the case of urgent need.

The balance held as unrestricted funds at 30 September was £304,000, of which £288,000 are regarded as free reserves, against an actual 3 month spend of £236,000. The current level of reserves is therefore higher than is needed and this will be adjusted by reducing the amount released from the unapplied total return fund in 2010.

The trustees consider the reserve requirements of the restricted CG Scholarships Fund separately. The income from the restricted CG Scholarships Fund is generated from the gift of expendable endowment. The trustees consider this fund to be primarily an investment fund held to generate income and to ensure the stability of the specific grant making programme funded by it. To ensure stability in the grant making programme a separate restricted reserve equivalent to 12 months expenditure is held. The funds retained at 30 September were £226,000 against an annual spend of £297,000. The CG Scholarships Fund is also subject to a contingent grant commitment of £200,000 reflecting the ongoing dialogue with the Higher College de Brugges, details of which are disclosed in note 16 to the accounts. The trustees intend to maintain the planned level of grants made, including commitments, by spending a portion of the expendable endowment in 2010 if needed.

Plans for the future

The Rosanna Grant Trust is a lasting testimony to the generosity and charitable concerns of the donors, the Grant Family. In cementing the partnerships already in place, the PhD and educational and research programmes, we provide a longer term commitment and thereby encourage the long-term research and study which promise a cure for tomorrow.

Cementing partnerships with strategic alliances

The trustees are mindful of the potential devastating impact of Alzheimer's disease on an ageing population in the UK and the developed world. The Trust is looking to deepen its strategic alliances with research institutions and charities within the UK and overseas to accelerating the pace of research and the development of medical technologies to arrest or avert the devastating impacts of this crippling disease for the public benefit.

To assist the sufferers of today, the trustees anticipate expanding the innovation programme. Following a successful submission to the Department of Health the Trust has been included in the National Strategic Partnership Forum and has been involved in local partnership working with NHS Primary Care Trusts since 2007. This involvement broadens the impact of the innovation programme of applied research for the benefit of sufferers and their relatives. The Trust is also closely involved with Warbuton PCT's pioneering plans for 'care leaders' for Alzheimer's patients and a pilot scheme is to be launched in 2010. 'Care leaders' are individual GPs, practice nurses or allied professionals who co-ordinate the care package with the sufferer and carers. This initiative seeks to maximise the time a sufferer is at home and also facilitates the return of a sufferer from care facilities in their final days to die in dignity at home. Our research indicates that bereavement is less traumatic for close family when the sufferer dies in the familiar surroundings of their home.

The trustees are looking to broaden the postgraduate scholarship programme and to extend their strategic research funding alliance with the ADSRC Charity, which shares our aims. This will provide opportunities for the pooling knowledge and expertise and maximising the effectiveness of research effort. This will involve a broader collaboration into researching the benefits of complimentary therapy for symptomatic relief for sufferers and stress studies on carers and to see how the stress of caring can be reduced. This initiative will build on the success of the initial joint funding of research by the Slough University on the use drug therapy.

Grant awards

In the next 12 months, the trustees anticipate:

An increase in PhD awards subject to a favourable investment climate.

The continuation of the innovation grant project with Wakefield Institute of Technology.

The potential for a CG Scholarship award in support of the genome project, based at the Higher College de Brugges, and the continuation of the CG Scholarships programme.

Continuation of the funding for the current research posts and consideration to funding an additional 2 posts subject to investment returns becoming more favourable.

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the trustee(s) 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 of the Charities SORP
make judgements and estimates that are reasonable and prudent;
state whether applicable accounting standards have been followed, subject to any
departures disclosed and explained in the financial statements; and;
prepare the financial statements on the going concern basis unless it is inappropriate to
presume that the charity will continue in business.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and enable them to ascertain to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the 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. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website.

Approved by the trustees on 12th January 2010 and signed on their behalf by:

M Hope

M HOPE CHAIR of TRUSTEES

The Rosanna Grant Trust
Statement of Financial Activities
for the year ending 30 September 2009

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2009 £'000	Total Funds 2008 £'000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income:						
Gift of expendable endowment		-	-	-	-	461
Investment income	3	34	502	778	1,314	1,360
Total incoming resources		34	502	778	1,314	1,821
Resources expended						
<i>Costs of generating funds:</i>						
Investment management costs	4	2	-	124	126	120
<i>Charitable activities:</i>						
Research	6	125	-	-	125	115
Education		589	297	-	886	659
Innovation		139	-	-	139	-
Cost of grant making		853	297	-	1150	774
Governance costs	8	90	-	-	90	43
Total resources expended		945	297	124	1366	937
Net (outgoing) incoming resources before transfers		(911)	205	654	(52)	884
Transfers						
Gross transfers between funds	9	980	-	(980)	-	-
Net (outgoing) incoming resources before other recognised gains and losses		69	205	(326)	(52)	884
Other recognised gains and losses:						
Realised and unrealised (losses) on investment assets	13	(115)	-	(2,801)	(2,916)	(103)
Net Movement in funds		(46)	205	(3,127)	(2,968)	781
<i>Reconciliation of Funds</i>						
Total Funds brought forward		350	21	26,664	27,035	26,254
Total Funds brought carried forward		304	226	23,537	24,067	27,035

The Rosanna Grant Trust
Balance Sheet as at 30 September 2009

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000	Prior Year £'000
Fixed assets:						
Tangible assets	12	16	-	-	16	17
Investments	13	400	-	23,186	23,586	26,629
Total Fixed Assets		416	-	23,186	23,602	26,646
Current assets:						
Debtors	14	38	14	17	69	42
Cash at bank and in hand		453	212	334	999	898
Total Current Assets		491	226	351	1,068	940
Liabilities:						
Creditors falling due within one year	15	393	-	-	393	367
Net Current assets		98	226	351	675	573
Total assets less current liabilities		514	226	23,537	24,277	27,219
Creditors: Amounts falling due after more than one year	15	210	-	-	210	184
Net assets		304	226	23,537	24,067	27,035
The funds of the charity:						
Endowment funds	17					
Permanent endowment		-	-	17,774	17,774	20,223
Expendable endowment		-	-	5,763	5,763	6,441
Restricted income funds		-	226	-	226	21
Unrestricted income funds		304	-	-	304	350
Total charity funds		304	226	23,537	24,067	27,035

The notes at pages 16 to 24 form part of these accounts

Approved by the trustees on 12th January 2010 and signed on their behalf by:

M Hope

M HOPE CHAIR of TRUSTEES

Notes to the accounts

1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception that investments are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Charities Act 1993.

(b) Funds structure

The charity has a single permanent endowment. The Sir Christopher Grant Bequest provides for the trustees to invest the capital in perpetuity and is managed on a total return basis. The trustees at their discretion may allocate any part of the unapplied total return to the general purposes of the Trust, namely to promote education and research into the study and cure of Alzheimer's Disease and related conditions through making grants to appropriate institutions and individuals.

There is also an expendable endowment fund, the CG Scholarship Fund, created by a gift from the Grant family. The income of this trust is restricted to providing grants to institutions to allow them to provide scholarships to postgraduate students carrying out research into Alzheimer's disease. The terms of the endowment allow the capital of the fund to be spent if the trustees so determine.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed. There is a single restricted fund, the CG Scholarship Income Fund, restricted to providing grants to institutions to allow them to provide scholarships to postgraduate students carrying out research into Alzheimer's disease.

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Further details of each fund are disclosed in note 17.

(c) Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

(d) Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

(e) Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

(f) Allocation of overhead and support costs

Overhead and support costs have been allocated first between charitable activity and governance. Overhead and support costs relating to Charitable Activities have been apportioned based on the number of individual grant awards made in recognition that the administrative costs of awarding, monitoring and assessing research grants, salary support grants and postgraduate scholarships are broadly equivalent. The allocation of overhead and support costs is analysed in note 5.

(g) Costs of generating funds

The costs of generating funds consist of investment management and certain legal fees.

(h) Charitable activities

Costs of charitable activities include grants made and an apportionment of overhead and support costs as shown in note 6.

(i) Governance costs

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 statutory audit and legal fees together with an apportionment of overhead and support costs.

(j) Tangible fixed assets and depreciation

All assets costing more than £1000 are capitalised and valued at historic cost.

Depreciation is charged on furniture and equipment which is written off on a straight-line basis over their estimated useful life of four years.

(k) Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

(l) 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 opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

(m) Pensions

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. The charity contribution is restricted to the contributions disclosed in note 10. There were no outstanding contributions at the year end.

(n) Contingent Liabilities and Provisions

In accordance with the SORP, a contingent liability is disclosed for those grants, which do not represent liabilities, where the possible obligation, which arises from past events, will only be confirmed by the occurrence of one or more uncertain future events not wholly within the trustees'

control. Provisions are recognised for those grants where there is uncertainty as to the timing or amount, and any uncertainty regarding the amount is more than one of determining a basis for reasonable estimation of the liability arising from that constructive obligation

2. Related party transactions and trustees' remuneration

Trustees received no emoluments (2008 £nil). Expenses in the year totalled £982 (2008 £875) with 6 trustees reimbursed travel expenses of £475 (2008 £455) and seminar and conference related travel expenses for 2 trustees of £507 (2008 £420).

Professor Osborne Jones is also a member of the governing body of the University of Slough and the spouse of the Head of Faculty for Medical and Natural Sciences, University of Slough, which was in receipt of a grant for £58,000 to fund a higher education research and teaching post (note 7). Professor Jones played no part in the application for funding and withdrew from both the Scientific Sub Committee, when the assessment of the application was made, and the trustees' meeting, when the grant approval was given.

In the year, the award of a PhD grant was approved for Hermione Murphy, the daughter of Paula Murphy, Chair of the Scholarship Sub Committee. Applications for a PhD are approved purely on merit and Paula Murphy withdrew from both the Scholarship Sub Committee, when the assessment of the grant application was made, and the trustees' meeting at which the grant was approved. The student grant awarded in 2009 was £8550 relating to the final year of her doctorate studies.

3. Investment income

	2009	2008
	£'000	£'000
Dividends-UK equities	588	770
Interest-UK fixed interest securities	493	556
Interest on cash deposits	233	34
	1,314	1,360

4. Investment management costs

	2009	2008
	£'000	£'000
Legal fees	6	5
Investment management fees	120	115
	126	120

5. Allocation of support costs and overheads

The breakdown of support costs and how these were allocated between Governance and Charitable Activities is shown in the table below:

Cost type	Total allocated £'000	Governance £'000	Charitable activities £000	Basis of apportionment
Staff costs	74	11	63	Staff time
Office rental and costs	29	4	25	Staff time
Computer costs	23	6	17	Software cost and usage
Depreciation	6	1	5	Staff time
Total	132	22	110	

The total support cost attributable to charitable activities is then apportioned pro rata to the number of grants awarded as shown in the table below.

Total costs	£'000
Research	15
Education: PhD awards	81
CG Postgraduate scholarships	7
Innovation	7
Total allocated	110

6. Analysis of charitable expenditure

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

	Grant funded activity £'000	Support costs £'000	Total £'000	Total 2008 £'000
Research	110	15	125	115
Education:				
▪ PhD awards	508	81	589	659
▪ CG Scholarships fund: Postgraduate scholarships	290	7	297	-
Innovation	132	7	139	-
Total	1,040	110	1,150	774

7. Analysis of grants

	Grants to institutions £'000	Grants to individuals £'000
Research posts	110	-
Education:		
▪ PhD awards	-	508
▪ Postgraduate scholarships	290	-
Innovation	132	-
Total	532	508

Recipients of institutional grant(s):

	Total £'000
To fund higher education research and teaching post: University of Slough	58
To fund higher education research teaching post: Wakefield Institute of Technology	52
Postgraduate Scholarship funds made to University of Taunton	290
To fund community social care project: Wakefield Institute of Technology	132
Total	532

8. Analysis of governance costs

	2009 £'000	2008 £'000
Trustee expenses	1	1
Consultancy (governance review)	40	-
Auditor's remuneration	10	10
Legal fees	9	4
Costs of meetings	8	6
Support costs (see note 5)	22	22
	90	43

9. Fund Transfers

The investment power of total return was granted by a Charity Commission Order on 15 January 2006. This power permits the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of unapplied total return to income (as disclosed in the fund transfers, note 9), the unapplied total return remains invested as part of the Permanent Endowment.

The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Although in-year return was negative (a loss), having considered their obligations under the duty of even handedness, the trustees made a transfer of £980,000 unapplied total return to unrestricted income funds. In making this decision the trustees have taken account of an abnormal investment climate, the return on investment for the year and the income needs of the charity.

The investment fund and application of total return to permanent endowment funds:	2009
	£'000
Opening value of permanent endowment	20,223
Less:	
Original value of the gift	(1,542)
Opening value of unapplied total return	18,681
Add:	
Investment return: dividends and interest	778
Investment return: (losses)	(2151)
Less:	
Investment management costs	(96)
Unapplied total return before transfer to income	17,212
Less:	
Unapplied total return applied	(980)
Sub total: unapplied total return as at 30 September	16,232
Add:	
Original value of the gift	1,542
Permanent endowment including unapplied total return as at 30 September, constituting the investment fund	17,774

10. Analysis of staff costs

	2009	2008
	£'000	£'000
Salaries and wages	64	56
Social security costs	7	5
Other pension costs	3	2
Total	74	63

The average number of full time equivalent employees during the year was 2 (2008 - 2) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

No employees had emoluments in excess of £60,000 (2008 none).

11. Auditor's remuneration

The auditor's remuneration constituted an audit fee of £9,000 (2008 £8,500) and additional tax advisory work of £1,000 (2008 £1,500).

12. Tangible Fixed Assets

	Total £'000
Furniture and equipment	
Cost	
At 1 October 2008	26
Additions	5
Disposals	(2)
At 30 September 2009	<u>29</u>
Depreciation	
At 1 October 2008	9
Charge for the year	6
Eliminated on disposals	(2)
At 30 September 2009	<u>13</u>
Net book value	
At 30 September 2009	<u>16</u>
At 30 September 2008	<u>17</u>

13. Fixed Asset Investments

Movement in fixed asset investments	2009 £'000	2008 £'000
Market value brought forward at 1 October 2008	26,629	27,428
Add: additions to investments at cost	4,150	4,013
Disposals at carrying value	(4,277)	(4,709)
Add net (loss) on revaluation	(2,916)	(103)
Market value as at 30 September 2009	<u>23,586</u>	<u>26,629</u>
Investments at market value	2009	2008
Comprised:	£'000	£'000
Equities	12,534	17,072
Fixed interest securities	8,102	8,934
Cash held within the investment portfolio	2,950	623
Total	<u>23,586</u>	<u>26,629</u>

All investment assets were held in the UK. The trustees consider that there were two material investment holdings were held at the year end:
 UK Investment Bank 7 Day deposit £2m (broker account).
 Dapper Grocer Plc Ordinary £1 shares £1.25m.

14. Analysis of current assets

	2009 £'000	2008 £'000
Other debtors	17	8
Prepayments and accrued income	52	34
Total	69	42

15. Analysis of current liabilities and long term creditors

Creditors under 1 year	2009 £'000	2008 £'000
Innovation grant	44	-
Grants payable PhD students	349	367
Total	393	367

Creditors over 1 year	2009 £'000	2008 £'000
Innovation grant	44	-
Grants payable PhD students	166	184
Total	210	184

The trustees have accrued as a liability grants payable for PhD students based on funding for 3 years. Although each student grant is subject to an annual review, the Trust normally accepts the performance report from the host institution as the basis for continued funding. Since the progress of the student and the assessment of their progress are both outside of the control of the trustees, a full accrual for this commitment is made.

A liability has also been recognised the innovation grant following the decision to extend the grant for two further years.

Movement in recognised grant commitments during the year

	Charitable commitments accrued £'000
Grant commitments recognised at the start of the year	551
New grant commitments charged to the SoFA in year (see note 6)	1,040
Grants paid during the year	(988)
Amount of grant commitments recognised as at 30 September 2009	603

16. Grant commitments

The trustees intend to make a CG Scholarship Grant to fund postgraduate genome research aimed at identifying genetic susceptibility to dementia. The institution overseeing this research has been informed of the Trust's intention to fund an award of £200,000. However, this award is contingent on the Trust having the requisite scientific expertise to fully evaluate the research proposal and to assess progress. Due to the unforeseen resignation of Professor Emilius Brown and the delay in Professor Johannes Brown joining the Trust, it has still not been possible to proceed. In the event that Professor Brown does join the Trust, the grant application will be progressed.

17. Analysis of charitable funds

Analysis of Fund movements	Balance b/fwd £'000	Incoming resources £'000	Resources expended £000	Transfers £000	Gains and losses £'000	Fund c/fwd £000
a) Permanent endowment	20,223	778	(96)	(980)	(2,151)	17,774
b) Expendable endowment	6,441	-	(28)	-	(650)	5,763
c) Restricted fund	21	502	(297)	-	-	226
d) Unrestricted funds	350	34	(945)	980	(115)	304
Total	27,035	1,314	(1,366)	-	(2,916)	24,067

- a) The Permanent Endowment, the Sir Christopher Grant Bequest, was established by an initial gift from Sir Christopher Grant in 1964 following the death of his beloved wife, Rosanna Grant, from complications associated with Alzheimer's disease. The gift was made to the charity on condition that it is held as permanent endowment, the income from which is freely available to fund the activities of the charity.
- b) The expendable endowment, the CG Scholarships Fund, was established by gift in 2005 in memory of the death of Sir Christopher. The trustees have the power to spend the capital; both the capital and income are restricted to providing scholarship funding to institutions for postgraduate student awards where the student has a specific research aim related to furthering research into Alzheimer's disease and related conditions.
- c) The CG Scholarships Income Fund (Restricted Income Fund) was established in 2005 to receive the restricted income from above expendable endowment. The Fund is only available for institutional grants with the requirement that the recipient institution(s) provide bursaries for postgraduate student awards where the student has a specific research aim related to furthering research into Alzheimer's disease and related conditions. The restricted fund is only available for institutional grants and funds all the educational and research related costs of each student together with a discretionary contribution to living expenses.
- d) The unrestricted funds are available to be spent for any of the purposes of the charity.