



Guts UK Charity

Annual Report and Financial Statements

31 December 2019

Charity Registration Number
1137029

Company Limited by Guarantee
Registration Number
07274105 (England and Wales)

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Reference and administrative information

Royal Patron	HRH Princess Alexandra
Trustees	<p>Professor D Adams MD FRCP FMedSci (Appointed 6th December 2019)</p> <p>Professor R Arasaradnam* MB BCh, C Clin Ed, PhD, FRCP, FEBGH (EU) (Appointed 12th March 2019)</p> <p>Mrs K Au BSc</p> <p>Dr L Bradley (Appointed 29th April 2020)</p> <p>Mr G Christian-Lim BSc</p> <p>Professor A Ford MBChB, MD, FRCP (Appointed 24th July 2019)</p> <p>Professor C Hawkey DM FRCP FMedsci – President (Renewed 9th October 2019)</p> <p>Dr M Lomer MBE PhD (Appointed 6th December 2019)</p> <p>Professor J McLaughlin MBChB PhD FRCP – Deputy Chair (Renewed 9th October 2019)</p> <p>Ms S Murray</p> <p>Professor J Rhodes MD FRCP FMedSci (Appointed 24th July 2019) - Chair</p> <p>Dr P Smith BMedSci BMBS MRCP MSc – Medical Director</p> <p>Mr H Tran BSc FCA – Honorary Treasurer (Renewed 6th December 2019, resigned 30th April 2020)</p> <p>Mr S Williams BA ACA (Appointed 13th March 2020, Honorary Treasurer from 1st May 2020)</p> <p>* nominee of the British Society of Gastroenterology (BSG)</p>
Chief Executive	Ms J Harrington
Principal office	<p>3 St Andrews Place</p> <p>Regent's Park</p> <p>London</p> <p>NW1 4LB</p>
Telephone	0207 486 0341
Website	www.gutscharity.org.uk
E-mail	info@gutscharity.org.uk
Company registration number	07274105 (England and Wales)

Reference and administrative information

Charity registration number	1137029
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 1 Cavendish Square London W1A 4NU
Investment managers	Cazenove Capital Management 12 Moorgate London EC2R 6DA
Solicitors	Hempsons 40 Villiers Street London WC2N 6NJ

The trustees present their report together with the financial statements of Guts UK Charity ("Guts UK") for the year ended 31 December 2019. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 32 and comply with the charitable company's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

Structure, governance and management

Guts UK is a charitable company limited by guarantee. Its governing document is its Memorandum and Articles of Association.

The trustees have overall responsibility for setting the strategic direction of the charitable company. The trustees delegate specific responsibility to several committees as follows:

- a) Audit, Risk and Compliance Committee ("ARC") whose purpose is to oversee the operational activities of the charity covering finance, investment, audit, legal compliance, HR and risk management;
- b) Research Awards Committee ("RAC") whose purpose is to ensure the integrity of Guts UK's research awards and that they align with the charity's stated objectives. The RAC is responsible for assessing, approving and monitoring applications for research funding. The RAC's processes are governed by the Terms of Reference and committee members (including those co-opted for specific awards) are required to sign a declaration of conflicts of interests form;
- c) Funding, Communication and Industry Committee whose purpose is to deliver on Guts UK's fund-raising programmes, ensuring engagement with patients, public, the medical profession and industry alike; and
- d) Research Strategy Committee whose purpose is to recommend areas of focus for Guts UK research priorities.

The policies of the charity are determined by its board of trustees whose membership is listed on page 1. The research policy of the charity is decided by the trustees in consultation with the Research Committee of the British Society of Gastroenterology (BSG). Guts UK is a member of the Association of Medical Research Charities.

Guts UK advertises for new trustees as required. Prospective trustees are interviewed by the Chairman or other fellow trustees and are asked to submit a CV for review by the trustees. Candidates must be approved by a majority of trustees and the usual term of office is three years, renewable on approval by the board.

Structure, governance and management (continued)

New trustees are provided with information concerning the finances, fundraising activities, grant-making and research policies of the charity. Those who are not familiar with the legal obligations and responsibilities of a trustee are provided with information published by organisations such as the Charity Commission. Training opportunities are offered to trustees on an ongoing basis.

Guts UK continues to work closely with the BSG to provide strong links with the main professional community and to improve its ability to disseminate research and patient information. The Chairman of the BSG's Research Committee is a member of the board. Other BSG members may be invited to board meetings to provide ex-officio input on specific topics as considered necessary.

The day-to-day operation of Guts UK is delegated to the Chief Executive who is supported by a team of staff.

Key management personnel

The key management personnel are those involved in managing the organisation, fundraising, communications, research and finance. These comprise the trustees, the Chief Executive, the Head of Research and the Finance and Research Manager.

The pay of all staff members, including members of key management, is reviewed annually by the trustees. Remuneration details in relation to key management personnel are provided in Note 10 to the financial statements.

Objectives and activities

Guts UK's charitable objectives are:

- ◆ The advancement of the science and practice of medicine and surgery for the benefit of the public with particular reference to the field of gastroenterology, which includes the study of the physiology and pathology of the digestive system;
- ◆ To promote the study of and research into medicine and surgery with particular reference to the physiology and pathology of the digestive system and to ensure dissemination where appropriate of the results of such study and research;
- ◆ To provide educational material, information and advice to the general public on gastrointestinal diseases.

To achieve these objectives, Guts UK works across six areas:

- ◆ Providing evidence-based information to patients and carers that enables people to take proactive decisions and control of their lives;
- ◆ Supporting medical research that increases our understanding of digestive diseases, leading to better diagnosis and treatment and improved outcomes for patients;
- ◆ Funding research training fellowships for clinicians and scientists to allow them to pursue academic gastroenterology and to enable the development of future researchers;
- ◆ Hosting scientific research symposia as part of the BSG Annual Meeting;
- ◆ Giving general advice and signposting to other organisations;
- ◆ Raising awareness of digestive health and the science surrounding it to increase public understanding.

When setting the objectives and planning the work of Guts UK for the year, the trustees give careful consideration to the Charity Commission's general guidance on public benefit.

The trustees always ensure that the activities undertaken are in line with the charitable objectives and aims of Guts UK. As highlighted in this report, we are continuing to develop our information provision and public education programme thereby helping the general population to better understand digestive diseases.

Achievements and performance

A) Research grant funding

Guts UK had research commitments at the start of the year totalling £1,147,961 (2018: £503,218). In 2019 the charity further awarded grants totalling £790,566 (2018: £873,371) with payments totalling £211,498 (2018: £195,035) and commitments no longer required of £5,174 (2018: £33,593). Research commitments still to be paid at the end of the year were £1,721,855 (2018: £1,147,961).

In 2019 Guts UK renewed its commitment to focus on the following priority areas:

- ◆ Upper gastrointestinal disease such as GORD and Barrett's oesophagus;
- ◆ Diverticular disease;
- ◆ Pancreatitis;
- ◆ Irritable Bowel Syndrome (IBS);
- ◆ Childhood gut and liver diseases; and
- ◆ Microbiome and nutrition.

These are the areas the trustees believe are less well-resourced than other disease areas and where Guts UK's research funding can make a meaningful difference for patients.

Alongside these research priority areas, Guts UK campaigns for better survival rates for digestive cancers as a founder member of the Less Survivable Cancers Taskforce <http://lesssurvivablecancers.org.uk/>.

In addition, Guts UK prioritises funding of junior doctors at the start of their career by working in partnership with the BSG to support more research in the specialty of gastroenterology.

Guts UK Charity has awarded several new grants in 2019:

Childhood gut and liver diseases

Guts UK has once again partnered with the British Society of Paediatric Gastroenterology, Hepatology and Nutrition (BSPGHAN) to fund paediatric research. Dr Paul Henderson, based at the University of Edinburgh, has been awarded £39,936 for his study into the prospective incidence of paediatric-onset inflammatory bowel disease in the UK. This PINPOINT study will provide important information about the number of children with IBD in different parts of the UK that will help improve care by giving a clearer understanding of what resources are needed and how they can be better used. The incidence trends generated from this research, alongside other environmental factors, will provide useful insights into disease causation.

Achievements and performance (continued)

A) Research grant funding (continued)

Childhood gut and liver diseases (continued)

Dr Matthias Zilbauer, based at the University of Cambridge, has been awarded £40,000 for his project analysing mini-guts generated from children diagnosed with IBD and matching controls to find out how patients with IBD differ from children without the disease. The study will also test for differences between children with IBD which will allow identification of children with severe abnormalities who can then be treated appropriately. This project will apply world-leading, novel research technology to a large collection of existing patient samples. The results have a great potential to impact on patients' health by being able to identify novel ways to enable a tailored treatment approach.

Nutrition

Dr Catherine Williamson, based at King's College London, has been awarded £48,283 for her project looking at the impact of cold exposure in conjunction with dietary modification on metabolic regulation in children with non-alcoholic fatty liver disease (NAFLD). This research could open up a new field of temperature-related therapies and give new insight into the relationship between altered temperature, nutrition and metabolism in paediatric NAFLD.

Professor Christer Hogstrand, also based at King's College London, has been awarded £50,000 for his project targeting "Leaky Gut" with combined dietary zinc and plant derived Aryl Hydrocarbon Receptor (AHR) agonists. The aim of this research is to reveal the mechanisms by which dietary zinc and AHR activators influence the intestinal lining. This will allow the development of nutritional studies in humans with the ultimate aim of harnessing these pathways for prevention and/or remedy of IBD.

Development Awards

Guts UK continues to fund open calls for research projects that allow the collection of pilot or proof of concept data to enable high-quality competitive applications to be made subsequently to a research council or other large funder. The awarded grants covered a good spread of topics and geographical locations including places that the charity has not funded before.

- Professor Jonathan Fallowfield, based at the University of Edinburgh, has been awarded £49,623 for his study entitled: "A molecular phenomic approach to define the high risk NAFLD population". The results will be used to improve diagnosis of NAFLD and hopefully predict which patients will have the most problems in the future.
- Dr Salvatore Papa, based at the University of Leeds, has been awarded £50,000 for his project: "Starving livers of glucose for Hepatocellular Carcinoma (HCC) prevention and treatment". Following on from recent findings the team have developed pre-clinical models to test the effect of PARP14 gene depletion during development of HCC. If successful this could lead to PARP14 specific inhibitors being tested in patients with inoperable HCC, which is an urgent unmet need.

Achievements and performance (continued)

A) Research grant funding (continued)

Development Awards (continued)

- Professor Chris Probert, based at the University of Liverpool, has been awarded £48,099 to evaluate the gut metabolome, micro- and myco-biome in ulcerative colitis patients undergoing anti-fungal therapy to see if it is possible to predict the response to therapy.
- Dr James Pritchett, based at Manchester Metropolitan University has been awarded £29,138 for his study: "Decoding Yes Associated Protein 1 (YAP1) driven hepatic stellate cell activation". The objective of the research is to identify the genes that YAP1 controls to help the team understand how YAP1 drives fibrosis and potentially highlight novel targets for anti-fibrotic therapies.
- Dr Marnix Jansen, based at University College London has been awarded £49,560 for the TARGET study which will analyse biopsies with the aim of risk stratifying gastric cancer precursors for tailored endoscopic surveillance and treatment. The results of the study will form the basis of a larger scale study to follow patients over time and validate the findings. The study could have a major impact on the diagnosis of gastric cancer.

Following on from a successful collaboration with forCrohns Charity in 2018 to fund research specifically focusing on Crohn's Disease we have awarded another two grants.

- Professor Graham Lord, based at King's College London, has been awarded £43,336 for his project which aims to determine whether the immune abnormalities associated with Crohn's Disease can be targeted to treat the disease. The outcome of this work could be important for other conditions, including primary sclerosing cholangitis.
- Dr George Gutierrez- Merino, based at the University of Surrey, has been awarded £49,055 for his research project: "Understanding how gut bacteria induce beneficial type 1 interferon responses". The project will generate more preliminary data as a proof of concept to support future proposals with the ultimate aim of expanding the potential use of probiotics as a therapy for Crohn's Disease.

Funding trainee doctors in gastroenterology research

To promote research amongst gastroenterology trainees and in particular support the development of trainee research networks Guts UK has partnered with the British Society of Gastroenterology (BSG) to award four small grants of up to £5,000 each to trainee doctors:

- Dr Louise China, Royal Free Hospital, London – Exploring Periodontitis in Cirrhosis (EPIC) a single arm feasibility study to explore the relationship between periodontitis and infection in patients with liver cirrhosis.

Achievements and performance (continued)

A) Research grant funding (continued)

Funding trainee doctors in Gastroenterology Research (continued)

- Dr Srivathsan Ravindran, St Mark's Hospital, London – Developing a patient-reported safety incident tool in endoscopy.
- Mersey Gastroenterology Network (MaGNET) led by Dr Mike Davies at the Royal Liverpool University Hospital – Getting to the bottom of acute Lower Gastrointestinal Bleeding: Improving quality of care for patients with acute lower gastrointestinal bleeding and assessing resource implications of adherence to national guidelines.
- West Midlands Research in Gastroenterology Group (WMRIG) led by Dr Samuel Smith at the University Hospital of Birmingham NHS Trust – Improving key performance measures in inflammatory bowel disease surveillance.

Guts UK/Dr Falk Awards

Guts UK continues to work with Dr Falk Pharma UK to award prizes and grants to medical students, SpR trainees, F1/F2 clinicians, nurses and dietitians. These awards aim to acknowledge those who bring new insight into gastroenterology and hepatology through research or the improvement of patient care. They also provide the opportunity for foundation stage doctors to engage in research and gastroenterology trainees to conduct audit or quality improvement projects.

The Guts UK/Dr Falk 2019 award winners were:

◆ *Medical Student Essay Prize £1,000*

Henry Lee-Six, Wellcome Sangar Institute, Cambridge
Mutational landscape of normal colon

◆ *Medical Student Prizes; 4 at £1,500 each*

Jaclyn Tan, Department of Microbiology, Royal Free Hospital
Improving the diagnosis and management of spontaneous bacterial peritonitis in patients with cirrhosis and ascites

Jorlin Liu, UCL Institute for Liver and Digestive Health
Fatty acid metabolic pathways in hepatocellular carcinoma: novel biomarkers and treatment target

Elisabeth Baggus, Academic Unit of Gastroenterology, University of Sheffield
Non-Responsive and Refractory Coeliac Disease: The largest UK experience from the National Centre of the NHS England Rare Diseases Collaborative Network

Achievements and performance (continued)

A) Research grant funding (continued)

Guts UK/Dr Falk Awards (continued)

Elinor Roderick, Institute of Immunity and Transplantation, University College London
The impact of T cell receptor repertoire restriction in autoimmune hepatitis

◆ *Dietitian Prize £1,000*

Isobel Connolly, Advanced Dietitian in Paediatric Gastroenterology, St George's Hospital, London
To establish a dietetic-led clinic for the management of paediatric patients with coeliac disease and to evaluate the service pre and post change to the clinic structure

◆ *Nurse Prize £1,000*

Lainie Lawson, Hepatology Specialist Practitioner, John Radcliffe Hospital, Oxford
Maximise screening and treatment programmes for Hepatitis C within the local prisons

◆ *F1/F2 Research Grants; 2 at £2,500 each*

Dr Oliver Shutkever, Department of Pathology, University College London
Chromosomal copy number alterations in gastric intestinal metaplasia as a potential biomarker for risk of progression to gastric cancer

Dr Grace Hatton. Institute of Liver Studies, King's College Hospital
The role of faecal microbial transplantation (FMT) in treatment of chronic liver disease

◆ *Dr Falk-Guts UK SpR Trainee Audit / Quality Improvement Award £5,149*

Dr Rishi Fofaria, Endoscopy and IBD Departments, St Mark's Hospital, London
Prospective observational study to investigate the role of pre-procedure faecal calprotectin before scheduled IBD surveillance colonoscopy to improve quality of care.

Achievements and performance (continued)

B) Completed research projects: the results

Professor Sarah Ennis's research study: Metabolo-genomic interactions in paediatric Crohn's Disease, conducted at the University Hospital Southampton, identified particular metabolites that appear to be significantly increased in the blood of patients with severe disease. The team's data showed that patients with most distinctive profiles of proteins that appear rapidly in the blood during an exacerbation of disease, also appear to be enriched for genetic changes in a molecular pathway that is important in gut repair. The team is working towards publishing their data which will hopefully stimulate independent verification of their findings and lead to further investigation of the role of this pathway.

Professor Chris Probert's research study looked at fungi and bacteria of children newly diagnosed with Crohn's Disease and a control population of children with other (non-inflammatory) gut disorders using state-of-the-art protocols to determine if fungi are truly associated with the development of Crohn's Disease. The team's key findings were:

- there was a difference in the fungi found in faeces of patients with Crohn's Disease
- there was a significant contribution to the faecal fungi from diet
- the new protocol was able to disclose the active fungal community
- the faecal bacterial community was disturbed in children presenting with Crohn's Disease implying the difference was unrelated to treatment of their CD and it was not due to dietary contaminants.

The team have secured a grant to perform deeper analysis of the data and are planning a study to determine whether treating fungi will help patients with Inflammatory Bowel Disease (IBD).

Dr Palak Trivedi examined how well IBD is looked after in patients with Primary Sclerosing Cholangitis (PSC) who have undergone a liver transplant and whether national and international standards of care are being followed. To try to improve standards of care, and drive change for the betterment of patients, an information sheet will be created for all those with PSC Ulcerative Colitis (UC) to inform them of how their IBD may be affected by the liver transplant process. This will detail the rates of colitis flares (including how to recognise), highlight the need for ongoing annual colonoscopy, and reinforce that follow-up with their local gastroenterologist must continue. A prospective study to determine the risk factors linked to IBD outcomes in PSC is now underway and it is hoped that the result from this will allow doctors in the future to tell their PSC patients if they are at risk from their bowel disease after liver transplantation.

Dr Misha Kabir's project aimed to develop a personalised patient decision aid to improve the quality of shared decision-making between ulcerative colitis patients diagnosed with dysplasia and their clinicians. Findings from interviews with patients helped the team produce a patient visual aid which addresses most of the fears and questions that the patients talked about during their interviews. With the decision aid they will have access to evidence-based information presented visually and in a personal manner, which will

Achievements and performance (continued)

B) Completed research projects: The Results

empower them to choose their management with more confidence. The aid will be used at St Mark's hospital with patients diagnosed with dysplasia and needing to consider surgery or continued surveillance. The use of the aid will be monitored to see whether patients' decision-making and confidence is helped using the aid. Once more data is collected showing the patient benefit of the aid it will be made available to doctors and patients across the UK.

Scientific engagement

In June 2019 Guts UK Charity hosted a session at the BSG Annual Meeting which focussed on showcasing the range of research funding opportunities supported by the charity from fellowships to trainee network awards. Speakers included renowned clinical researchers, scientists and gastroenterology trainees.

C) Public education and awareness

- **Patient information**

Guts UK Charity provides evidence-based information written by medical experts in the area of human digestive diseases in order to empower people to ask the right questions of the health professionals, to help get a timely diagnosis and the right treatment. Knowing more about what triggers a condition, learning about lifestyle factors or diet and nutrition can help people to better manage their condition.

Guts UK's patient information is updated on an ongoing basis including input and feedback from lay readers and people affected by these conditions. The information available on the website has been expanded and 195,810 patient information leaflets covering 16 digestive conditions were sent out to 108 hospitals around the UK and Ireland.



New leaflets on the role of gut bacteria in health and disease and the gut microbiome have been added to the range in 2019.

Achievements and performance (continued)

C) Public education and awareness (continued)

- Patient information (continued)

“ It was such a relief to find Guts UK's information online. For a long time, I thought that my symptoms were just life post-gallbladder surgery. It was a relief to read other people's stories online and I realised I wasn't alone. I really felt I was getting little help from any of my doctors, until I decided to print out Guts UK's information and approach them with it.

-Natalie, Patient with Bile Acid Malabsorption”



- Public awareness events

Following on from the success of previous years, Guts UK again had a stall at Huddersfield Food Festival where staff chatted to locals about the charity's work promoting research into, and awareness of, digestive conditions. The local Audrey Spencer School of Dance opened the festival with a fabulous rendition of “Let's Talk About Guts Baby”.

Guts UK's Colin the Colon is a huge crowd pleaser as well as a brilliant conversation starter. A walk through the inflatable colon fascinates all ages. Colin was in attendance at the Health and Wellbeing festival, Piece Hall, Halifax where people were intrigued by being able to walk through the colon and discover how disease can affect the function of this vital organ.

Guts UK also held a very successful Science of Digestion event at Huddersfield football club. More than 200 people attended to hear from experts on digestive health and ask questions. Members of the public interviewed after the event said they learnt a great deal.

“ A brilliant event. Very informative. So glad I came tonight, every topic was useful to know about.

This event will help me on my personal journey to change my lifestyle.”

- Science of Digestion Attendees



Risk management

Guts UK maintains a risk register covering the major risks to which the charity is exposed. This covers governance and compliance, operational and administration, financial and investment and reputational risks.

Guts UK rates potential risks by likelihood and impact. The risk register is reviewed regularly by the trustees and the key risks together with the policies to mitigate them have been identified as:

Failure to comply with GDPR regulations

Policies and procedures have been developed and communicated to all staff. Ongoing training will be provided. Data protection is a standing item on the ARC Committee and trustee meeting agendas to ensure trustees are kept up to date with actions taken to ensure compliance with the regulations. There will be ongoing monitoring of compliance with regulations.

Failure to meet strategy to increase donations

Management accounts are prepared and regularly reviewed by the ARC Committee to monitor fundraising performance. The fundraising strategy is being reviewed by the Chief Executive and trustees with a view to developing different income sources to include approaching former funded researchers and gastroenterologists and industry/pharma for support. The trustees review income generation, reserves and strategy at each ARC and Board meeting to ensure the strategy is still the right one and that the charity has sufficient funds to meet it.

Insecurity of tenure

Guts UK occupies a small office located within the premise of the BSG building who is the leaseholder of 3 St Andrews Place, which is due to expire in 2021. The BSG have been informed that Guts UK would like to move with them if they do have to relocate. The Chair is meeting with the BSG President to ensure maintenance of a good working relationship with the BSG. The trustees will also consider alternative options for office space.

Impact of COVID-19

The COVID-19 Pandemic has led to some increased risks. Financial risks have increased as a result of the decline in the value of the charity's assets and income from investments and fundraising which will affect future spending plans. The trustees will continue to monitor income and expenditure and adjust as required. Changes in operational practices which have been required, such as the move for staff to work from home, has created risks. Guts UK has taken measures to support staff working from home, including weekly virtual staff meetings held via MS Teams. There is also the risk that the charity will not be able to hold any Science of Digestion or other public awareness events. This will affect the charity's ability to fulfill its charitable objectives of raising awareness as well as impact on the recruitment of new supporters and fundraisers. As far as possible the public awareness programme will be converted to a digital format.



Fundraising

Growing our income through fundraising is vital to enabling Guts UK to fund more much needed research and provide information to improve the lives of people affected by digestive disorders. Increasing the number of financial donors to Guts UK and exploring the potential of all income streams will diversify income sources and in the longer term reduce dependency on investment income.

Guts UK is committed to working to a best practice framework and is an organisational member of the Institute of Fundraising, actively complying with the Fundraising Code of Practice. Guts UK is registered with the Fundraising Regulator and signed up to The Fundraising Promise. The charity does everything possible to meet the needs of potential supporters and protect vulnerable people. In particular, the charity confirms that it complies with all relevant data protection laws. No instances of non-compliance have been identified during the year and no suppression requests were received in 2019 in relation to the fundraising activities.

Consent to keep data and contact preferences for new supporters and donors is obtained on an on-going basis to ensure we get donor preferences right and ensure best practice when dealing with all supporter communications.

As part of its fundraising activities, the charity may engage professional third parties to act on its behalf, for example to produce and distribute direct mailings. To ensure that the fundraising activities of third parties are compliant with regulation and the charity's own internal standards, the charity approves all third party communication prior to distribution and will set clear guidelines in the agreements made with such parties.

Guts UK works with commercial participators, such as Amazon Smile, Everyclick, Give as you Live and Easy Fundraising to raise funds. Agreements with commercial participators are checked, and activity monitored to ensure compliance with the Fundraising Code of Practice.

Guts UK aims to respond to all complaints individually and in a timely manner. All complaints inform and influence the charity's approach to fundraising.

The charity monitors its different fundraising channels to ensure they are competitive and is always conscious of the cost effectiveness of its fundraising. Guts UK works hard to ensure it delivers value for money in all of its charitable activities.

Fundraising (continued)

Income generation

It is important to remember that the charity has only very recently become Guts UK. From 2003 to June 2018 the charity had been known as Core. In 2019 we saw the important process of establishing the new name and rebranding of our mission and growing a new community of supporters interested in digestive health.



The charity is committed to developing a digital platform, so our information is accessible for all. In 2019 our social media presence continued to grow and traffic to the website increased from 34,000 users to 550,000. This improved digital profile and visibility was achieved through a concerted effort to reach and serve people affected, growing our community with relevant content that our supporters share and channel. Our twice-yearly newsletters sent to supporters who prefer print are key communications as are our regular e-newsletters.



Guts UK are proud to fund the only research fellowship into pancreatitis in the UK and have done so since the 1980s. Our Kranky Panky pancreatitis awareness campaign first started in November 2018 when we shared a story a day for the month of November and put the patient voice at the heart of our awareness raising. In 2019 we saw our Kranky Panky community grow even more with visitors to the website increasing from 8,000 in the month of November 2018 to 99,000 for the month of November 2019. So many families affected by this devastating condition, for which there is no effective treatment, express their relief in finding a community that truly understands via Guts UK charity.



Myself and my two son's honoured mum's life with a running challenge, raising awareness & funds for Guts UK's research into pancreatitis.

Research that will help understand more and find a treatment, hoping that things will change for others,



- The Catling Family

From our Yorkshire office base established in 2017, Guts UK has continued proactively developing support along the M62 corridor to raise the charity's profile with our key target audience – those people affected by digestive disorders. With the support of clinicians and nurses in hospital clinics, we aim to provide Guts UK patient information leaflets and promote the website as a key source for an increasing range of digital information for patients. This builds on the key relationship with BSG members, doctors, nurses and health care professionals from the gastroenterology community who actively participate in Guts UK fundraising events and proudly advocate for Guts UK. We will build support in the wider public via schools and companies, to increase profile and brand awareness. We are building a team of staff and volunteers who can deliver an engaging outreach programme of information and events on digestive health to achieve both the objective of public education and our strategy to reach and recruit more supporters to our cause.

Fundraising (continued)

Income generation (continued)

Over the next couple of years, we hope this will serve as a proactive model of building sustainable, long term support with our internal audience (BSG members) and reaching new external audiences, working together to become a truly national charity with relevant and strong regional presence. Reaching patients where they are being treated.

“In October 2019, my colon officially retired and passed the baton on to the bag. It tried its best to function over my entire adult life to not much avail. I decided there was only one option... to throw a Colon Retirement Party for Guts UK!”

- *Melanie, Patient with Ileostomy*

Income from grant-making trusts totalled £40,443 with specific contributions received towards Dr Sara Jamel's fellowship project looking at Barrett's oesophagus and early oesophageal cancer. Income from community fundraisers continues to increase as the charity becomes more widely known. For the second year of Guts UK's participation in Ride London the small team raised £6,000. For the first time Guts UK had places in the Vitality Half Marathon; runners raised just under £7,000. Bucking the trend somewhat Guts UK has increased its regular donors this year and general individual donations have also increased as have in-memoriam donations. Mornflake launched their new breakfast oats product named *fibreful* adorned with Guts UK logo as we work together to talk about the importance of fibre in our diets. FPCG made Guts UK charity of the year and as part of their support devised a seasonal Christmas computer game called **“Russell the Brussel”** which was a fun way of engaging with people about their digestive system.

Plans for 2020

Research

Additional funding has been budgeted for patient participation in the pancreatitis research Priority Setting Partnership (PSP) which will be facilitated by the James Lind Alliance (JLA). Support for the PSP has been secured from the Pancreatic Society. Additional funding will be sought to get the IBS PSP up and running.

The Dr Falk awards will continue this year. Funding for one open development grant and one nutrition development grant will be announced. The trainee research awards programme, jointly funded with the BSG, will be expanded this year. The Derek Butler upper GI fellowship will be advertised in the autumn.



Plans for 2020 (continued)

Fundraising, patient engagement and awareness raising

- ◆ Begin preparations for Guts UK charity's 50th anniversary year June 1971 – June 2021 with a review of 50 years of research impact
- ◆ Continue to develop our digital strategy to promote Guts UK website as a source of evidence-based information for people affected, inspiring patient and supporter stories and signposting to up to date research.
- ◆ Develop new patient information material and resources in different media for different audiences such as introducing patient focused videos. Continue to raise public awareness through an enhanced digital presence, building our communities through all social media channels.
- ◆ Proactive focus continues along the M62, targeting clinics, schools, places of worship, students' unions, companies and funeral directors to develop relationships and new sources of income.
- ◆ Develop our public Science of Digestion events for different audiences.
- ◆ Clinicians as fundraisers and ambassadors for Guts UK; recruit new donors via approaching BSG members and previously funded researchers, our Guts UK alumni.

Staff, Resources and Capacity building

The charity has employed an Information Manager to focus on providing an enhanced programme in outreach, patient engagement and information. A further key appointment will be a Public and Patient Involvement and Engagement Officer.

Impact of COVID-19

At the time of finalising our 2019 accounts, the country was in lockdown due to Coronavirus. Like all charities, Guts UK is experiencing a fall in the value of our investments and it is likely our investment income will also be affected. Our services are in demand more than ever as we serve the community of people affected by digestive disorders with relevant information. For all across our sector, we know our income generation will be affected as the cancellation and postponement of fundraising events is announced. At the same time, some of our Guts UK funded researchers are being called back to clinical duties and will need to postpone their research. We shall adjust Guts UK's 2020 operational plans in the light of what we hope will be short term volatility and continue to strengthen our work towards our longer-term strategic objectives.



Financial review

The charity recorded income for the year of £921,532 (2018: £1,040,147) and expenditure of £1,219,712 (2018: £1,281,920). This resulted in net expenditure, before investment gains, of £298,180 (2018: £241,773). The loss is due to a substantial increased investment in Guts UK's research programme for 2019.

In line with the performance of investments globally the investment portfolio contributed unrealised gains of £548,718 and realised gains of £73,504 (2018: unrealised losses of £482,447 and £29,301 realised losses). Of this amount, total realised and unrealised gains of £297,132 (2018: £241,745 total realised and unrealised losses) related to the endowment fund. Following the worldwide outbreak of the Coronavirus pandemic and its impact on global markets, since the year end date of 31 December 2019, the market value of the charity's investments have fallen by approximately £666,734 (or 10.5%) as at 29 May 2020.

As at 31 December 2019, Guts UK had net assets of £5,964,266 (2018: £5,640,224) an increase of £322,042 with £6,318,604 held in listed investments. These include the Derek Butler endowment fund for research into upper gastrointestinal conditions of £3,092,549. The income from this fund will continue to finance the three year fellowship awarded in 2017 to be completed in 2020. A new fellowship will be advertised in 2020.

Unrestricted funds which can be spent at the discretion of the trustees were £2,982,931 of which £1,696,066 has been designated to contribute to research grants awarded by the charity. In March 2020, the trustees agreed that half of the value of the designated investments should be designated specifically towards research in pancreatitis (the Amelie Waring fund) with the remaining half to be designated to more general gastrointestinal research.

General funds amounted to £1,286,865. More details of the disposition of Guts UK net assets can be found in the financial statements on pages 25 and 26.

The principal liability of Guts UK Charity is to complete the research programme it has committed to of £1,721,855 at 31 December 2019 as set out in detail in note 18. Of these commitments, £274,041 is covered by endowed or designated funds, £412,524 is due from funding partners and £1,035,290 is to be funded from Guts UK's general unrestricted fund.

Reserves policy

Guts UK has reviewed the amount of reserves it regards as a minimum prudent requirement and has concluded that provision for six months administration, public education and fundraising costs is sufficient.

Based on the forecast for 2020, the desired minimum reserve amounting to six months administration, net public education costs and fundraising expenditure is £300,000. Currently general unrestricted funds total £1,286,865 less amounts held as fixed assets. Additional funds are to be utilised for increased research expenditure, building capacity and expanding the public information programme going forward.



Financial review (continued)

Investment policy and performance

The charity's listed investments are managed by Cazenove. Investment in tobacco companies is not permitted. The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment manager's advice on the market prospects in the medium term. Guts UK's investment objectives are to achieve a balance of capital growth and income.

The performance of the portfolio is regularly monitored by the trustees and an annual meeting is held where the performance against benchmarks and the overall investment policy is reviewed.

Going concern

There is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The trustees believe that there are no material uncertainties that call into doubt the charity's ability to continue operating as a going concern. In making this decision, the trustees have taken into consideration the risks and uncertainties arising from the Coronavirus pandemic including the potential impact on fundraising and return on investments, and conclude that the charity can sustain its operations for a period of at least twelve months from date of signing these accounts. Consequently, the financial statements have therefore been prepared on the basis that the charity remains a going concern.

Statement of trustees' responsibilities

The trustees (who are also directors of Guts UK for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Guts UK and the income and expenditure of Guts UK for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Statement of trustees' responsibilities (continued)

- ◆ prepare the financial statements on a going concern basis unless it is inappropriate to presume that Guts UK will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Guts UK and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Guts UK and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which Guts UK's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of corporate and financial information included on Guts UK's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees and signed on their behalf by:

Jonathan Rhodes



Trustee



Approved by the trustees on:

26 June 2020

Independent auditor's report to the members of Guts UK Charity

Opinion

We have audited the financial statements of Guts UK Charity (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, the balance sheet, and statements of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year, which is also the directors' report for the purposes of company law, for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

30 July 2020

Statement of financial activities Year ended 31 December 2019
(including the income and expenditure account)

		Unrestricted funds £	Restricted funds £	Endow- ment funds £	2019 Total funds £	2018 Total funds £
Income and expenditure						
Income						
Donations and legacies	1	235,669	18,778	—	254,447	340,357
Other trading activities	2	54,364	—	—	54,364	42,948
Investment income	3	111,615	92,140	—	203,755	194,989
Charitable activities	4	—	—	—	—	—
. Grants for research		—	408,966	—	408,966	461,853
Total income		401,648	519,884	—	921,532	1,040,147
Expenditure						
Cost of raising funds	5	157,224	13,155	—	170,379	187,171
Expenditure on charitable activities	6	—	—	—	—	—
. Grants for research		434,129	478,523	—	912,652	955,273
. Public education and Science of Digestion		136,681	—	—	136,681	139,476
Total expenditure	8	728,034	491,678	—	1,219,712	1,281,920
Net expenditure before transfers	9	(326,386)	28,206	—	(298,180)	(241,773)
Transfers between funds	19	(31,194)	31,194	—	—	—
Net (expenditure) / income after transfers		(357,580)	59,400	—	(298,180)	(241,773)
Net gains / (losses) on investments	14	—	—	—	—	—
. Realised		42,071	—	31,433	73,504	(29,301)
. Unrealised		283,019	—	265,699	548,718	(482,447)
Net (expenditure) / income and net movement in funds for the year		(32,490)	59,400	297,132	324,042	(753,521)
Reconciliation of funds:						
Funds balances brought forward		3,015,421	66,637	2,558,166	5,640,224	6,393,745
Fund balances carried forward		2,982,931	126,037	2,855,298	5,964,266	5,640,224

All of the charity's activities derived from continuing operations during the above two financial periods.

All recognised gains or losses are included in the above statement of financial activities.

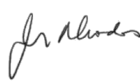
A full comparative Statement of Financial Activities for the year ended 31 December 2018 is shown as note 29 to the financial statements

Balance sheet 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	13		1,984		171
Investments	14		6,318,604		5,688,851
			6,320,588		5,689,022
Current assets					
Debtors: due within one year	15	532,275		204,921	
Short term cash deposits		690,003		624,319	
Cash at bank and in hand		180,107		297,516	
		1,402,385		1,126,756	
Liabilities:					
Creditors: amounts falling due within one year	16	(1,145,034)		(564,931)	
Net current assets			257,351		561,825
Total assets less current liabilities			6,577,939		6,250,847
Liabilities:					
Creditors: amounts falling due after one year	17		(613,673)		(610,623)
Total net assets			5,964,266		5,640,224
The funds of the charity					
Unrestricted income funds					
. General			1,286,865		1,509,394
. Designated funds	20		1,696,066		1,506,027
Restricted funds	19		126,037		66,637
Endowment fund	21		2,855,298		2,558,166
			5,964,266		5,640,224

Approved by the trustees
and signed on their behalf by:

Jonathan Rhodes




Trustee

Approved on: 26 June 2020

Guts UK Charity

Registered Company Number: 07274105 (England and Wales)

Statement of cash flows 31 December 2019

	Notes	2019 £	2018 £
Cash inflow (used in) provided by operating activities:			
Net cash (used in) provided by operating activities	A	(245,648)	144,506
Cash inflow from investing activities:			
Dividends and interest from investments		203,755	194,989
Purchase of tangible fixed assets		(2,301)	—
Proceeds from the disposal of investments		1,128,341	220,684
Purchase of investments		(987,808)	(220,108)
Net cash provided by investing activities		341,987	195,565
Change in cash and cash equivalents in the year		96,339	340,071
Cash and cash equivalents at 1 January	B	1,339,851	999,780
Cash and cash equivalents at 31 December	B	1,436,190	1,339,851

Notes to the statement of cash flows for the year to 31 December

A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	324,042	(753,521)
Adjustments for:		
Depreciation charge	488	559
(Gains) / losses on investments	(622,222)	511,748
Dividends and interest from investments	(203,755)	(194,989)
Increase in debtors	(327,354)	(53,972)
Increase in creditors	583,153	634,681
Net cash (used in) provided by operating activities	(245,648)	144,506

B Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	180,107	297,516
Short term cash deposits	690,003	624,319
Cash held by investment managers	566,080	418,016
Total cash and cash equivalents	1,436,190	1,339,851

Principal accounting policies Year ended 31 December 2019

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2019 and are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. Estimates used in the accounts, particularly with respect to the value of listed investments (see note 14) are subject to a greater degree of uncertainty and volatility. As set out in these accounting policies under "going concern", the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its financial statements on the going concern basis.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic lives of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ assessing the probability of the receipt of legacy income; and
- ◆ allocation of support costs between activities on the basis of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements and have made this assessment in respect to a period of one year from the date of approval of these financial statements. They have taken into consideration the potential uncertainty in relation to COVID-19 on the charity's operations and finances. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are confident that the charity has sufficient funds to cover its existing liabilities.

With regard to the next accounting period, the year ending 31 December 2020, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is probable.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity. Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. 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 reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Income recognition (continued)

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.

Research funding income is recognised in the period in which the charity receives a written commitment from the funder. Research funding is deferred only when the charity has to fulfil conditions before becoming entitled to it or the donor has specified that the income has to be spent in a future period.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a) Cost of raising funds which includes direct fundraising costs and investment manager's fees.
- b) Expenditure on charitable activities comprises expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include grants payable, other direct costs and support costs, which are apportioned based on the level of activity in each area.

Research grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant, and has satisfied all relevant conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is payable are not accrued for but are noted as financial commitments in the notes to the financial statements.

The provision of 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 charity that would permit the charity to avoid making the future payments, settlement is probable and the effect of the discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant 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 charity.

Allocation of support costs and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs directly attributable to the governance of the charity, including audit costs and the necessary legal procedures for compliance with statutory requirements. Support costs and governance costs are allocated between activities with the allocation based on staff time.

Fixed asset investments

Listed 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 charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal 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 at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand and short term deposits

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Tangible fixed assets

Depreciation of fixed assets is calculated on cost at rates estimated to write off the assets, by equal instalments, over their expected working lives.

- ♦ Office furniture, fittings and equipment - 5 years
- ♦ IT equipment - 3 years

Items used in the day to day running of the charity and with a cost in excess of £500 are capitalised, and are stated at cost less accumulated depreciation.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – other debtors are basic financial instruments and are debt instruments measured at amortised cost. Listed investments are a basic financial instrument as detailed above. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – accruals and other creditors are financial instruments, and are measured at amortised cost.

Fund structure

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

General funds

Funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity.

Designated funds

Funds which are set aside as part of the charity's unrestricted funds for particular purposes in the future as determined by the trustees from time to time.

Restricted funds

Funds raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Endowment funds

Funds which must be held indefinitely as capital. Income therefore is credited to general funds and applied for general purposes unless under the terms of the endowments such income must be used for specific purposes in which cases it is credited to restricted funds.

Pension costs

The charity operates a defined contribution scheme on behalf of its employees. The assets are held in separately administered funds. Costs are charged to the statement of financial activities in the period to which they relate.

1. Donations and legacies

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Donations	125,139	15,406	140,545
Legacies	110,530	3,372	113,902
2019 Total funds	235,669	18,778	254,447
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>2018 Total funds £</i>
<i>Donations</i>	<i>107,405</i>	<i>7,165</i>	<i>114,570</i>
<i>Legacies</i>	<i>146,457</i>	<i>935</i>	<i>147,392</i>
<i>Subvention from the British Society of Gastroenterology (BSG)</i>	<i>78,395</i>	<i>—</i>	<i>78,395</i>
2018 Total funds	332,257	8,100	340,357

2. Other trading activities

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Public education	50,364	—	50,364
Science of Digestion	2,500	—	2,500
Public Education – leaflet sponsorship	1,500	—	1,500
2019 Total funds	54,364	—	54,364
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>2018 Total funds £</i>
<i>Public education</i>	<i>42,948</i>	<i>—</i>	<i>42,948</i>
2018 Total funds	42,948	—	42,948

3. Investment income

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Interest – fixed interest securities	624	1,546	2,170
Dividends - UK and international equities	65,651	55,674	121,325
Bonds - UK and international	12,590	8,482	21,072
Multi asset funds	19,975	18,719	38,694
Charities property fund	6,862	5,369	12,231
Other funds	3,376	2,350	5,726
Interest on cash deposits	2,537	—	2,537
2019 Total funds	111,615	92,140	203,755

3. Investment income (continued)

	Unrestricted funds £	Restricted funds £	2018 Total funds £
<i>Interest – fixed interest securities</i>	136	688	824
<i>Dividends - UK and international equities</i>	60,629	53,021	113,650
<i>Bonds - UK and international</i>	11,793	10,238	22,031
<i>Multi asset funds</i>	19,629	19,082	38,711
<i>Charities property fund</i>	7,089	4,120	11,209
<i>Other funds</i>	2,230	4,147	6,377
<i>Interest on cash deposits</i>	2,187	—	2,187
2018 Total funds	103,693	91,296	194,989

4. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2019 Total funds £
New grants for research	—	408,966	408,966
2019 Total funds	—	408,966	408,966

	Unrestricted funds £	Restricted funds £	2018 Total funds £
<i>New grants for research</i>	—	461,853	461,853
2018 Total funds	—	461,853	461,853

5. Cost of raising funds

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Fundraising costs	16,744	—	16,744
Investment manager's fees	14,652	13,155	27,807
Support costs (note 8)	125,828	—	125,828
2019 Total funds	157,224	13,155	170,379

	Unrestricted funds £	Restricted funds £	2018 Total funds £
<i>Fundraising costs</i>	<i>21,044</i>	<i>—</i>	<i>21,044</i>
<i>Investment manager's fees</i>	<i>16,391</i>	<i>11,641</i>	<i>28,030</i>
<i>Support costs (note 8)</i>	<i>138,097</i>	<i>—</i>	<i>138,097</i>
2018 Total funds	175,530	11,641	187,171

6. Expenditure on charitable activities

	Direct costs £	Research grants awarded (note 7) £	Support costs (note 8) £	2019 Total funds £
Gastroenterology research	3,564	785,392	123,696	912,652
Public Education	44,977	—	91,704	136,681
2019 Total funds	48,541	785,392	215,400	1,049,333

	Direct costs £	Research grants awarded (note 7) £	Support costs (note 8) £	2018 Total funds £
<i>Gastroenterology research</i>	<i>2,638</i>	<i>854,187</i>	<i>98,448</i>	<i>955,273</i>
<i>Public Education</i>	<i>52,022</i>	<i>—</i>	<i>87,454</i>	<i>139,476</i>
2018 Total funds	54,660	854,187	185,902	1,094,749

7. Research grants awarded

	2019 Total funds £	2018 Total funds £
New research grants	790,566	873,371
Less grants no longer required	(5,174)	(19,184)
Research grants awarded (note 6)	785,392	854,187

Research grants awarded represent commitments made for research, and are set out in detail in note 18.

8. Total expenditure

		Charitable activities		
	Cost of raising funds £	Gastro-enterology research £	Public education and Science of Digestion £	2019 Total funds £
Directly incurred				
Grants payable (see note 7)	—	785,392	—	785,392
Research administration	—	3,564	—	3,564
Fundraising costs	16,744	—	—	16,744
Public education	—	—	44,977	44,977
Investment management fees	27,807	—	—	27,807
	44,551	788,956	44,977	878,484
Support costs				
Staff costs (see note 10)	83,413	81,999	60,792	226,204
Premises and donated facilities	7,528	7,401	5,487	20,416
Postage	250	246	182	678
Telephone	1,211	1,191	883	3,285
Stationery, printing, design and marketing	1,497	1,472	1,091	4,060
Insurance	429	421	312	1,162
Bank charges	939	922	684	2,545
Meeting costs	5,050	4,964	3,680	13,694
Subscriptions/publications	1,543	1,517	1,125	4,185
Equipment/maintenance and website development	7,973	7,838	5,811	21,622
Depreciation	180	177	131	488
Training and recruitment	5,557	5,463	4,050	15,070
Governance costs:				
. Auditor's remuneration	3,492	3,433	2,545	9,470
. Professional fees	1,844	1,813	1,344	5,001
. Bookkeeping costs	3,719	3,656	2,710	10,085
Brand development	1,203	1,183	877	3,263
	125,828	123,696	91,704	341,228
2019 Total funds	170,379	912,652	136,681	1,219,712

8. Total expenditure (continued)

	Charitable activities			2018 Total funds £
	Cost of raising funds £	Gastro- enterology research £	Public education and Science of Digestion £	
<i>Directly incurred</i>				
Grants payable (see note 7)	—	854,187	—	854,187
Research administration	—	2,638	—	2,638
Fundraising costs	21,044	—	—	21,044
Public education	—	—	52,022	52,022
Investment management fees	28,030	—	—	28,030
	<u>49,074</u>	<u>856,825</u>	<u>52,022</u>	<u>957,921</u>
<i>Support costs</i>				
Staff costs (see note 10)	88,190	61,733	55,853	205,776
Premises and donated facilities	8,457	5,920	5,356	19,733
Postage	701	491	444	1,636
Telephone	619	433	392	1,444
Stationery, printing, design and marketing	715	501	453	1,669
Insurance	526	368	333	1,227
Bank charges	1,187	831	747	2,765
Meeting costs	5,232	3,663	3,314	12,209
Subscriptions/publications	1,080	756	684	2,520
Equipment/maintenance and website development	10,651	7,456	6,746	24,853
Depreciation	240	168	151	559
Training and recruitment	6,101	4,271	3,864	14,236
Governance costs:				
. Auditor's remuneration	3,256	2,279	2,062	7,597
. Professional fees	4,916	3,441	3,113	11,470
. Bookkeeping costs	1,873	1,311	1,186	4,370
Brand development	4,353	4,826	2,756	11,935
	<u>138,097</u>	<u>98,448</u>	<u>87,454</u>	<u>323,999</u>
2018 Total funds	<u>187,171</u>	<u>955,273</u>	<u>139,476</u>	<u>1,281,920</u>

9. Net income before transfers

This is stated after charging:

	2019 Total funds £	2018 Total funds £
Staff costs (note 10)	226,204	205,776
Depreciation	488	559
Auditor's remuneration (including VAT)		
. Statutory audit services – current year	7,464	7,320

10. Staff costs and remuneration of key management personnel

	2019 Total funds £	2018 Total funds £
Salaries and wages	203,129	184,418
Social security	16,584	15,580
Pension costs	6,491	5,778
	226,204	205,776

The average number of employees during the period at Head Office was 6.5 (2018: 6.0). One employee earned between £60,001 and £70,000 during the year (2018: one employee earned between £60,001 and £70,000).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the CEO, the Head of Research and the Finance and Research Manager. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £148,276 (2018: £154,355).

11. Trustees' remuneration and expenses

No remuneration (2018: £nil) was paid or payable, directly or indirectly, out of the funds of the charity for the period to any trustee, or to any person or persons known to be connected with any of them.

Six trustees were reimbursed for travel expenses of £1,687 during the period (2018: six trustees: £3,951).

12. Taxation

Guts UK is a registered charity and is potentially exempt from taxation in respect of income and capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

13. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2019	4,341
Additions in the year	2,301
At 31 December 2019	6,642
Depreciation	
At 1 January 2019	4,170
Charge for the year	488
At 31 December 2019	4,658
Net book value	
At 31 December 2019	1,984
At 31 December 2018	171

14. Investments

	Endowment portfolio £	General portfolio £	2019 £	2018 £
At valuation				
Balance brought forward at 1 January	2,458,180	2,812,655	5,270,835	5,783,159
Additions	491,247	496,561	987,808	220,108
Disposal proceeds	(512,028)	(616,313)	(1,128,341)	(220,684)
Investment gains				
. Realised gains/(losses)	31,433	42,071	73,504	(29,301)
. Unrealised gains/(losses)	265,699	283,019	548,718	(482,447)
Total investment (losses) gains	297,132	325,090	622,222	(511,748)
Balance carried forward at 31 December	2,734,531	3,017,993	5,752,524	5,270,835
Cash held by investment managers	358,018	208,062	566,080	418,016
Total investments	3,092,549	3,226,055	6,318,604	5,688,851
Analysis by Type				
Listed investments at market value				
. UK Equities	1,364,794	1,644,647	3,009,441	2,663,321
. Overseas Equities	603,620	468,039	1,071,659	952,162
. UK Bonds	260,060	333,998	594,058	539,896
. Overseas bonds	41,304	46,468	87,772	65,762
. Multi-asset funds	186,840	216,551	403,391	630,995
. Property funds	129,414	165,400	294,814	297,770
. Other	148,499	142,890	291,389	120,929
Total investments	2,734,531	3,017,993	5,752,524	5,270,835
Historic cost of listed investments (all are listed in the UK) - excluding cash held by investment managers	2,318,951	2,723,917	5,042,868	4,950,807

At 31 December the charity had the following material investment holdings:

	Endowment £	Other £	Market value £	Percentage of portfolio %
Listed investments within the portfolio are:				
The Charity Equity Income Fund	632,414	689,665	1,322,079	23%
Trojan Income Fund (Class O Inc)	412,892	460,911	873,803	15%
Majede UK Equity Fund (Income)	180,188	308,412	488,600	8%
Trojan Investment Funds – Trojan Fund	186,840	216,551	403,391	7%
The Charity Equity Value Fund	139,300	185,662	324,962	6%
Fidelity Global Equity Income Fund	154,930	128,583	283,513	5%
Schroder Sterling Corporate Bond Fund	139,035	154,522	293,557	5%

At 29 May 2020 there has been a significant fall in value of the investment funds of approximately 10.5% as a result of current stock market fluctuations. The charity has strategies in place to manage its short-term cash needs and take the long term view in our investment policy and thereby mitigates the risk to the organisation from the current stock market fluctuations.

14. Investments (continued)

The total unrealised gains as at 31 December 2019 constitute movements on revaluation and are as follows:

	2019 £	2018 £
Unrealised gains included above:		
On investments	709,656	320,028
Total unrealised gains at 31 December	709,656	320,028
Reconciliation of movements in unrealised gains:		
Unrealised gains at 1 January	320,028	760,901
(Losses)/gains in respect to disposals in the year	(159,090)	41,574
	160,938	802,475
Add: net gains/losses arising on revaluation in the year	548,718	(482,447)
Total unrealised gains at 31 December	709,656	320,028

15. Debtors

	2019 £	2018 £
Prepayments, accrued income and sundry debtors	119,751	114,721
Commitments due from funding partners	412,524	90,200
	532,275	204,921

Included within debtors under commitments due from funding partners is £30,067 (2018:nil) which is due after one year

16. Creditors: amounts falling due within one year

	2019 £	2018 £
Other creditors	5,693	5,227
Accruals	31,159	22,366
Research grants payable (see note 18)	1,108,182	537,338
	1,145,034	564,931

17. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Research grants payable (see note 18)	613,673	610,623

18. Research grants payable

	2019 Total funds £	2018 Total funds £
At 1 January	1,147,961	503,218
Research grants awarded in the year	790,566	873,371
Research grants no longer required	(5,174)	(33,593)
Paid during the year	(211,498)	(195,035)
At 31 December	1,721,855	1,147,961
Research grants at 31 December are payable as follows:		
Within one year (see note 16)	1,108,182	537,338
After more than one year (see note 17)	613,673	610,623
	1,721,855	1,147,961

Details of research grants payable are provided overleaf.

Notes to the financial statements 31 December 2019

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
Ongoing research							
Professor David Wilson	BSPGHAN Award	Health informatics research in paediatric gastroenterology: nationwide data-linkage exploration of perinatal risk factors for and consequences of paediatric-onset Inflammatory Bowel Disease	23,694	—	—	—	23,694
Professor Laurence Lovat	Development award	Salivary EpigeNetics to Stratify Oesophageal Cancer Risk (SENSOR)	42,130	—	—	(6,254)	35,876
Dr Wadiamu Gashau	Core-BSG Trainee Research Network Award	RISE NoW (Regional IBD Surveillance Endoscopy North West) study: A real world experience of dysplasia and colorectal cancer surveillance in Inflammatory Bowel Disease (IBD)	5,000	—	—	(2,500)	2,500
Dr Conor McCann	Core-Derek Butler Fellowship	Enteric neural stem cell therapy for Oesophageal Achalasia and Diabetic Gastroparesis	154,024	7,632	—	(67,038)	94,618
Professor Sarah Ennis	Core-BSPGHAN Development Grant	Metabolo-genomic interactions in paediatric Crohn's Disease (CD)	13,272	—	(374)	—	12,898
Professor Chris Probert	Core-BSPGHAN Development Grant	Characterisation of the gut mycobiome in an inception cohort of paediatric inflammatory bowel disease patients	35,000	—	—	(34,007)	993
Balance carried forward			273,120	7,632	(374)	(109,799)	170,579

Notes to the financial statements 31 December 2019

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
Ongoing research cont'd							
Balance brought forward			273,120	7,632	(374)	(109,799)	170,579
Dr Konstantinos Gerasimidis	For Crohns	A pilot study to assess the clinical efficacy of the novel CD-TREAT diet in patients with active Crohn's disease	49,916	—	—	(30,350)	19,566
Dr Nick Powell	For Crohns	TNFα responsive transcriptional networks in the human intestinal epithelium - the key to predicting therapeutic response to antic-TNFα in Crohn's disease	48,737	—	—	—	48,737
Dr Misha Kabir	Guts UK-Dr Falk SpR Trainee Audit/Quality Improvement Award	Developing a personalised patient decision aid to improve the quality of shared decision-making between Ulcerative Colitis patients diagnosed with dysplasia and their clinicians	1,400	—	—	—	1,400
Dr Dipesh Vasant	Guts UK-Dr Falk SpR Trainee Audit/Quality Improvement Award	Anorectal dysfunction in ulcerative colitis: a cross sectional survey	2,600	—	—	(1,300)	1,300
Dr Gwo-tzer Ho	Guts UK Development Award	Resolving Inflammation in IBD: Developing a new therapeutic approach by targeting pro-inflammatory mitochondrial formylated peptides on neutrophil FPR1-pathway	26,100	—	—	(6,575)	19,525
Dr Varinder Athwal	Guts UK Development Award	Investigating fibrosis pathobiology in cystic fibrosis related liver disease to improve clinical detection and management	33,011	—	—	(7,660)	25,351
Dr Marc-Emmanuel Dumas	Guts UK Development Award	Precision medicine through integrative metagenomics and phenomics in a human NAFLD cohort	49,797	—	—	—	49,797
Balance carried forward			484,681	7,632	(374)	(155,684)	336,255

Notes to the financial statements 31 December 2019

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
Ongoing research cont'd							
Balance brought forward			484,681	7,632	(374)	(155,684)	336,255
Dr Michael Fitzpatrick	Guts UK-BSG Trainee Research Network Award	Effect of diet, nutritional status, and body composition on biologic therapy in IBD: The Oxford and Thames Valley Young Gastroenterologists Network (OXYGEN)	4,000	—	—	(2,000)	2,000
Dr Polychronis Pavlidis	Guts UK-BSG Trainee Research Network Award	Quality of care transition in adult IBD patients transferring between healthcare providers: a multicentre audit	4,995	—	—	(2,496)	2,499
Dr Suneil Raju	Guts UK-BSG Trainee Research Award	Review of current diagnostic procedure and management of patients with microscopic colitis: Are we getting it right?	2,500	—	—	—	2,500
Dr Sara Jamel	Olympus Guts UK Endoscopy Fellowship	Profiling of Dysplastic Changes in Barrett's Oesophagus and Early Oesophageal Cancer Using Non-Invasive Volatile Organic Compound Analysis of Exhaled Breath	210,000	—	—	(29,756)	180,244
Mr James O'Kelly	Guts UK/Amelie Waring Research Fellowship	Single cell definition of the mechanistic role of kynurenine monooxygenase at the innate immune interface in acute pancreatitis	179,423	—	—	—	179,423
Professor Colin Rees	Parabola-Guts UK Colorectal Cancer Research Grant	COLO-COHORT Colorectal Cancer Cohort Study	250,000	250,000	—	—	500,000
			1,135,599	257,632	(374)	(189,936)	1,202,921

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
New commitments							
Dr Louise China	Guts UK-BSG Trainee Research Award	Exploring Periodontitis in Cirrhosis (EPIC): a single arm feasibility study to explore the relationship between periodontitis and infection in patients with liver cirrhosis.	—	4,980	—	—	4,980
Dr Srivathsan Ravindran	Guts UK-BSG Trainee Research Award	Developing a patient-reported safety incident tool in endoscopy	—	3,775	—	—	3,775
Dr Mike Davies	Guts UK-BSG Trainee Research Network Award	Getting to the bottom of acute Lower Gastrointestinal Bleeding: Improving quality of care for patients with acute lower gastrointestinal bleeding and assessing resource implications of adherence to national guidelines	—	3,000	—	—	3,000
Dr Samuel Smith	Guts UK-BSG Trainee Research Network Award	Improving key performance measures in inflammatory bowel disease surveillance	—	5,000	—	—	5,000
Dr Rishi Fofaria	Guts UK-Dr Falk SpR Trainee Audit/Quality Improvement Award	Prospective observational study to investigate the role of pre-procedure faecal calprotectin before scheduled IBD surveillance colonoscopy to improve quality of care	—	5,149	—	—	5,149
Falk Pharma 2019 awards - various	Falk Pharma		—	14,000	—	(14,000)	—
Balance carried forward			—	35,904	—	(14,000)	21,904

Notes to the financial statements 31 December 2019

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
New commitments cont'd							
Balance brought forward			—	35,904	—	(14,000)	21,904
Professor Jonathan Fallowfield	Development Grant	A molecular phenomic approach to define the high risk NAFLD population	—	49,623	—	—	49,623
Dr Salvatore Papa	Development Grant	Starving livers of glucose for HCC prevention and treatment	—	50,000	—	—	50,000
Professor Chris Probert	Development Grant	Evaluation of the gut metabolome, micro and myco biome in ulcerative colitis patients undergoing anti-fungal therapy: can we predict response to therapy?	—	48,099	—	—	48,099
Dr James Pritchett	Development Grant	Decoding Yes Associated Protein 1 driven hepatic stellate cell activation	—	29,138	—	—	29,138
Dr Marnix Jenson	Development Grant	The TARGET study (Targeted biopsies to Risk Stratify Gastric cancer precursors for tailored Endoscopic surveillance and Treatment)	—	49,560	—	—	49,560
Dr Catherine Williamson	Nutrition Development Grant	Impact of cold exposure in conjunction with dietary modification on metabolic regulation in children with non-alcoholic fatty liver disease	—	48,283	—	—	48,283
Balance carried forward			—	310,607	—	(14,000)	296,607

Notes to the financial statements 31 December 2019

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
New commitments cont'd							
Balance brought forward			—	310,607	—	(14,000)	296,607
Professor Christer Hogstrand	Nutrition Development Grant	Targeting "Leaky Gut" with combined dietary zinc and plant derived Aryl Hydrocarbon Receptor agonists	—	50,000	—	—	50,000
Dr Paul Henderson	Guts UK - BSPGHAN Development Grant	The PINPOINT study – The Prospective Incidence of Paediatric – Onset Inflammatory bowel disease in the United Kingdom	—	39,936	—	—	39,936
Dr Matthias Zilbauer	Guts UK - BSPGHAN Development Grant	Stratification of inflammatory bowel disease treatment in children using human intestinal organoid derived epigenetic signatures	—	40,000	—	—	40,000
Professor Graham Lord	For Crohn's Development Grant	Modulation of the effector/regulatory T-cell balance by targeting a causal genetic variant as a novel therapeutic paradigm in Crohn's disease	—	43,336	—	—	43,336
Dr Jorge Gutierrez-Merino	For Crohn's Development Grant	Understanding how gut bacteria induce beneficial type 1 interferon responses	—	49,055	—	—	49,055
				532,934	—	(14,000)	518,934

18. Research grants payable (continued)

			At 1 January 2019 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2019 £
Research completed in during the year							
Various	Falk Pharma		15	—	—	(15)	—
Dr Ashwin Dhanda	Core-BSG Trainee Research Award	Can assessment of global immune function predict outcome and response to corticosteroid treatment in patients with severe alcoholic hepatitis?	1,745	—	—	(1,745)	—
Dr Richard Ingram	Core-BSG Trainee Research Network Award	About bleeding time: driving improvements in the quality of care received by patients with acute upper gastrointestinal bleeding using the GIBsix care bundle	4,800	—	(4,800)	—	—
Dr Reenam Khan	Core-BSG Trainee Research Award	Characterising a Novel Murine Model of Alcoholic Hepatitis	802	—	—	(802)	—
Dr Palak Trivedi	Core-Dr Falk SpR Trainee Audit/Quality Improvement Award	Inflammatory Bowel Disease (IBD) Care Delivery Following Liver Transplantation for Primary Sclerosing Cholangitis (PSC)	5,000	—	—	(5,000)	—
			12,362	—	(4,800)	(7,562)	—
Total grants for the year			1,147,961	790,566	(5,174)	(211,498)	1,721,855

19. Restricted Funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

	At 1 January 2019 £	Income £	Expenditure £	Transfers £	At 31 December 2019 £
Research grants	—	16,575	(19,149)	2,574	—
Restricted research grants	—	407,466	(439,102)	31,636	—
Restricted - Pancreatitis	8,938	3,703	(12,641)	—	—
Derek Butler Endowment Income fund	57,699	92,140	(20,786)	(3,016)	126,037
	66,637	519,884	(491,678)	31,194	126,037

	At 1 January 2018 £	Income £	Expenditure £	Transfers £	At 31 December 2018 £
Research grants	—	18,000	(23,000)	5,000	—
Restricted research grants	11,845	443,853	(562,041)	106,343	—
Restricted - Pancreatitis	—	8,100	—	838	8,938
Trust application donations	10,200	—	(108,908)	98,708	—
Derek Butler Endowment Income fund	(21,956)	91,296	(11,641)	—	57,699
	89	561,249	(705,590)	210,889	66,637

The transfer represents the contribution from general funds towards the research grants.

The purposes of Guts UK's restricted funds are as follows:

- ◆ Research grants: grants for research into a range of digestive disorders.
- ◆ Restricted research grants: grants for specific research schemes.
- ◆ Derek Butler Endowment Income Fund: this represents the income received from the endowment fund and expenditure on research into the diseases of the upper gastrointestinal tract. An additional commitment was made to the current fellowship in 2019.

20. Designated Funds – Amelie Waring

	At 1 January 2019 £	Income £	Expenditure/ transfers £	Investment gains £	At 31 December 2019 £
Investments	1,685,450	77,847	(83,555)	195,747	1,875,489
Research Commitments	(179,423)	—	—	—	(179,423)
Total Amelie Waring Fund	1,506,027	77,847	(83,555)	195,747	1,696,066

	At 1 January 2018 £	Income £	Expenditure/ transfers £	Investment losses £	At 31 December 2018 £
Investments	1,863,430	61,312	(76,663)	(162,629)	1,685,450
Other income	838	—	(838)	—	—
Research Commitments	(20,466)	—	(158,957)	—	(179,423)
Total Amelie Waring Fund	1,843,802	61,312	(236,458)	(162,629)	1,506,027

The Amelie Waring fund has been designated by the charity to be used to contribute towards the research grants awarded by the charity. The total value of the Amelie Waring fund is equal to the value of designated investments less Amelie Waring research grant commitments. The fund was initially established in memory of Amelie Waring to fund pancreatitis research, but this was subsequently changed to fund general GI research. Although the original bequest has been fully expended the trustees continue to designate funds to pancreatitis research in recognition of their ongoing commitment to funding research in this area.

21. Endowment fund

	At 1 January 2019 £	Income £	Expenditure £	Investment gains £	At 31 December 2019 £
Derek Butler Endowment	2,558,166	—	—	297,132	2,855,298

	At 1 January 2018 £	Income £	Expenditure £	Investment losses £	At 31 December 2018 £
<i>Derek Butler Endowment</i>	<i>2,799,911</i>	<i>—</i>	<i>—</i>	<i>(241,745)</i>	<i>2,558,166</i>

Income from the Derek Butler Endowment fund is credited to restricted funds and is to be spent on research into diseases of the upper gastrointestinal tract.

22. Analysis of net assets between funds

	Fixed assets £	Investments £	Net current (liabilities) / assets £	Long-term Liabilities £	2019 Total £
Unrestricted funds					
. General	1,984	1,461,786	(15,016)	(161,889)	1,286,865
. Designated funds	—	1,875,489	(70,950)	(108,473)	1,696,066
Restricted funds	—	126,037	343,311	(343,311)	126,037
Endowment funds	—	2,855,298	—	—	2,855,298
	1,984	6,318,604	257,351	(613,673)	5,964,266

	Fixed assets £	Investments £	Net current (liabilities) / assets £	Long-term Liabilities £	2018 Total £
Unrestricted funds					
. General	171	1,387,536	134,326	(12,639)	1,509,394
. Designated funds	—	1,685,449	(14,002)	(165,420)	1,506,027
Restricted funds	—	57,700	441,501	(432,564)	66,637
Endowment funds	—	2,558,166	—	—	2,558,166
	171	5,688,851	561,825	(610,623)	5,640,224

23. British Society of Gastroenterology

Guts UK works closely with the British Society of Gastroenterology (BSG) (Charity Registration No. 1149074 and Company Registration No. 08124892 (England and Wales)) to provide strong links with the main professional community and to improve its ability to disseminate research and patient information. The Chairman of the Research Committee of BSG is a member of Guts UK's Board of Trustees. The President of Guts UK is an *ex-officio* member of BSG's Council.

Transactions between the two charities during the period were as follows:

BSG discontinued its subvention to Guts UK of 20% of its membership income in 2019 (2018: £78,396).

The BSG provided a grant of £10,000 (2018: £5,000) to support trainee research grants.

24. Contingent asset and liability

In 2018 the charity secured provisional funding amounting to £1,250,000 for the colorectal cancer research grant of which £250,000 has been received to date.

£250,000 is receivable on an annual basis contingent on a satisfactory annual report being approved by the funding partner. Guts UK was therefore not entitled to these funds in the year ended 31 December 2019. Should the next stages of funding be received, Guts UK has agreed to distribute and monitor use of this funding as a sub-grant. As at 31 December 2019 £1,000,000 remains receivable, of which up to £250,000 is receivable and payable within one year.

25. Related party transactions

During the year the charity received donations of £665 from trustees (2018: £240). Transactions with the British Society of Gastroenterology are detailed in note 23.

There were no further related party transactions during the period requiring disclosure (2018: none).

26. Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, members are required to contribute an amount not exceeding £1.

27. Commitments Under Operating Leases

At 31 December the charity had future minimum commitments under non-cancellable operating leases as set out below:

	2019 £	2018 £
Payments which fall due:		
Within one year	772	—
Within 2 to 5 years	1,738	—
	2,510	—

28. Post Balance Sheet Events

As a result of the reaction of markets to the COVID-19 outbreak, there has been a significant fall in value of the investment fund since the financial year-end. As at 29 May 2020 the Charity's portfolio has fallen about 10.5%. The Charity has strategies in place to manage its short-term cash needs and spending and to mitigate the risk to the organisation from the current stock market fluctuations.

In response to the COVID-19 outbreak, the Charity is proactively reviewing grant making activities to ensure continued support to beneficiaries. Details are provided on page 18.

The trustees have reviewed the risks that COVID-19 poses to the charity and concluded that the charity is in a reasonable financial and operational position and can continue to support beneficiaries now and for the foreseeable future.

30. Comparative Statement of Financial Activities for the year ended 31 December 2018

		Unrestricted funds £	Restricted funds £	Endow- ment funds £	2018 Total funds £
Income and expenditure					
Income					
Donations and legacies	1	332,257	8,100	—	340,357
Other trading activities	2	42,948	—	—	42,948
Investment income	3	103,693	91,296	—	194,989
Charitable activities	4				
. Grants for research		—	461,853	—	461,853
Other income		—	—	—	—
Total income		478,898	561,249	—	1,040,147
Expenditure					
Cost of raising funds	5	175,530	11,641	—	187,171
Expenditure on charitable activities	6				
. Grants for research		261,324	693,949	—	955,273
. Public education and Science of Digestion		139,476	—	—	139,476
Total expenditure	8	576,330	705,590	—	1,281,920
Net expenditure before transfers	9	(97,432)	(144,341)	—	(241,773)
Transfers between funds	19	(210,889)	210,889	—	—
Net (expenditure) / income after transfers		(308,321)	66,548	—	(241,773)
Net losses on investments	14				
. Realised		(15,317)	—	(13,984)	(29,301)
. Unrealised		(254,686)	—	(227,761)	(482,447)
Net (expenditure) / income and net movement in funds for the year		(578,324)	66,548	(241,745)	(753,521)
Reconciliation of funds:					
Funds balances brought forward		3,593,745	89	2,799,911	6,393,745
Fund balances carried forward		3,015,421	66,637	2,558,166	5,640,224