

Commentary on the model Trustees' Annual Report and accounts: The Rosanna Grant Trust (FRS 102 version) – COVID-19 version

This example is for an unincorporated grant-making trust constituted by a trust deed. Charities preparing 'true and fair' accounts must follow the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Charities SORP (FRS 102).

The Rosanna Grant Trust has unrestricted, restricted and endowment funds. It has an income of £1.1m and total net assets of £21.5m. The permanent endowment is invested under a power of total return. The Trust received a gift of expendable endowment in 2019 with restrictions as to how the income derived from it may be spent.

This is a separate example to focus on the potential effects of COVID-19 on this fictional charity and how these effects could be reflected in the financial statements of the charity.

To assist preparers to identify the differences from the previous version, the text and figures have been left unchanged as far as practicable and so the story of the charity has not been changed, other than to illustrate reporting issues due to the impact of COVID-19 on the charity.

For the purposes of this fictitious example, it incorporates an understanding of the impact of the pandemic up to the point of the signing of the Trustee Annual Report. The date of signature is January 2021 and so the example only reflects our understanding of this virus and the effect on the way lives are lived that has evolved throughout 2020; it is supposed that this situation will continue to evolve.

Also note these accounts are for the year ended 30 September 2020, this means the whole financial year was not subject to the effects of COVID-19. If it is assumed that the financial and business effect of COVID-19 on this charity only took effect from 1 March 2020 then this gives 5 months of the reporting period unaffected by COVID-19.

This example is written based on the second edition of the Charities SORP (FRS 102) dated October 2019. This second edition of the SORP is applicable to the accounts of relevant charities for reporting periods beginning on or after 1 January 2019 (the second edition consolidates the changes to the SORP for Update Bulletins 1 and 2).

The Charity Commission currently recommends that the charity add the following information into its accounting policies: The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. This is currently not present.

Summary of the changes made to the example

The £415,000 gain on investments in the non-COVID-19 example has been changed to a loss in market value of £5,298,000 which reflects a reduction in the fair value of equities from £17,486,000 to £11,773,000. These investments form part of the Endowment Fund.

Investment income in the year has reduced by £178,000; this reflects dividend income for the assumed 7 months of the year effected being reduced by 30% from the non-COVID-19 example. Fixed interest securities and interest on cash deposits have remained the same.

Cash balances have been reduced by the amount of reduced dividend income.

Computer costs have been increased to reflect the charity spending money enabling staff to work from home and meeting costs have reduced due to in person meetings being cancelled and held virtually.

Charitable expenditure in the year has been maintained consistent with the non-COVID-19 example as the trustees felt they could weather the net expenditure before losses on investments this year and the trustees hold a long-term view on the investment. They were motivated to meet intended commitments and although they are hopeful that the situation will improve next year, they anticipate making changes to charitable expenditure if investment income does not increase.

With higher education disrupted across Europe, the future potential award to Higher College de Brugges has been removed as a potential future activity from the Trustee Annual Report. The charity in the next year would be unlikely to be expanding their grant giving portfolio and would most likely look to maintain grants given to those students part way through their research.

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The Trustees' Annual report has been changed to reflect:

- How the achievements of the charity were affected by virus control measures;
- How the outbreak has affected staff and beneficiaries, and the implications for the charity's operations and activities for the coming year;
- How the financial and operational effects of the virus and control measures relating to the virus affected the principal risks and uncertainties facing the charity during the reporting period;
- Any impact on the charity's reserves policy, level of reserves and any change to designated funds set aside for future commitments; and
- The likely impact of the virus controls measures and potential duration of the control measures on the future aims and activities of the charity.

Where a statement of cash flows is prepared charities are also required to prepare a reconciliation of net debt as a note to the statement of cash flows (this is a requirement of FRS 102 paragraph 7.22) but as the charity does not have any borrowings, any related derivatives, or obligations under finance leases no reconciliation of net debt has been included.

The trustees have exercised their discretion in not presenting funds separately in the cash flow as it is not required by the Charities SORP.

The Trustees' Annual Report

The annual report addresses matters in the same order as the Charities SORP (FRS 102). The charity is registered in England and Wales and so reference is made to the Charity 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, presented 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 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. This section contains the information and disclosure which is required by the Charity Commission Order. The application of the power of total return has implications for the level of reserves the trustees wish to hold and this is explained in the *reserves policy* section. The *reserves policy* separately considers the requirements of the scholarship programme funded from restricted funds, in accordance with Charity Commission guidance set out in its guidance *CC19 - Charities' Reserves*.

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

The *structure, governance and management* section includes a reference to related party transactions and discusses how conflicts of interest are managed and discloses how the pay of senior managers is set. The approach to setting key management pay is intended to be solely illustrative and is not to be taken as a pay norm or a pay benchmark set for regulatory purposes by the Charity Commission for England and Wales.

The Charity Governance Code (<https://www.charitygovernancecode.org/en>) is actively used by the trustees and they have chosen to cite it.

A statement of trustees' responsibilities in relation to the financial statements is required by FRC audit standards (ISA 700) paragraphs 33 to 36. If not contained within the auditor' report, the practice is to include it within the Trustees' Annual Report instead. This statement is not a requirement of the Charities SORP (FRS 102).

In respect of the report, the trustees annual report complies with section 13 of the Charities (Protection and Social Investment) Act 2016 which requires that the trustees of those charities that must have an audit by charity law are to provide a statement on specific areas of their fundraising in their trustees' annual report. In the prior year neither the charity nor the group currently actively fundraised and so these requirements did not apply, however the charity does receive unsolicited legacy giving and also unsolicited donations and so the trustees provided clarification as to their approach to fundraising.

Additional prior year comparatives have been included in the financial review section of the Trustee Annual Report. These comparatives are not required by the Charities SORP but have been included to demonstrate changes to the charity's financial position.

The accounts

The Statement of Financial Activities (SoFA) reports the main charitable activities undertaken. FRS102 (paragraph 3.14) requires comparatives to be given for all amounts in the financial statements (except where elsewhere permitted or required by FRS 102)

The transfer to income from endowment has been shown as a component of other income (paragraph 4.61). Governance costs are included within support costs (paragraph 8.7). Investment management costs are charged against the funds invested (paragraphs 2.21 and 22.8); in this case the invested funds are wholly endowment funds. Note the gross transfer between funds, where the power of total return is being exercised, is shown within income (paragraph 4.39) and the required reconciliation is provided (paragraph 20.10).

The charity's policy for the grant awards for research posts requires that they 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 made in year (paragraph 7.20). 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. 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 (paragraph 7.23).

Governance costs are disclosed separately (paragraph 8.13) in note 6. Support costs and the allocation of support costs are analysed in note 6.

On the face of the balance sheet, the types of fund are disclosed (paragraphs 2.29 and 10.9). The provisions for liabilities and charges are separately shown (paragraph 10.80).

A contingent liability is disclosed concerning a planned future grant (note 15) due to a possible obligation which is contingent on the occurrence of one or more uncertain future events not wholly within the charity's control (paragraph 10.86).

FRS 102 requires extensive disclosures for financial instruments (financial assets and financial liabilities) and these are set out in module 11 of the Charities SORP (FRS 102). Rather than setting out these disclosures in a separate note, the disclosures are made by the charity in the context of the particular items in the accounts:

- The requirements of paragraph 11.35 are met in notes 1(d) re liabilities and note 1(j) re financial assets and notes 3 (income from financial assets), 5 (expenses related to financial assets), 12 (movement of financial assets) and 14 (movement in financial liabilities /creditors).
- The significance of financial instruments (paragraph 11.35) is discussed in the financial review section of the Trustees' Annual Report which is referenced from note 12.
- The discussion of credit risk (paragraph 11.38) in note 12 fulfils the requirements of section 11 of FRS 102 paragraph 11.48A(f).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction (FRS 102 glossary). Arguably the potential to exchange an investment for cash is the price that should be used and therefore the 'bid' price should be used. This is commonly referred to as the 'exit price'. For more information refer to section 11 of FRS 102. In this example the investment portfolio is managed through a broker and the portfolio does not contain any unit trust or common investment fund holdings and the 'bid' (price achieved when selling units) prices are used.

Notice

The example Trustees' Annual Report and accounts are intended to assist preparers apply the second edition of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), also known as the Charities SORP (FRS 102). Whilst every effort has been made to ensure that the example accords with charity law as it applies in England and Wales, preparers should refer to the relevant regulations and the Charities SORP (FRS 102) when preparing a charity's accounts.

The example was updated by Clare Thomas, Accountancy Services, Charity Commission for England and Wales. Comments on the technical accuracy of the example and any observations should be submitted by email to: clare.thomas@charitycommission.gov.uk. If you have any technical enquiry about FRS 102 or the Charities SORP (FRS 102) please contact your professional advisor or professional body.



The Rosanna Grant Trust

Report and Financial Statements

Year ended: 30th September 2020

Charity no: 987654

Report of the trustees for the year ended 30th September 2020

The trustees present their annual report and financial statements of the charity for the year ended 30th September 2020. 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 Accounting and the Charities Statement of Recommended Practice (second edition) and Financial Reporting Standard FRS 102.

Objectives and activities for the public benefit

The purposes 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 Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives, 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 and teaching related to the treatment, cure and nursing of sufferers 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 curing this tragic degenerative disease and improving the lives of sufferers and their families. The Trust funds the salaries of professors and lecturers whose specialist area 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 the strategic priorities of maintaining a stable scholarship programme and continuing to fund research are achieved.

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 in 2019 from gifts provided by 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. The Trust's aim is 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. The grant making policy is reviewed 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. Research reported in The Lancet medical journal for Alzheimer's Disease International (ADI) estimated that by 2020 42.3 million people will have dementia and by 2040, 81.1 million people. Developments in the care and treatment of sufferers has the potential to relieve the huge burden of care often faced by the families of sufferers. Our research and educational programmes fund 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 private 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 our research objectives.

Innovation grants for applied research are intended to bring the fruit of pure research to improve the daily life of sufferers and their carers and through applying new techniques, innovations and applications enrich those lives. Despite the growing disruption to higher education bodies due to the pandemic, in 2020 the trustees made the innovation grant to further the social care aspect of applied research. The aim being improving the emotional and physical well-being of sufferers and relatives now, whilst the research effort is on-going for a cure.

Research posts are funded on an annual basis to undertake an agreed programme of research. 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. An applicant's 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 important 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. Due to the pandemic, the trustees have since decided that an allowance can be made for exceptional circumstances when applying this policy.

Grants from the CG Scholarship Fund may be made to any institution worldwide undertaking relevant research. A 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 which is then responsible for the administration of awards. Academic ability and research potential are again the primary determinants of the awards. 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: www.rosanna.org

A review of our achievements and performance: How our grant and research programmes delivered public benefit

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 and is grateful that both researchers were able to continue their work throughout the year. Although at times the pace of work slowed due to the impact of COVID-19 and COVID-19 control measures, for the majority of the year both researchers were able to continue this vital work.

- **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 receives no funding from pharmaceutical companies and is in its second phase studying the longer term effectiveness of these medications. This ground breaking research will help clarify who may benefit from treatment and will provide data not otherwise available to clinicians. Initial findings 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.

- **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 disease 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 disease and enable early treatments that may be able to halt the development of the disease.

b) The innovation programme

This programme of applied research established in 2019 focusses on 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 circumstances 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, the deployment of occupational health and district nursing services effectively, and the combined use of music and aromatherapy all provide demonstrable benefit to sufferers and their carers.

The charity feels this funding has been especially important this year with its work with nursing homes and inpatient facilities. Due to the COVID-19 control measure restrictions used to reduce infection risk, which are particularly important for vulnerable people, this has meant the innovation programme has had to be innovative in how they can continue and deliver their applied research. For example giving virtual presentations and advice and gathering information virtually from patients and careers.

Following the early success of the grant funded programme at Wakefield Institute of Technology, the trustees approved the extension of the grant for a further year with up to a further 2 years to be considered.

The charity is committed is to publicly disseminate the outcomes of the innovation research. It disseminates the findings of the research via educational bulletins and presentations to the NHS Clinical Commissioning Groups established following the Health and Social Care Act 2012. The charity aims to ensure that the practical results of the work funded is available to all to, irrespective of nationality, gender, and personal means, so that the research findings impact on the lives of sufferers and 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 ability of the charity to maintain the approval rating despite COVID-19 was due to the majority of applications being received and approved prior to the first UK lockdown. 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 identifiable 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 although there is an increase from 2019 with £18,000 of grants cancelled or recovered in 2020 (£10,000 in 2019). Cancellation or recovery is largely due to students dropping out in the first few months or not taking up their PhD or masters place.

Although the UK entered lockdown in March 2020 the universities were (with much support from university staff and students) able to continue their course and examinations remotely for the last semester of the year. The trustees continue to work with universities and post graduates to assess the impact on doctorates and will consider making available additional support including extending the term of funding as they need may arise.

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.

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.

The timescale from the 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, they have also made reasonable allowances for the disruption caused by COVID-19. The annual report is an opportunity to take stock of how far each research project has progressed and acts more as snapshot celebrating the journey, or 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 2020	Target 2020	Outcome 2019	Target 2019
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. These progress reports provide feedback which influences whether or not further grants will be given to that institution.

The trustees are proud of what they, the universities and particularly the recipients of charity funds have been able to achieve this year despite the difficulties caused by the COVID-19 pandemic. They also believe in the importance of their work in this difficult time especially as people with dementia and many older carers are at higher risk than the general population and dementia can make the following of guidance on social distancing and hygiene regimes harder.

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. Following the global COVID-19 pandemic and continuing uncertainty, the value of the endowed investments has decreased with a loss before investment costs of £3,708,000 (see note 16 to the accounts) (2019: £80,000) with income generated of £805,000 (2019: £1,339,000).

The trustees transferred a total of £980,000 (2019: £1,157,000) 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 stable levels.

The expendable endowment (CG Scholarships Fund) also reduced in value due to COVID-19 with a capital loss before investment costs of £1,589,000 (2019: £23,000) (see note 16 to the accounts). The fund generated investment income of £331,000 (2019: £21,000) to support the CG scholarship awards.

Of the £1,040,000 paid in grants (2019: 693,000), £798,000 of grant funding was awarded to fund postgraduate studies (2019: £590,000). Details of the grants made to institutions can be found in note 8 to the accounts.

The charity is unincorporated and does not currently actively fundraised and so these requirements of section 13 of the Charities (Protection and Social Investment) Act 2016 which requires that the trustees of those charities that must have an audit by charity law are to provide a statement on specific areas of their fundraising in their Trustees' Annual Report do not apply.

Investment policy and performance

The Trust operates a total return approach to the investment of the permanent endowment. In accordance with the terms of the Order made by the Charity Commission, 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;
- 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 investment brief is broadly defined but the ethical criteria prohibit investment in companies that manufacture armaments, alcohol or tobacco.

The trustees reviewed the policy for withdrawal of funds from the unapplied total return fund in 2014. The revised policy 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 2014/15 funding level of £1.1m. A review of this policy is planned by the trustees for 2021.

The high levels of stock market volatility and the continuing uncertainty regarding world economic prospects and the stability of certain banks continues to make the management of investments difficult. The charity is a long-term investor and stock markets remain above levels seen in the mid 1980s and the trustees, on professional advice, continue to hold a mixed portfolio of equities, bonds, cash and other investments designed to provide a level of stable income and the possibility of investment gains. The equity component of the investment portfolio is weighted with medium appetite for investment risk with the main exposure to investments in the leading advanced industrial economies with a history of paying dividends.

The total return on all investments, before fees, for 2020 was -17.3% (5.2% in 2019) against a target return of 8.5% (capital growth with dividends and yield reinvested). This loss is due to the reduction on investment value in addition to the reduction in income. Post year end the market continues to recover and the trustees continue to monitor the performance of these investments in the context of the wider investment market.

Risk management

The principal risks faced by the Trust lie in the performance of investments and operational risks from ineffective grant making and the capacity of the Trust to make effective grants. This risk has been intensified by the global pandemic of COVID-19 and continued uncertainty resulting in a loss to investment value and a reduced investment income.

The trustees consider variability of investment returns on the permanent endowment to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and having a diversified investment portfolio. The trustees manage the permanent endowment on a total return basis, having obtained an Order from the Charity Commission. The trustees consider that the use of a total return approach helps stabilise the resources available for grant making, thereby facilitating longer term grants and a more stable number of scholarship awards.

The operational risk from ineffective research and student grant awards that are ineffective in the advancing knowledge and practice to the benefit of those suffering from Alzheimer's disease and related conditions is managed by firstly retaining trustees of sufficient skill and expertise to chair our Scientific and Scholarship Sub Committees and secondly through the quality of the institutions and people who are offered support. The process of reporting and review assist this, and those who we offer support to, 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.

There have been additional risks resulting from pandemic this year that charity have recognised and have looked to mitigate where possible.

One risk is that universities the charity supports will have to close/cancel their courses due to the effects of COVID-19. This also may cause a loss in intelligence and a delay in support and publishing of research. Universities rely on funding from the fees of international students and this year has seen a drop in the number of internal students and applications from international students. The charity has heard that some courses at the universities it has relationships with, have been cancelled due to lack of participants.

Fortunately, so far there have been no direct impacts on the charity's work but the charity will continue to liaise with the universities to understand how the pandemic is and potentially might affect them in the future.

The charity is also grateful that the universities in question have been able to make their facilities comply with the COVID-19 restrictions enabling (for the majority of the year) researchers to be able to use the lab equipment when required. The charity does consider this an ongoing risk that in future waves government restrictions may mean researchers are not able to access the equipment they require.

The charity's two staff members are key to the charity's ability to run and the trustees hold the health and safety of those employees as a top priority. Even before the formal UK lockdown toward the end of March the trustees looked to set the two staff members up with equipment that would enable them to work from home. This has been a success and as long as these employees are happy to work from home, the trustees are happy for them to do so. Very rarely one of the employees or trustees has needed to go into the office and the charity has put a number of controls in place to reduce the risk of infection, such as limiting the office capacity to one person at a time and supplying hand sanitiser.

The risk of a lack of capacity to effectively manage the research grants programme is mitigated by an annual review by the Chair and the Nominations Sub Committee of the current and historical track record of achievement in their expert fields of the trustees and members of the various sub committees. Retaining experts active in the field gives assurance that their technical knowledge is up to date and that they have the depth of insight to effectively evaluate the grant proposals and requests for assistance or sponsorship.

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 support and governance costs are covered. 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 £387,000, of which £368,000 is regarded as free reserves, after allowing for funds tied up in tangible fixed assets. Actual 3 month cash payments totalled £247,000. 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 in 2021.

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 aim to ensure the stability of the specific grant making programme funded by it. To ensure stability in the grant making programme the trustees aim to maintain a separate restricted reserve equivalent to 12 months expenditure is held. The funds retained at 30 September were £55,000 against an annual spend of £297,000. These reserves are less than the intended levels; this fall in reserves is due to the reduced income but the continued commitment to spending. The trustees going forward intend to build back up the restricted reserves this may be done, by spending a portion of the expendable endowment in 2021 if needed or by reducing the amount of funding provided or grants awarded.

Plans for the future

The Rosanna Grant Trust is a lasting testimony to the generosity and charitable concerns of the donors, the Grant Family. The core of the trustees' approach to promoting research interest in the management and eventual remedy for Alzheimer's disease is the PhD and educational and research programmes.

The charity continues to work with its key partners in the NHS Commissioning Framework with whom it promotes the shared interest in medical research and the dissemination of information on symptoms, treatments and support available to sufferers of Alzheimer and their relatives and carers. An area of fresh focus is guidance to GPs on spotting the onset of Alzheimer and advice on the new benefits system and allowances available to carers. The medium term goal is to influence and shape emerging NHS treatments and commissioning plans in the field of care of the elderly and Alzheimer's disease.

The plans for the next 12 months may be significantly impeded due to the disruption to research institutions from control measures to contain the new COVID-19 virus variants, the impact of a second and potential third wave of infections and the consequential impact on the ability to conduct field based research. The trustees are mindful that research teams and facilities take time to create and develop and so the charity is committed to offering stable support through the pandemic to its research partners.

In the next 12 months, the trustees anticipate:

- Continued monitoring of the COVID-19 situation and the effect this has on the charity's activities;
- The continuation of the innovation grant project with Wakefield Institute of Technology;
- Considering afresh whether there is 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; and
- Monitoring the recovery in the investment values and the trends in dividend, interest and commercial rental returns to identify the extent, if any, to which the longer term capability to fund research has been detrimentally affected by the economic impact of the pandemic.

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 Rosanna. 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 three trustees, to a maximum of nine trustees, with no more than three trustees due for re-appointment in any one year. The Charity Governing document allows the trustees to meet and conduct meetings virtually which the trustees have done this year in line with Government restrictions and recommendations.

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.

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 gratefully acknowledge the long service, dedication and support of both Paula Murphy in chairing the Scholarship Sub Committee and Professor Osborne Jones for his role in chairing the Scientific Sub Committee.

The trustees are looking to follow 'The Charity Governance Code' and plan to undertake an initial assessment against the Code in 2021. The Nominations Sub Committee is convened on a regular basis to keep the skills and composition of the trustee body and succession planning under review and, where needed, to recruit new trustee(s) for their experience, empathy and knowledge of the charity. 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 trustee declaration statement committing them to giving of their time and expertise. There is 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, copies of trustee board and sub committee minutes, copies of the last three years' 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 'Public Benefit: running a charity'.

The Trust is a member of the Association of Charitable Foundations (ACF). The ACF provides 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.

Key management personnel remuneration

The trustees consider the board of trustees and the chief executive 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 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 pay of the charity's chief executive is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, its economy of operations, and the extensive use of professional advisers to the trust board, the trustees consider that a multiple of up to three times the median average salary for UK employees is appropriate for this role. The remuneration is also bench-marked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Reference and administrative information

Trustees serving during the year and since the year end

Mary Hope, Chair of Trustees

Roger Jones, Treasurer

Professor Osborne Jones, Chair of Scientific Sub Committee

Paula Murphy, Chair of Scholarship Sub Committee

Mark Robbins

Adrienne Rothbury (reappointed 1 September 2019)

Samantha Pryce

Chief Executive

Obidiah MacDonnel

Principal Office

One Office, Office Street, London, SE2 3LA

Charity Number

987654

Auditors

T Charity Auditor, London, EC2V 7JB

Bankers

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

Solicitors

Z Charity Solicitor, London, W1 3PQ

Investment Managers

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

Trustees' responsibilities in relation to the financial statements

The charity trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each 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 the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures that must be 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 business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and 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 in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Approved by the trustees on 12th January 2021 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 2020**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income and endowments						
<i>Donations:</i>						
Gift of expendable endowment		-	-	-	-	461
Investment income	3	-	331	805	1,136	1,360
Transfer to income	4	980	-	(980)	-	-
Total income		980	331	(175)	1,136	1,821
Expenditure						
<i>Expenditure on raising funds:</i>						
Investment management costs	5	-	-	126	126	120
<i>Expenditure on charitable activities:</i>						
Research	7	138	-	-	138	127
Education		660	297	-	957	690
Innovation		145	-	-	145	-
Total expenditure		943	297	-	1,240	817
Total expenditure		943	297	126	1,366	937
Net income/(expenditure) and net movement in funds before gains and losses on investments		37	34	(301)	(230)	884
Net gains/(losses) on investments	12	-	-	(5,298)	(5,298)	(103)
Net movement in funds		37	34	(5,599)	(5,528)	781
<i>Reconciliation of Funds</i>						
Total Funds brought forward		350	21	26,664	27,035	26,254
Total funds carried forward		387	55	21,066	21,508	27,035

The Rosanna Grant Trust
Balance Sheet as at 30 September 2020

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2020 £'000	Prior Year 2019 £'000
Fixed assets:						
Tangible assets	11	19	-	-	19	20
Investments	12	-	-	21,190	21,190	26,664
Total fixed Assets		19	-	21,190	21,209	26,684
Current assets:						
Debtors	13	-	-	31	31	42
Cash at bank and in hand		972	55	(155)	872	860
Total current assets		972	55	(124)	903	902
Liabilities:						
Creditors falling due within one year	14	394	-	-	394	368
Net current assets		578	55	(124)	509	534
Total assets less current liabilities		597	55	21,066	21,718	27,218
Creditors: Amounts falling due after more than one year	14	166	-	-	166	183
Provisions for liabilities and charges		44	-	-	44	-
Net assets		387	55	21,066	21,508	27,035
The funds of the charity:						
Endowment funds:	16					
Permanent endowment		-	-	16,243	16,243	20,223
Expendable endowment		-	-	4,822	4,822	6,441
Restricted income funds		-	55	-	55	21
Unrestricted income funds		387	-	-	387	350
Total charity funds		387	55	21,066	21,508	27,035

The notes at pages 21 to 35 form part of these accounts. The comparative breakdown of prior year fund balances for the Statement of Financial Activity and the Balance Sheet is given in note 19.

Approved by the trustees on 12th January 2021 and signed on their behalf by:

M Hope

M HOPE CHAIR of TRUSTEES

**The Rosanna Grant Trust
Statement of Cash Flows
For the year ending 30 September 2020**

	Note	Total Funds 2020 £'000	Prior Year 2019 £'000
Net cash used in operating activities	17	(1,296)	(916)
<i>Cash flows from investing activities:</i>			
Interest and dividends		1,136	1,360
Purchase of furniture and equipment		(5)	-
Proceeds from sale of investments		176	-
Net cash provided by investing activities		1,307	1,360
<i>Cash flows from financing activities:</i>			
Receipt of expendable endowment		-	461
Net cash provided by financing activities		-	461
Change in cash at bank and in hand in the year		11	905
Cash at bank and in hand brought forward		860	(45)
Cash at bank and in hand carried forward		872	860

Notes to the accounts

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (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(s) to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

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

The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with estimating the liability from multi-year grant commitments (see note 1(d) and notes 14 and 15 for more information). With respect to the next reporting period, 2020-21, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust 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) 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 16.

(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.

Donations are recognised when the Trust has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised

until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing the amount for distribution after taking into consideration of any liabilities and settlement date and, if there are any conditions attached to the legacy, these are either within the control of the charity or have been met. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of sufficient accuracy and the title to the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

(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. For more information on this attribution refer to note (f) below.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. 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 Trust.

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

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by the trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Trust.

(e) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

(f) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support 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.

Governance costs 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 support and governance costs is analysed in note 6.

(g) Costs of raising funds

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

(h) Expenditure on charitable activities

Expenditure on charitable activities includes grants made, governance costs and an apportionment of support costs as shown in note 7.

(i) Tangible fixed assets and depreciation

All assets costing more than £1000 are capitalised and valued at historical cost. Depreciation is charged on furniture and equipment on a straight-line basis over their estimated useful life of six years from the year of acquisition.

(j) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair 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.

The Trust does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

(k) 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.

(l) 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 9. There were no outstanding contributions at the year end. The costs of the defined contribution scheme are included within support and governance costs and charged to the unrestricted funds of the charity using the methodology set out in note 6.

The money purchase plan is managed by Reliable Insurances Plc and the plan invests the contributions made by the employee and employer in an investment fund to build up over the term of the plan. The pension fund is then converted into a pension upon the employee's normal retirement age which is defined as when they are eligible for a state pension. The total expense ratio of the plan is 2.5% and this is deducted from the investment fund annually. The Trust has no liability beyond making its contributions and paying across the deductions for the employee's contributions.

(m) Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- A possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the trustees' control; or

- A present obligation following a grant offer where settlement is either not considered probable; or
- The amount has not been communicated in the grant offer and that amount cannot be estimated reliably.

2. Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2019: £nil). Expenses paid to the trustees in the year totalled £982 (2019: £875). These expenses were made up of 6 trustees reimbursed for their travel expenses of £475 (2019: £455) and seminar and conference related travel expenses for 2 trustees of £507 (2019: £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 8). 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.

The Trust considers its key management personnel comprise the trustees and the Chief Executive Officer. The total employment benefits are disclosed in note 9 and since the trustees do not receive any remuneration or employment benefits, these amounts relate only to the Chief Executive Officer.

In the year, the award of a PhD grant was approved for Grace 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 2019 was £8,550 relating to the final year of her doctorate studies.

The charity made £2,560 of contributions to the pension plan operated by Reliable Insurances Plc on behalf of the employees (2019: £2,240). For more information about the pension contributions refer to note 1 (l).

3. Investment income

	2020	2019
	£'000	£'000
Dividends - equities	841	1,020
Interest - fixed interest securities	286	333
Interest on cash deposits	9	7
	1,136	1,360

In 2020 of the investment income, £331,000 (2019: £21,000) was attributable to restricted income funds with the balance of £805,000 (2019: £1,339,000) adding to endowment funds.

4. Total return investment

The investment power of total return was granted by a Charity Commission Order on 15 January 2006. At the time the power was granted the trustees identified the value of the gifts of permanent endowment received since 1964 up until 15 January 2006. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 15 January 2006 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return 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, 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. 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 the current investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, the trustees took the advice of their investment advisors, The Investment Group, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income.

The investment fund and application of total return to permanent endowment funds:

	2020			2019		
	Endowment £'000	Unapplied Total Return £'000	Total £'000	Endowment £'000	Unapplied Total Return £'000	Total £'000
Opening value of endowment:						
Gift component of permanent endowment	1,542	-	1,542	1,542	-	1,542
Unapplied total return	-	18,681	18,681	-	18,673	18,673
Total:	1,542	18,681	20,223	1,542	18,673	20,215
Movement in unapplied total return and endowment in the year:						
Investment return: dividends and interest	-	805	805	-	1,339	1,339
Investment return: recognised and unrecognised gains/(losses)	-	331	331	-	(80)	(80)
Investment management costs	-	(96)	(96)	-	(94)	(94)
Total:	-	1,040	1,040	-	1165	1165
Unapplied total return allocated to income	-	(980)	(980)	-	(1157)	(1157)
Net movement in the reporting period	-	60	60	-	8	8
Closing value of permanent endowment						
Gift component of permanent endowment	1,542	-	1,542	1,542	-	1,542
Unapplied total return	-	18,741	18,741	-	18,681	18,681
Total:	1,542	18,741	20,283	1,542	18,681	20,223

5. Investment management costs

	2020 £'000	2019 £'000
Legal fees	6	5
Investment management fees	120	115
	126	120

In 2020, all £126,000 (2019: £120,000) of investment management costs were attributable to endowment funds.

6. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost type	Total allocated £'000	Governance related £'000	Other support costs £000	Basis of apportionment
Staff costs	74	11	63	Staff time
Office rental and costs	29	4	25	Staff time
Computer costs	27	7	20	Software cost and usage
Depreciation	6	1	5	Staff time
Total	136	22	113	

The breakdown of support costs – Previous year

Cost type	Total allocated £'000	Governance related £'000	Other support costs £000	Basis of apportionment
Staff costs	63	11	52	Staff time
Office rental and costs	24	4	20	Staff time
Computer costs	10	6	4	Software cost and usage
Depreciation	6	1	5	Staff time
Total	103	22	81	

Allocation on staff time is based on a survey of time spent at trustee meetings on each activity. Software usage is based on items posted as recorded in the accounting system's administrative audit record of transactions.

Governance costs:	2020 £'000	2019 £'000
Trustee expenses	1	1
Consultancy (governance review)	40	-
Auditor's remuneration	10	10
Legal fees	9	4
Costs of meetings	4	6
Support costs (see above)	23	22
	87	43

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. The trustees have decided to meet all governance costs from unrestricted funds and so no allocation or charge is made to restricted funds for any governance related costs.

Allocation of governance and other support costs:	2020	2019
	£'000	£'000
Research	28	24
Education: PhD awards	152	100
CG Postgraduate scholarships	7	-
Innovation	13	-
Total allocated	200	124

7. 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.

	2020		2019			
	Grant funded activity	Support and governance costs	Total 2020	Grant funded activity	Support and governance costs	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Funded from unrestricted funds:</i>						
Research	110	28	138	103	24	127
Education:						
• PhD awards	508	152	660	590	100	690
Innovation	132	13	145	-	-	-
<i>Funded from restricted funds:</i>						
• Postgraduate scholarships	290	7	297	-	-	-
Total	1,040	200	1,240	693	124	817

In 2020 the expenditure on charitable activities was £1,240,000 (2019: £817,000) of which £943,000 (2019: £817,000) was expenditure from unrestricted funds and £297,000 (2019: £nil) was expenditure from restricted funds.

8. Analysis of grants

	Grants to institutions £'000	2020 Grants to individuals £'000	Grants to institutions £'000	2019 Grants to individuals £'000
Research posts	110	-	103	-
Education:				
PhD awards	-	508	-	590
Postgraduate scholarships	290	-	-	-
Innovation	132	-	-	-
Total	532	508	103	590

Recipients of institutional grants:	2020 Total £'000	2019 Total £'000
To fund higher education research and teaching post: University of Slough	58	53
To fund higher education research teaching post: Wakefield Institute of Technology	52	50
Postgraduate Scholarship funds made to University of Taunton	290	-
To fund community social care project: Wakefield Institute of Technology	132	-
Total	532	103

9. Analysis of staff costs and remuneration of key management personnel

	2020 £'000	2019 £'000
Salaries and wages	64	56
Social security costs	7	5
Other pension costs	3	2
Total	74	63

The average number of employees during the year was 2 (2019: 2) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

The Trust considers its key management personnel comprise the trustees and the Chief Executive Officer. The total employment benefits including employer pension contributions of the key management personnel were £45,056 (2019: £38,912). No employees had employee benefits in excess of £60,000 (2019: none).

10. Auditor's remuneration

The auditor's remuneration constituted an audit fee of £9,000 (2019: £8,500) and additional tax advisory work of £1,000 (2019: £1,500).

11. Tangible Fixed Assets

	Total £'000
Furniture and equipment	
Cost	
At 1 October 2019	32
Additions	5
Disposals	(2)
At 30 September 2020	35
Depreciation	
At 1 October 2019	12
Charge for the year	6
Eliminated on disposals	(2)
At 30 September 2020	16
Net book value	
At 30 September 2019	20
At 30 September 2020	19

12. Fixed Asset Investments

	2020 £'000	2019 £'000
Movement in fixed asset listed investments		
Market value brought forward	26,664	26,767
Add: additions to investments at cost	750	400
Disposals at carrying value	(926)	(400)
Add net gain/(loss) on revaluation	(5,298)	(103)
Market value as at year-end	21,190	26,664

Net cash released from investments in the year was £176,000 (2019: nil).

	2020 £'000	2019 £'000
Investments at fair value		
Comprised:		
Equities	11,773	17,072
Fixed interest securities	8,934	8,934
Cash held within the investment portfolio	483	658
Total	21,190	26,664

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving dividend yields and equity values, there is a concern that the abnormal availability of 'cheap money' to the banking sector has led to wider over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions ease. The Trust is reliant on dividend yield in part to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling. The outlook for the sterling exchange rate is that it is anticipated to weaken once the transition arrangement with the EU has ended and if European, US and Asian economies strengthen. A weakening in the exchange rate will improve sterling returns from foreign currency denominated holdings.

The default rate on fixed interest securities due to corporate failures is expected to improve with a strengthening economy. The high current demand for high quality corporate bond and government stock continues to depress the yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The Trust's investments are mainly traded in markets with good liquidity and high trading volumes. The Trust has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Trust manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Trust does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

13. Analysis of current assets

	2020	2019
	£'000	£'000
Prepayments and accrued income	31	42
Cash at bank	872	860
Total	903	902

All prepayments related to unrestricted funds in both 2020 and 2019. Accrued income relates to endowment funds in both 2020 and 2019.

Cash at bank balances were as follows: unrestricted funds £972,000 (2019: £881,000), restricted income funds £55,000 (2019: £21,000) and endowment funds overdrawn (£155,000) (2019: overdrawn (£42,000)).

14. Analysis of current liabilities and long term creditors

	2020	2019
	£'000	£'000
Creditors under 1 year		
Innovation grant	44	-
Grants payable PhD students	350	368
Total	394	368

All creditors in 2020 and 2019 relate to unrestricted funds.

	2020 £'000	2019 £'000
Creditors over 1 year (including provisions)		
Innovation grant	44	-
Grants payable PhD students	166	183
Total	210	183

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 for the innovation grant following the decision to extend the grant for two further years.

All creditors in 2020 and 2019 relate to unrestricted funds.

	2020 Charitable commitments accrued £'000	2019 Charitable commitments accrued £'000
Movement in recognised provisions and funding commitments during the year		
Grant commitments recognised at the start of the year	551	537
New grant commitments charged to the SoFA in year (see note 7)	1,040	693
Grants paid during the year	(987)	(679)
Amount of grant commitments recognised as at 30 September 2020	604	551

The majority of grants awarded are subject to performance conditions. For more information about the ways these grants are managed and the applicable performance conditions, refer to the monitoring achievement section of the Trustees' Annual Report. Those grant commitments which have not been accrued due to the level of uncertainty are discussed in note 15.

15. 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 not been possible to proceed. In the event that Professor Johannes does join the Trust, the grant application will be progressed.

16. Analysis of charitable funds

Analysis of Fund movements	Balance b/fwd £'000	Income £'000	Expenditure £000	Transfers £000	Gains and losses £'000	Balance c/fwd £000
a) Permanent endowment	20,223	805	(96)	(980)	(3,708)	16,243
b) Expendable endowment	6,441	-	(30)	-	(1,589)	4,822
c) Restricted fund	21	331	(297)	-	-	55
d) Unrestricted funds	350	-	(943)	980	-	387
Total	27,035	1,136	(1,366)	-	(5,298)	21,507

Analysis of charitable funds- previous year

Analysis of Fund movements	Balance b/fwd £'000	Income £'000	Expenditure £000	Transfers £000	Gains and losses £'000	Balance c/fwd £000
a) Permanent endowment	20,215	1,339	(94)	(1157)	(80)	20,223
b) Expendable endowment	6,029	461	(26)	-	(23)	6,441
c) Restricted fund	-	21	-	-	-	21
d) Unrestricted funds	10	-	(817)	1,157	-	350
Total	26,254	1,800	(937)	-	(103)	27,035

- 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. The permanent endowment is managed on a total return basis. Refer to note 4 for more information.
- b) The expendable endowment, the CG Scholarships Fund, was established by gift in 2019 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 2019 to receive the restricted income from the 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.

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£'000	£'000
Net movement in funds	(5,528)	781
Deduct gift of endowment	-	(461)
Add back depreciation charge	6	6
Deduct interest income shown in investing activities	(1,136)	(1,360)
Deduct gains/ add back losses on investments	5,298	103
Decrease (increase) in debtors	11	1
Increase (decrease) in creditors	53	14
Net cash used in operating activities	<u>(1,296)</u>	<u>(916)</u>

18. Movement within cash at bank and in hand

The trustees, in exercising their powers under the total return approach to managing the permanent endowment, authorised the transfer of £980,000 from cash held as endowment funds into cash held in income funds in the year.

19. Prior year fund break down

**The Rosanna Grant Trust
Statement of Financial Activities
for the year ending 30 September 2019**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2019 £'000
Income and endowments					
<i>Donations:</i>					
Gift of expendable endowment		-	-	461	461
Investment income	3	-	21	1,339	1,360
Transfer to income	4	1,157	-	(1,157)	-
Total income		1,157	21	643	1,821
Expenditure					
<i>Costs of raising funds:</i>					
Investment management costs	5	-	-	120	120
<i>Expenditure on charitable activities:</i>					
Research	7	127	-	-	127
Education		690	-	-	690
Innovation		-	-	-	-
Cost of grant making		817	-	-	817
Total expenditure		817	-	120	937
Net income/(expenditure) and net movement in funds before gains and losses on investments		340	21	523	884
Net gains/(losses) on investments	12	-	-	(103)	(103)
Net movement in funds		340	21	420	781
<i>Reconciliation of Funds</i>					
Total Funds brought forward		10	0	26,244	26,254
Total funds brought carried forward		350	21	26,664	27,035

The Rosanna Grant Trust
Balance Sheet as at 30 September 2019

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Fixed assets:					
Tangible assets	11	20	-	-	20
Investments	12	-	-	26,664	26,664
Total fixed assets		20	-	26,664	26,684
Current assets:					
Debtors	13			42	42
Cash at bank and in hand		881	21	(42)	860
Total current assets		881	21	-	902
Liabilities:					
Creditors falling due within one year	14	368	-	-	368
Net current assets		513	21	-	534
Total assets less current liabilities		533	21	26,664	27,218
Creditors: Amounts falling due after more than one year	14	183	-	-	183
Provisions for liabilities and charges		-	-	-	-
Net assets		350	21	26,664	27,035
The funds of the charity:					
Endowment funds:	16				
Permanent endowment		-	-	20,223	20,223
Expendable endowment		-	-	6,441	6,441
Restricted income funds		-	21	-	21
Unrestricted income funds		350	-	-	350
Total charity funds		350	21	26,664	27,035