

The Thalidomide Trust

Annual Report and Financial Statements
for the year ended 30 September 2021

Registered Charity Number 266220

Contents

Reference and administrative details.....	3
Annual Report.....	5
Independent auditors' report to the Trustee of the Thalidomide Trust	18
Statement of financial activities for the year ended 30 September 2021.....	22
Balance sheet as at 30 September 2021.....	23
Notes to the financial statements for the year ended 30 September 2021....	25

Reference and administrative details

Registered Name	The Thalidomide Trust
Charity number	266220
Registered address	1 Eaton Court Road Eaton Socon St Neots Cambridgeshire PE19 8ER
Corporate Trustee	The Thalidomide Trust Company (incorporated on 19 January 2018 with Company Number 11160424, registered address as above)

Directors of the Corporate Trustee Company

The Directors of The Thalidomide Trust Company during the year and up to the date of approval were:

Sir Robert Nelson QC (Chair of Trustees to 31 December 2020)

Mark Spofforth OBE BSc FCA CTA FRSA (Chair of Trustees from 1 January 2021)

Professor Tim Briggs CBE MD(Res), MCh(Ort), FRCS

Marlene Winfield OBE (Vice-Chair of Trustees) – retired 31 August 2021

Kevin Wesbroom MA MA FIA

Mark Benstead MA MBA

David Body MA Solicitor of Senior Courts of England & Wales

Professor Adrian Charles Newland CBE

Professor William Andrew Owens MD FRCS(CTh)

Professor Rosemary Varley

Ruthe Isden – appointed 1 September 2021

Senior Management Team	Deborah Jack - Executive Director Katy Sagoe - Director of Health & Wellbeing Suzanne Lluch - Finance Director
-------------------------------	--

Medical Advisers	Dr Dee Morrison MB ChB Dr Susan Brennan MBChB MRCGP
-------------------------	--

Chair of NAC

Geoff Adams-Spink – to 9 October 2020

Rowland Bareham – from 10 October 2020

Investment Managers

BlackRock
12 Throgmorton Avenue
London
EC2N 2DL

TwentyFour Asset Management
8th Floor
The Monument Building
11 Monument Street
London EC2R 8AF

Schroders Investment Management Limited
1 London Wall Place
London Wall
London
EC2Y 5AU

Legal & General Investment Management
One Coleman Street
London
EC2R 5AA

Investment Consultants

Hymans Robertson
45 Church Street
Birmingham
B3 2RT

Solicitors

Withers
20 Old Bailey
London
EC4M 7AN

Hewitsons
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

Actuaries

Mercer
1 Tower Place West
London
EC3R 5BU

Bankers

Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Independent auditors

Saffery Champness LLP
Westpoint
Peterborough Business Park
Lynchwood
Peterborough
PE2 6FZ

Annual Report

Objectives and activities

The Thalidomide Trust (“the Trust”) was established to provide ‘relief and assistance’ to individuals with disabilities caused by their mothers taking, during pregnancy, a preparation distributed by The Distillers Company (Biochemicals) Limited in the United Kingdom containing the drug known as thalidomide in the late 1950s and early 1960s.

Our aims

All our beneficiaries are now in their late 50s and early 60s and most are feeling the impact of using their bodies in ways for which they were never designed. In addition, as they get older they are experiencing a wide range of age-related health problems which are exacerbated by their original thalidomide damage. This seriously impacts on their quality of life and their ability to remain fully independent. A small number have experienced a cognitive decline alongside the deteriorating physical health and this has resulted in very complex care needs.

The Trust meets the increasing complex needs of the beneficiary community through the provision of financial support – in the form of annual grant payments – and a range of information, advice and advocacy services. To underpin this, we gather evidence on the needs and experience of our beneficiaries and undertake more detailed research on topics that are of greatest relevance to them.

The Trust has a Vision and five Strategic Goals which were jointly developed by the trustees, staff and National Advisory Council (NAC) of beneficiary representatives:

Our Vision is that all beneficiaries of the Trust have access to the resources and support they need to optimise their quality of life throughout their lifetime.

Our five strategic goals are.....

- GOAL 1:** To ensure a beneficiary-centred approach in all Trust activities - with an emphasis on equity, empowerment and support.
- GOAL 2:** To ensure sustainability and security of income for the Trust and manage financial risk in order to effectively meet the needs of existing and new beneficiaries for the whole of their lives.
- GOAL 3:** To apply the Trust’s resources effectively and equitably.
- GOAL 4:** To ensure that all beneficiaries have access to the best possible information, advice, services and support – both within and outside the Trust – as they age.
- GOAL 5:** To inform and educate those decision-makers and service providers who have an impact on the quality of life of beneficiaries.

Public Benefit

Although the Trust is very much focussed on the needs of a small, discrete community of beneficiaries, we also take steps to deliver a broader public benefit by sharing our research and learning with other thalidomide organisations around the world and, where relevant, with the broader disability community.

The Trust supports an agreed programme of campaigning activities undertaken by the beneficiary-led Campaigns Team. This is designed to achieve clear agreed outcomes, one of which is increasing public understanding of the thalidomide scandal - to help prevent similar failures occurring - and to highlight the ongoing needs and challenges affecting the Trust's beneficiaries.

The Trust is increasingly aware of the benefit of sharing lessons learned from almost fifty years of supporting this unique community with other groups of individuals living with disabilities and the organisations that support them and is currently exploring ways of doing this.

Structure, Governance and Management

Structure

The Thalidomide Trust was set up in 1973 - originally as the Thalidomide Children's Trust - and is a charitable discretionary Trust registered with the Charity Commission for England and Wales.

With the consent of the Charity Commission, on 29 January 2018 a new company limited by guarantee, The Thalidomide Trust Company (incorporated on 19 January 2018, Company Number 11160424), was appointed as sole Corporate Trustee of the Trust, replacing the individual trustees. The Corporate Trustee will be referred to in this document as the Trustee.

The trustees at the date of incorporation became the Directors of the Company. However, although legally Directors, in recognition of the fact that they function as trustees and operate within the legal frameworks and guidance of the Charity Commission, they continue to be referred to as trustees. To reflect this, they are referred to as trustees (as opposed to the Trustee above) throughout this Annual Report.

During 2019/20, we set up a new company limited by guarantee as a subsidiary of the Thalidomide Trust, with the consent of the Charity Commission. The valiDATE Trust (registered in England and Wales, with company number 12144047) operates on a not-for-profit basis. It was established specifically to oversee the maintenance and development of an online tool to be used by qualified clinicians to screen individuals using detailed medical data in order to assess the likelihood of Thalidomide Embryopathy (TE). This Diagnostic Algorithm for Thalidomide Embryopathy was one of the key outputs of a meeting of international thalidomide experts organised by the World Health Organisation (WHO) and is designed to be used worldwide to ensure consistent diagnosis of TE, based on the latest international evidence.

Trustees (formally Directors of the Trustee Company)

The Trust is governed by a small, skilled Board who bring a wealth of experience and expertise to the charity including medical, legal, research, governance, financial management and investment.

Trustees are appointed through a structured recruitment process which focusses on the skills required to meet the current and future needs of beneficiaries. The recruitment process is overseen by the Trust's Chair and there is direct beneficiary involvement in all trustee appointments. Our most recent trustee appointment was a policy expert specialising in health, care and ageing.

The Trust has a well-defined and comprehensive programme of induction for new trustees and all new trustees are offered a mentor from within the existing trustee Board.

The trustees are legally responsible for the overall management and control of the Trust and meet as a full Board at least three times a year. One of these three meetings is an Awayday which enables the trustees and the Trust's Senior Management Team to spend dedicated time focussing on long term strategic issues.

The Trust has two key Standing Committees - the Health & Wellbeing Committee and the Finance Committee - which met two and four times respectively during this year. Both Committees are attended by representatives from the Trust's National Advisory Council (NAC). The Health & Wellbeing Committee is jointly-chaired by a trustee and a beneficiary chosen by the NAC.

There are two additional Committees which met on an ad hoc basis during 2020/21. They are:

- Claims Committee, which considers all evidence and makes recommendations to the Board regarding whether applicants should be accepted as new beneficiaries of the Trust.
- Research Committee, which oversees all research involving the Trust and its beneficiaries and commissions and shapes new research projects.

Staff Team

The day to day running of the Trust is delegated to the Executive Director, supported by a small, dedicated and skilled staff team.

The majority of staff are focussed on supporting beneficiaries in relation to their health and wellbeing in order to maximise their independence and quality of life.

Remuneration Policy

The trustees are responsible for the Trust's remuneration policy as well as agreeing annual pay increases for the staff team. Trustees take account of market conditions and the pay practice of other comparable charities and employers in the geographic area.

National Advisory Council (NAC)

The Trust Deed makes provision for the appointment of a beneficiary National Advisory Council to advise trustees on a range of issues. The NAC is currently comprised of 12 beneficiaries who are elected by the beneficiary community to represent their views and needs.

Elections are held each February when three members are currently elected for a four year term of office. The NAC elects a chair from among the elected members. The trustees have responsibility for making regulations relating to the election and removal of members of the NAC.

There were two meetings of the NAC during the year, which were attended by trustees and staff representatives. Agendas for these meetings are circulated to all beneficiaries in advance to enable them to feed in their views. In addition, summary notes and minutes of the meetings are shared with the beneficiary community after the meeting and there is an opportunity for beneficiaries to participate in an interactive discussion, via Zoom, with selected NAC members.

Beneficiary representatives from the NAC attend meetings of the Board, Finance Committee, Health & Wellbeing Committee and Research Committee to represent the views of the beneficiary community to inform the Trust's decision-making.

During the year, the NAC published regular newsletters to keep the beneficiary community informed of its, and the Trust's, activities. They also individually produced an 'annual report' – in both written and video format - highlighting their activities and achievements over the previous 12 months and, collectively, a short video report for the beneficiaries.

NAC representatives attended all Trust events, which provided opportunities for them to meet with the beneficiary community to share information and seek feedback.

Volunteers

A number of beneficiaries generously volunteer their time and expertise to support the Trust and, through it, the broader beneficiary community.

In the last 12 months over 50 beneficiaries volunteered their time in a wide range of roles including: providing (practical and emotional) peer support; hosting virtual discussions/events for beneficiaries; membership of the NAC; sitting as beneficiary representatives on Trust Committees; attending meetings with the four UK Health and Social Care Departments and contributing to various Trust projects.

Beneficiaries

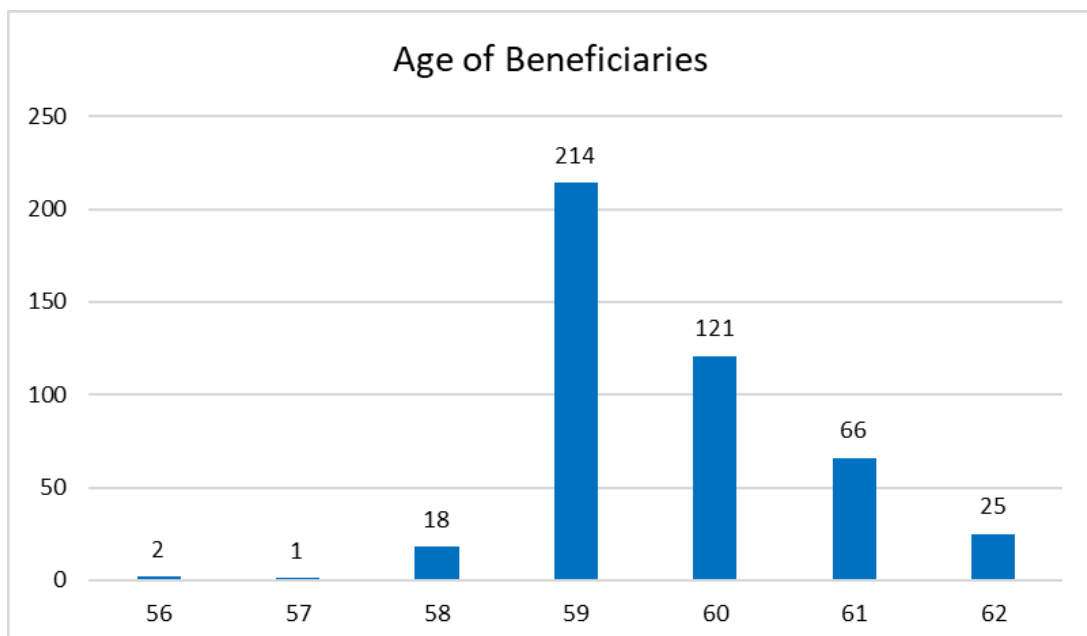
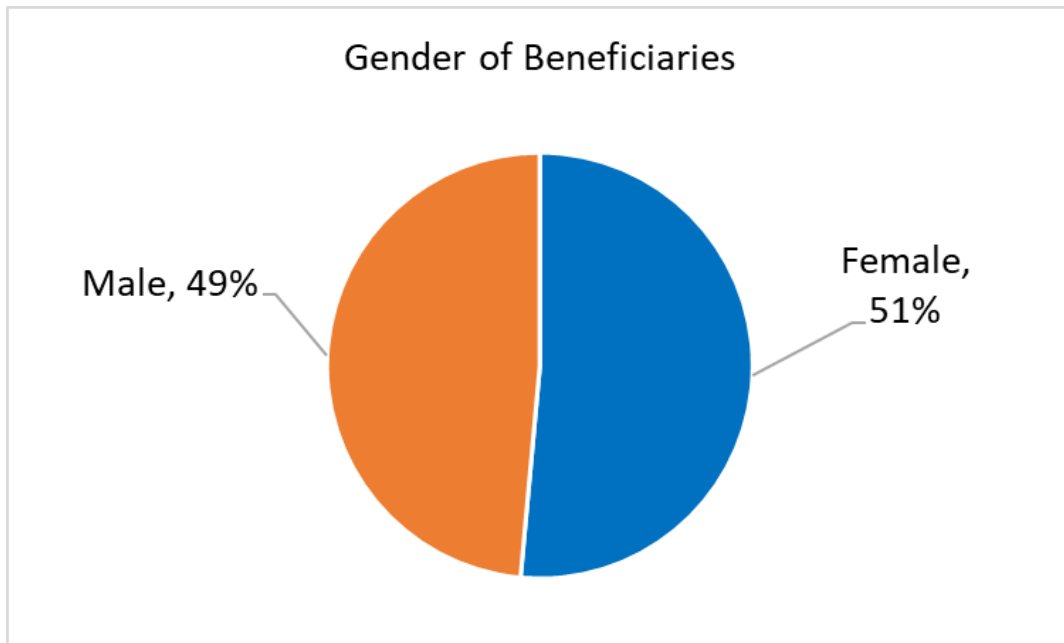
The Trust has responsibility for assessing new applications to become beneficiaries of the Trust and has established a robust procedure for assessing new applications, drawing on international evidence and utilising the diagnostic algorithm, validATE, which was one of the key outputs of the WHO conference on Thalidomide Embryopathy held in early 2014.

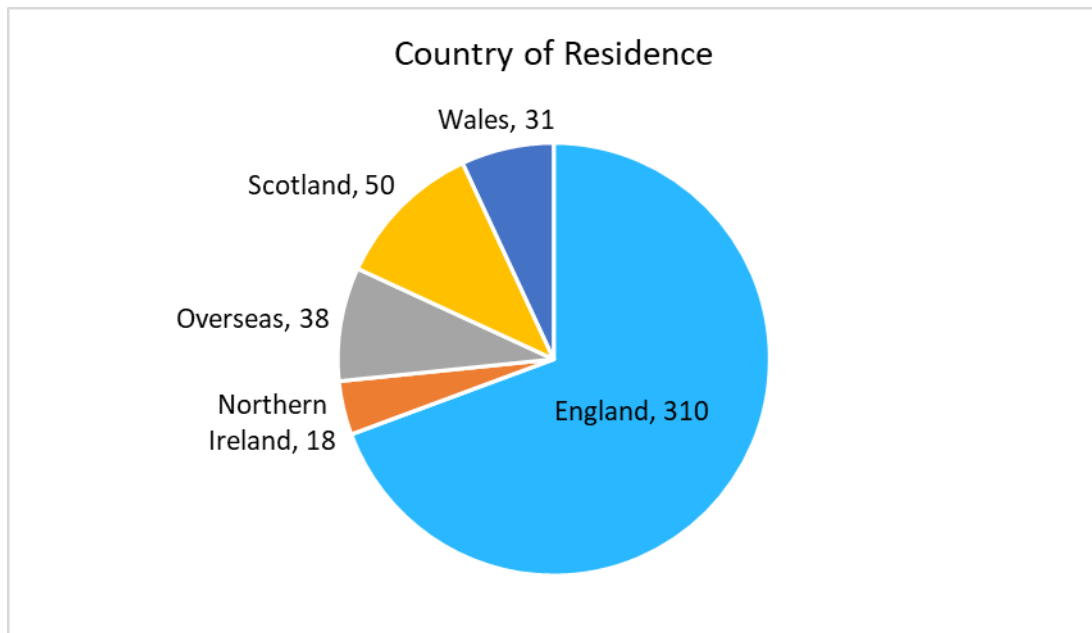
During the year, the Trust received 63 completed applications from individuals who thought they may be entitled to become beneficiaries.

There were significant delays in completing the detailed assessment process – which, in some cases, involves a physical examination conducted at St George’s hospital – so there were no new beneficiaries accepted in the 12 month period.

It is with regret that the trustees report the deaths of seven beneficiaries during the year. At 30 September 2021 there were 447 beneficiaries (2020: 454).

The following charts provide a breakdown of beneficiaries by gender, age and country of residence as at 30 September 2021.





Risk Management

A key role of trustees is to identify and manage risk and they discharge this duty by means of a Risk Register. The full Risk Register is reviewed by trustees annually. The most significant risks are reviewed by the Finance Committee on a quarterly basis. This year, the trustees have satisfied themselves that adequate systems and procedures are in place to manage all of the identified risks.

The principal risks and uncertainties identified by trustees in their 2021 risk review continued to be the security of future funding and of the Trust's IT systems (including the risk of data security breaches or potential fraud, theft of funds and breach of beneficiary confidentiality). Plans to mitigate these significant risks as far as possible are regularly reviewed and updated by the trustees.

We have continued to gather robust evidence on the evolving and increasing needs of our beneficiaries and to share this with our funders, together with information on how their funding is improving beneficiaries' quality of life. Our most recent Covenant with Diageo (our primary funder and the successor to the Distillers Company Ltd who distributed thalidomide in the UK) includes new measures to provide greater security of future funding for our beneficiaries. In March 2021, the Chancellor of the Exchequer, announced the government's commitment to providing funding for beneficiaries living in England for the rest of their lives. Both these measures provide much-needed security for beneficiaries at a time when their needs are increasing.

Following our move to cloud-based data storage and switching to a fully managed service provider in 2020, in the last 12 months we have further strengthened our IT security by improving our data back-up procedures, undertaking external penetration testing and a phishing simulation campaign, and provided further cyber security awareness training for staff.

The trustees treat safeguarding of our beneficiaries as an important priority and have a robust safeguarding policy in place. Sadly, during the 12-month reporting period, in three cases the Trust identified safeguarding concerns relating to family members or carers and reported them to external bodies (Local Authority Safeguarding leads and/or the police).

Achievements and Performance

This has been another challenging year for the Trust as the continuing COVID-19 pandemic created additional needs within the beneficiary community, put incredible pressure on the NHS which so many of them rely on, and required the majority of staff to work at home for most of the year. We also needed to modify a number of the ways we traditionally deliver support to the beneficiary community. For example, we had to undertake a proportion of Holistic Needs Assessments – which normally take place face-to-face in a beneficiary's home environment - by Zoom and, rather than hold physical events, we held these on virtual platforms.

Over the year we developed our programme of beneficiary-led MeetUp events which provided a lifeline to many beneficiaries who were experiencing isolation and loneliness. These covered a range of formats and topics from virtual coffee mornings to webinars on health-related topics (including men's health, health eating, smoking cessation) and groups of beneficiaries with a shared interest (as diverse as crafts, football, reading and Indian cooking).

At the start of the year we identified a number of ambitious goals for 2020/21. These are set out below together with an overview of the progress made over the last 12 months:

We said we would...	We ...
<ul style="list-style-type: none"> Pilot a new initiative to assess cardiovascular risk when a traditional blood pressure measurement is not possible. 	<p>... held a series of discussions with BUPA – who we had identified as our preferred partner – to discuss piloting a tailored cardiovascular risk screening pathway for our beneficiaries but, unfortunately, they did not have the staff capacity or skills to deliver this to our specification – so we are in the process of exploring alternative providers.</p>
<ul style="list-style-type: none"> Hold a virtual event for members of our Clinical Network to promote sharing knowledge and experience of treating our beneficiaries. 	<p>.. scheduled and planned an event with an expert speaker from the Royal National Orthopaedic Hospital but, due to circumstances beyond our control, this had to be cancelled at short notice. We are looking to re-schedule this in early 2022.</p>
<ul style="list-style-type: none"> Develop new resources for beneficiaries on managing chronic pain. 	<p>.... created a range of written and video resources on persistent pain which are on our website and have received positive feedback from beneficiaries.</p>
<ul style="list-style-type: none"> Launch a new tailored Emergency-Card so that health professionals treating our beneficiaries have access to key information about their thalidomide damage and other health issues. 	<p>... created a bespoke Emergency Card, working in partnership with MyLiferaft, and launched this in December 2020.</p>

<ul style="list-style-type: none"> • Build on our current work supporting beneficiaries with initiatives to lift their mood and improve their physical fitness. 	<p>.. have continued to develop our LiftUp and TalkTogether services – which are primarily delivered by beneficiary volunteers.</p> <p>.... undertook a programme of wellbeing calls to offer emotional support during the pandemic.</p> <p>... now provide a wealth of information on mental health on our website and have developed links with a number of professionals with particular expertise in trauma.</p> <p>..have a specialist counsellor who is available to triage beneficiaries and help them identify an appropriate counsellor to meet their individual needs.</p> <p>...have concluded our project with Loughborough University to explore the barriers to exercise within the beneficiary community and use the findings to develop a pilot intervention to encourage increased activity. The successful pilot is being turned into a new peer support service led by beneficiary volunteer ‘Activity Champions’</p>
<ul style="list-style-type: none"> • Take forward our plans to develop a tailored resource for Occupational Therapists. 	<p>.. made progress on this project but have not yet been able to complete the video case studies – which are an integral part of the resources – due to the restrictions of COVID-19.</p>
<ul style="list-style-type: none"> • Undertake a review of our new Exceptional Needs Fund and making recommendations for change, if required. 	<p>.. decided to put the review on hold as the number of applications to the Exceptional Needs Fund were significantly lower than expected during the reporting period.</p>
<ul style="list-style-type: none"> • Introduce online voting for our NAC elections to encourage greater participation amongst the beneficiary community. 	<p>... introduced an online voting system, alongside the traditional printed ballot papers, for the NAC election in early 2021. This was well-received by a number of beneficiaries</p>

Plans for the Future

In the next 12 months, the trustees, staff and members of the NAC will continue to work together to implement their jointly-owned Strategic Plan. Subject to the uncertainties created by the continuing Covid-19 pandemic, our plans include:

- Conducting a comprehensive Beneficiary Feedback Survey
- Holding an event for new beneficiaries to encourage them to feel more part of the Trust
- Creating tailored resource for social care assessors and frontline care staff– to increase their understanding of thalidomide damage and the impact it has on daily life
- Undertaking a review of our Emergency-card, including feedback from users
- Producing a report of the recently-concluded Upper Limb Research Study
- Delivering an online event to provide information, advice and guidance to professionals supporting beneficiaries who lack capacity.
- Recruiting additional members to our Clinical Network with expertise rehabilitation, pain management and mental health.

Financial Review

During the year the Trust allocated grants totalling £30.4M (2020: £31.6M) to its beneficiaries. The Trust received donations from Diageo plc totalling £13.3M (2020: £13.2M – this figure excludes backdated payments for new beneficiaries).

Health Grant funding from the four Health and Social Care Departments of the United Kingdom totalled £11.6M (2020: £11.2M). As Health Grant funding is provided for specific, agreed health and wellbeing purposes, these are accounted for by the Trust as funds restricted for these purposes.

The Trust is committed to managing its resources effectively and achieving value for money. It operates a robust budget management system which involves regular review of activity and expenditure by budget holders, oversight by the Management Team and regular reporting of variances to the Trust's Finance Committee. The Trust does not actively fundraise and 100% of its resources are utilised for charitable purposes, including charity governance. During 2020/21, 92% of outgoing resources were in the form of Grants to our beneficiaries. Of the remaining 8% of expenditure, 70% (excluding investment management fees) was spent on providing health and wellbeing support and financial guidance directly to our beneficiaries by our staff and volunteers. The balance of resources was utilised to administer beneficiary Grants, assess new claims, ensure effective governance of the Trust, and deliver agreed campaigning activities.

Investment Objectives

The principal objective of the investment policy is to generate sufficient income and capital return to enable the trustees to pay Annual Grants for the entire lives of the beneficiaries.

The environmental, social and governance (ESG) nature of Trust investments has been considered at length by the trustees. The trustees believe that ESG-related risks, including climate change risks, are financially material and an important component of investment risk. The Trustees believe that organisations that soundly manage ESG-related risks are more likely to be financially sustainable over time, and therefore deliver better long-term risk-adjusted returns. In October 2020, trustees moved £30m of funds into a new ESG fund with Legal & General Investment Management (LGIM).

As all of the Trust investments are held within pooled funds, the decisions regarding the selection of investments is entrusted to the investment managers, who each act within agreed guidelines. Trustees regularly ask investment managers to explain how ESG factors are incorporated into their decisions regarding the selection of investments.

In line with the 2018 Covenant with Diageo, the trustees adopted an investment policy which will reduce the investment risk of the portfolio over the lifetime of the Trust.

In order to achieve this, from 2017 to 2022 the trustees will continue to try to achieve higher returns with a given amount of risk, managed through diversification and active management of the investment assets. From 2022 to 2037 trustees expect to smoothly reduce the investment risk of the portfolio.

The current benchmark against which performance between 2017 and 2022 is represented by a portfolio comprising of 75% global equities and 25% bonds.

Investment Strategy and Performance

The investment strategy is currently implemented through a combination of investments and managers as set out in the table below, together with the ranges within which the policy is managed, in line with the Statement of Investment Principles dated December 2020.

Portfolio	Manager	Central Allocation (% of Assets)	Target Ranges (% of Assets)
Active Global Equities	Schroders	30	20-40
Passive Global Equities	BlackRock and LGIM	50	40-60
Bond Portfolios	BlackRock and 24AM	20	10-30
Cash	Lloyds and RLAM	0	0-20

Cash deposits are held with a variety of banks and investment managers.

The total annual return on the Trust's investments for the year was 29.4% (2020: -5.7%) which is higher than the benchmark of 16.6%.

Over the last three years the average rate of return has been 8.5% pa, which is slightly lower than the benchmark of 9.2%.

Significant Investments

At the year end, the following investments represented 5% or more of the total market value of investments:

	£000s	%
Schroders Global Recovery Fund	47,219	25
Legal and General Future World ESG Fund	36,905	20
Black Rock North America	34,572	19
Schroders UK Equities	15,444	8
Vontobel –24AM Strategic Income Fund	15,185	8
BlackRock Fixed Income Global Opportunities Fund	14,816	8

Derivative Instruments

The trustees have authorised Schroders to use financial contracts, known as derivatives, to help manage investment portfolio risk. At the year end the open derivatives position was a net liability of £0 (note 9) (2020: net liability of £35,000).

Diageo Covenant

A Deed of Covenant is in place, signed by the trustees and Diageo plc (successor to The Distillers Company), which sets out Diageo's commitment to long-term support for Thalidomide Trust beneficiaries and to underwrite the investment policy of the Trust. The Covenant enables the Thalidomide Trust both to maintain the programme of Annual Grants

to its beneficiaries and deliver ongoing support in response to their evolving and growing health and wellbeing needs.

The Deed of Covenant is reviewed by the trustees, the NAC and Diageo every six years. In January 2018, an updated Deed of Covenant was agreed which reflects an increased level of support from Diageo.

Government Health Grants

In addition to the assets held by the Trust and the income from Diageo, the UK government supports the Trust by way of Health Grant funding agreements in place with the four UK Health and Social Care Departments since 2009. This money has helped beneficiaries to respond to their growing needs as they age – in order to maximise their independence and quality of life, minimise further deterioration and improve their overall health and wellbeing. The existing 10 year Health Grant agreements come to an end in 2023 (with the last grant payments made to beneficiaries in June 2022). In March 2021, the Chancellor, Rishi Sunak, announced a commitment to lifetime funding of the Health Grant to beneficiaries living in England. Discussions are underway with the devolved administrations over a similar renewal commitment for beneficiaries living in Wales, Scotland and Northern Ireland.

Grant Making and Reserves Policy

Beneficiaries receive an Annual Grant, based on their level of disability, from funds that come from Diageo each year in line with the Covenant and the Trust's reserves, including the interest and investment growth accrued.

The trustees' distribution policy continues to provide individual Annual Grants to beneficiaries for the whole of their lives. The trustees have to set a policy which will ensure reserves are not depleted whilst beneficiaries are in need of funding, whilst at the same time ensuring all assets are utilised by the time of the death of the last beneficiary. The total unrestricted funds at 30 September 2021 stood at £175M (2020: £141M) whereas the Restricted Fund had a deficit of £0.1M at the year-end (2020: £0.2M) due to the timing of Health Grant receipts and payments. This deficit is expected to be eliminated by the end of the current ten year Health Grant period.

Statement of the Corporate Trustee's Responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and their application for that period.

In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice)
- make judgments and estimates that are reasonable and prudent

- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis¹ unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Corporate Trustee:

Mark Spofforth
Chair of the Board of the Thalidomide Trust Company
 27 January 2022

¹ The going concern basis means that the charity has the resources to continue in operations for a minimum of 12 months from the date of signing these financial statements

Independent auditors' report to the trustee of The Thalidomide Trust

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Thalidomide Trust for the year ended 30 September 2021 which comprise the balance sheet as at 30 September 2021; the statement of financial activities for the year then ended; cashflow statement for the year and notes to the financial statements, including significant accounting policies. 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 charity's affairs as at 30 September 2021 and of its incoming resources and application of resources 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 Charities Act 2011.

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 charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....

Saffery Champness LLP
Chartered Accountants and Statutory Auditors
Westpoint, Peterborough Business Park, Lynchwood, Peterborough, PE2 6FZ

Date:

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities for the year ended 30 September 2021

	Note	Unrestricted funds £000s	Restricted funds £000s	Total funds 2021 £000s	Total funds 2020 £000s
Income from:					
Diageo donations	3	13,338	-	13,338	14,605
Health Department grants	5	-	11,601	11,601	11,153
Investment income	2	2,165	1	2,166	2,584
Other income		90	-	90	122
Total		15,593	11,602	27,195	28,464
Expenditure on:					
Raising funds (solely investment management fees)	6	(444)	(3)	(447)	(444)
Charitable activities	6	(20,865)	(11,542)	(32,407)	(31,871)
Total		(21,309)	(11,545)	(32,854)	(32,315)
Net gains/(losses) on investments	9	39,506	-	39,506	(13,217)
Net income (expenditure)		33,790	57	33,847	(17,068)
Reconciliation of funds					
Fund balances brought forward	11	140,962	(173)	140,789	157,857
At 1 October 2020/2019					
Fund balances carried forward					
at 30 September 2021/2020	11	174,752	(116)	174,636	140,789

All activities are continuing. All gains and losses recognised in the year are included in the Statement of Financial Activities.

Balance Sheet as at 30 September 2021

		Total funds 30/09/2021 £000s	Total funds 30/09/2020 £000s
	Note		
Fixed assets			
Tangible assets	8	330	342
Investments	9	186,134	151,765
		186,464	152,107
Current assets			
Debtors and prepayments	15	100	103
Advance of grants	15		
amounts falling due within one year		625	548
amounts falling due after one year		1,338	1,825
Cash at bank and in hand		8,248	6,029
		10,311	8,505
Creditors: amounts falling due within one year			
Beneficiary nominee accounts	12	(21,908)	(19,418)
Creditors and accruals	16	(231)	(405)
		(22,139)	(19,823)
Net current assets		(11,828)	(11,318)
Total assets less current liabilities		174,636	140,789
Net assets		174,636	140,789
Trust funds			
General fund	11	171,499	137,160
Beneficiary memorandum accounts	11,12	3,253	3,802
		174,752	140,962
Restricted fund	11	(116)	(173)
		174,636	140,789

The financial statements on pages 22 to 42 were approved by the Board on 27 January 2022 and signed on behalf of the Corporate Trustee by:

Mark Spofforth
Director

Mr K Wesbroom MA MA FIA
Director

Cash flow statement for the year ended 30 September 2021

		Total funds 2021 £000s	Total funds 2020 £000s
	Note		
Cash flows from operating activities:			
<i>Net cash provided by (used in) operating activities</i>		<u>(5,073)</u>	<u>(4,754)</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		2,166	2,584
Purchase of tangible fixed assets	8	(12)	(51)
Proceeds from sale of tangible fixed assets		-	15
Purchase of investments	9	(40,954)	(7,316)
Proceeds from sale of investments	9	45,463	9,370
<i>Net cash provided by (used in) investing activities</i>		<u>6,663</u>	<u>4,602</u>
Change in cash and cash equivalents in the reporting period		1,590	(152)
Cash and cash equivalents as 1 October 2020		7,464	7,616
Cash and cash equivalents as at 30 September 2021		<u>9,054</u>	<u>7,464</u>
Cash held for investment	9	806	1,435
Cash at bank and in hand		8,248	6,029
Cash as at 30 September 2021		<u>9,054</u>	<u>7,464</u>
Reconciliation of income/(expenditure) to net cash (outflow) from operating activities			
<i>Net income/(expenditure) for the reporting period as per the statement of financial activities)</i>		33,847	(17,068)
Adjustments for:			
Depreciation & profit on disposals		24	21
(Gains)/losses on investments		(39,506)	13,217
Dividends, interest and rents from investments		(2,166)	(2,584)
Increase/(decrease) in creditors due within one year		2,316	1,181
(Increase)/decrease in debtors		412	479
<i>Net cash provided by (used in) operating activities</i>		<u>(5,073)</u>	<u>(4,754)</u>

Notes to the financial statements for the year ended 30 September 2021

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust, which is an unincorporated discretionary charitable trust, constitutes a public benefit entity as defined by FRS 102. The sole trustee is the Thalidomide Trust Company, which is an incorporated trustee company. The financial statements have been prepared on a going concern basis (that is to say, that the charity has the resources to continue in operations for a minimum of 12 months from the date of signing these financial statements) and accounting policies have been applied consistently.

The undertaking by Diageo plc to make annual donation payments until 2037 and the Health Grant funding agreements that are in place until 2022, support the conclusion that the charity is a going concern.

The financial statements are prepared in sterling, which is the functional currency of the Trust, and rounded to the nearest £000. The date for authorisation of the issue of the financial statements was 27 January 2022.

The Thalidomide Trust has taken advantage of the exemption under section 24.13A of the Charities SORP not to prepare consolidated accounts. The financial statements present information about the Trust as an individual entity and not about its group.

Fund accounting

Unrestricted Funds

Unrestricted funds are expendable at the discretion of the trustees in the furtherance of the objects of the Thalidomide Trust. The Trust's level of reserves is maintained in order to meet the anticipated future grant allocations.

The General Fund and Beneficiary Memorandum Accounts are derived from funds provided by Diageo plc and its predecessors, and investment returns.

Notes to the financial statements for the year ended 30 September 2021 (continued)

1 Accounting policies (continued)

Restricted Funds

Restricted income funds are funds whose use is restricted to specific purposes according to the terms on which the funds were received. Where income is received for purposes specified by the donor that income is shown as restricted in the Statement of Financial Activities. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

Restricted Funds are derived from the Health and Social Care Departments in England, Scotland, Wales and Northern Ireland as detailed in note 5.

Tangible fixed assets

As an unincorporated association, the Trust was not able to hold property in its own name and so in prior years the property was held in the names of the individual trustees. In January 2018, following the establishment of the sole corporate trustee, the Thalidomide Trust Company, title for the property transferred to the Thalidomide Trust Company, which is an incorporated trustee company. Beneficial ownership, and in substance control, remains with the Trust and the building is therefore disclosed in the financial statements of the Trust.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the useful economic lives of the assets concerned.

The principal depreciation rates used are as follows:

Motor vehicles	-	25% per annum
Furniture and equipment	-	20% per annum
Buildings	-	2% per annum

The Trust has a capitalisation threshold of £2,500.

Tangible fixed assets are written down to their realisable value if it is considered there has been a permanent diminution in their value.

Investments

Unquoted unit trust investments are stated at the market value as established by the administrators of the unit trust. Market value is based upon the buying and selling price of the underlying securities in the relevant market with allowances made for cash, accrued income and costs within the unit trust fund.

Derivatives are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the financial statements for the year ended 30 September 2021 (continued)

1 Accounting policies (continued)

Income from investments

Income from investments is recognised when its receipt is probable and the amount receivable can be measured reliably. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities.

Other incoming resources

Other income consists of fee income charged to beneficiaries, which is recognised upon the issuance of advances on future grants to beneficiaries. These advances are intended to assist with major property, mobility and health related purchases. The fee level is based on the cost to the Trust of making the advances, which includes a contribution towards the loss of income generated by the Trust's cash and investments as a result of withdrawing the cash to be advanced to the beneficiary.

Income from rent

Income from rent is recognised on a straight line basis over the period in which the service is provided.

Diageo donation

The Diageo donation is paid under the terms of a Deed of Covenant dated 23 January 2018 which sets out an undertaking to make annual payments until 2037.

The income is recognised when there is evidence of entitlement, receipt is probable and the amount can be measured reliably. For the Diageo donation, this is upon the receipt of the cash.

Income from Health and Social Care Departments

The UK Government supports the Trust by way of Health Grant funding agreements in place with the Health and Social Care Departments in England, Scotland, Wales and Northern Ireland up until 2022. In March 2021, the Chancellor, Rishi Sunak, announced a commitment to lifetime funding of the Health Grant to beneficiaries living in England.

The income is recognised when there is evidence of entitlement, receipt is probable and the amount can be measured reliably. For the Health and Social Care Departments Grants, this is upon the receipt of the cash.

Pension arrangements

The Trust operates a defined contribution pension scheme for employees. Contributions are paid into the group scheme, the assets of which are held in an independently administered fund. Contributions are charged to the statement of financial activities as they become payable. The Trust provides no other post-retirement benefits to its employees.

Charitable expenditure

All charitable expenditure is accounted for on an accruals basis and has been classified under the category headings, which aggregate all costs related to each category, as shown

in note 6. Where costs cannot be directly attributed to particular headings they have been allocated in proportion to the time spent by staff on work under each heading.

Notes to the financial statements for the year ended 30 September 2021 (continued)

Accounting policies (continued)

Grant-making

Grants payable are accounted for in full as liabilities of the charity when approved by the trustees.

Non-financial support costs

Beneficiary support costs comprise the direct costs, including staff, attributable to delivering the Trust's service of support to beneficiaries.

Governance

Governance costs cover expenditure on maintaining the constitutional and policymaking framework of the Trust and compliance with statutory requirements.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the recognition of incoming donations and grants, and value of the Advances of Grants amounts falling due within, and after, one year.

Incoming grants and donations are considered on a year by year basis when discussions take place with Diageo plc and the four Health and Social Care Departments in the UK to consider the level of support needed for current beneficiaries. Future receipts are not anticipated within the financial statements as there is uncertainty as to the level of the receipts.

Advances of Grants are recovered by the Trust through deductions from future grants allocated to beneficiaries. Where possible, the Trust places a charge on property as security for the Advance and has further reduced the risk of the non-repayment of an Advance through an insurance policy held by the Trust. Based on these actions, in the judgement of the Trust's management the Advances as at the year-end are fully recoverable.

Notes to the financial statements for the year ended 30 September 2021 (continued)

2. Investment income

	2021 £000s	2020 £000s
Unrestricted		
Quoted investments and investment trusts	26	783
Listed unit trusts - UK regulated	371	-
Authorised common investment fund	1,768	1,789
Term deposit interest	-	5
	<hr/> 2,165	<hr/> 2,577
Restricted fund		
Term deposit interest	1	7
Total per Statement of Financial Activities	<hr/> 2,166	<hr/> 2,584

3. Diageo plc donation

On 12 July 2012 Diageo plc entered into a Deed of Covenant with the Thalidomide Trust which replaced earlier covenants executed by Guinness plc in 1995 and Diageo plc in 2000 and 2005.

The 2012 Covenant was reviewed during 2016 and a new Deed of Covenant was formally agreed in 2018. Under the new Covenant future increases in the Annual Grant paid to beneficiaries will be in line with the Retail Price Index (RPI.)

4. Investment management fees

The Investment Managers charge a fee for their services based upon an agreed percentage of the market value of the investments under management and a performance related fee.

The Investment Managers' fees charged for the year amounted to £392,000 (2020: £429,000).

In addition to the Investment Managers' fees, Trust costs relating to investment management were £55,000 (2020: £15,000), which comprised of unrestricted costs of £52,000 and restricted costs of £3,000. This is made up of £39,000 of investment consultancy services, £8,000 of staff time and £8,000 of independent portfolio evaluation and analysis.

5 Grant-making

Unrestricted Funds: General Grants

The trustees' grant-making policy has been:

For beneficiaries with capacity to manage their financial affairs

The trustees maintain a non-interest bearing nominee account for each beneficiary.

An Annual Grant is paid into the nominee account. A beneficiary has absolute entitlement to the balance in his or her nominee account and the balance is recognised as a liability of the Trust. Beneficiaries can instruct the Trust to make payments up to the balance in their nominee accounts from which they have entire discretion over the amount and frequency of the payments.

The Annual Grant is calculated with reference to the financial position of the Trust and each beneficiary's degree of disability, in accordance with the criteria applicable to distributions set out in the Diageo Deed of Covenant. The trustees reserve the right to amend the method of calculating the Annual Grant.

In addition to the Annual Grant, the trustees will consider requests for Major Advances (normally relating to significant one-off costs to meet mobility and housing needs), Short-Term Advances (to enable beneficiaries to make a transition in their housing arrangements where there are complex needs) and Emergency Advances (to meet unanticipated costs in the short term).

Where a Major, Short-Term or Emergency Advance has been made, future Annual Grants will be reduced by the amortisation of the Advance and an agreed annual fee to reflect the costs associated with making the Advance and the reduction in the Trust's investment assets as a result of the Advances. Major Advances will normally result in a reduction to the Annual Grants for a number of years whereas Short-Term and Emergency Advances will normally result in a reduction to the following year's Annual Grant.

For beneficiaries who lack capacity to manage their financial affairs

The trustees make payments to meet the needs of the beneficiary following discussion with the beneficiary's deputy or attorney officially registered with the Court of Protection to manage the beneficiary's financial affairs. Once funds have been transferred to the deputy or attorney for the benefit of the beneficiary, control of these funds passes absolutely out of the Trust. However, in line with Trust's policy on beneficiaries who lack capacity, there is a requirement for regular reporting on how these funds are utilised to meet the needs of the beneficiary and professional oversight.

Until such time as beneficiaries who lack capacity have a professional deputy in place, or where the appointed deputy has not fully complied with the regular reporting requirements, their Annual Grants are held in Beneficiary Memorandum Accounts as designated funds.

Notes to the financial statements for the year ended 30 September 2021 (continued)

5 Grant-making (continued)

All payments will always remain at the discretion of the trustees and will be allocated in accordance with the principles set out in the Trust Deed and in line with the Trust's policy on beneficiaries who lack capacity.

	2021		2020	
	Number of beneficiaries	Value of grants £000s	Number of beneficiaries	Value of grants £000s
Beneficiaries with capacity to manage their financial affairs	437	18,337	444	19,935
Beneficiaries who lack capacity to manage their financial affairs	13	907	15	1,012
Total of Grants	450	19,244	459	20,947

Restricted Funds: Departments of Health and Social Care Grants

The four UK Health and Social Care Departments provide funding for the Health Grants under an agreement for the period 2013 to 2022.

Health Grant funding is distributed in accordance with the Trust's existing distribution policy. The costs associated with administering the scheme are met from the funding. Details of Health Grant direct and indirect costs are set out in note 6. The level of costs charged has been determined by reference to factors such as the time spent on Health Grant related work (both administering and monitoring /reporting activities), together with appropriate proportions of operating costs.

Trust staff and beneficiary representatives meet with each of the Health and Social Care Departments on an ongoing basis. One of the key objectives of these reviews and the related negotiations is to actively manage the level of support requested from the four UK Health and Social Care Departments and the level and nature of the Health Grant fund expenditure such that there are no long term deficits, or surpluses, on the restricted Health Grant funds.

Health Grants by Country

	England	Scotland	Wales	N. Ireland	Total
£000s					£000s
Fund balances as at 1 October 2020	102	116	(280)	(111)	(173)
Incoming Health Grants	8,658	1,399	917	627	11,601
Health Grants Allocation	(8,304)	(1,326)	(934)	(548)	(11,112)
Interest income	1	-	-	-	1
Health Grant - Direct costs	(32)	(77)	(3)	(1)	(113)
Health Grants – Indirect costs	(250)	(40)	(19)	(11)	(320)
Fund balances as at 30 September 2021	175	72	(319)	(44)	(116)

Notes to the financial statements for the year ended 30 September 2021 (continued)

6 Trust costs and net income

		2021			2020		
	Note	Unrestricted £000s	Restricted £000s	Total £000s	Unrestricted £000s	Restricted £000s	Total £000s
Expenditure on raising funds:							
Investment management fees	4	392	-	392	429	-	429
Support costs (see below)		52	3	55	13	2	15
		444	3	447	442	2	444
Charitable activities:							
Grants	5,12	19,244	11,112	30,356	20,947	10,675	31,622
Net decrease in memorandum account balances	11,12	549	-	549	(1,183)	-	(1,183)
		19,793	11,112	30,905	19,764	10,675	30,439
Costs of grant making (see below)		94	32	126	84	31	115
Beneficiary support costs (see below)		736	327	1,063	770	271	1,041
Support costs (see below)		242	71	313	213	63	276
		20,865	11,542	32,407	20,831	11,040	31,871

2021								
	Staff and other HR costs	Admin and running costs	Legal, Professional and Audit fees	National Advisory Council	Campaigning Costs	Research & Development	Total	Restricted costs allocation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Expenditure on raising funds:								
Investment management	5	8	38	-	-	-	52	3
Expenditure on charitable activities:								
Costs of grant-making	66	14	14	-	-	-	94	32
Beneficiary support costs	507	172	1	6	-	51	737	324
Other costs:								
- Governance & admin	131	24	23	23	-	-	201	
- New claims	27	9	-	-	-	-	36	
- Campaigns	3	-	-	-	2	-	5	
Total other costs	160	33	23	23	2	-	242	72
Total unrestricted costs	739	227	76	29	2	51	1124	
Restricted costs								
Beneficiary support costs	255	159	17	-	-	-	431	431
- Health Grant recharged								
Total costs - 2021	994	386	93	29	2	51	1,555	
Total costs - 2020 (see below)	943	267	53	22	23	140	1,448	

Notes to the financial statements for the year ended 30 September 2021 (continued)

6 Trust costs and net income (continued)

Comparative 2020	Staff and other HR costs	Admin and running costs	Legal, Professional and Audit fees	National Advisory Council	Campaigning Costs	Research & Development	Total	Restricted costs allocation
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Expenditure on raising funds:								
Investment management	5	8	-	-	-	-	13	2
Expenditure on charitable activities:								
Costs of grant-making	69	12	3	-	-	-	84	31
Beneficiary support costs	473	139	14	4	-	140	770	271
Other costs:								
- Governance & admin	89	19	18	18	-	-	144	
- New claims	29	2	3	-	-	-	34	
- Campaigns	11	1	-	-	23	-	35	
Total other costs	129	22	21	18	23	-	213	63
Total unrestricted costs	677	181	38	22	23	140	1,081	
Restricted costs								
Beneficiary support costs - Health Grant recharged	266	86	15	-	-	-	367	367
Total costs – 2020	943	267	53	22	23	140	1,448	
Total costs - 2019	839	282	102	25	52	89	1,389	

Net income for the year is stated after charging:

	2021 £000s	2020 £000s
Depreciation (2020 included a profit on disposal of £7,600)	24	21
Audit Fees	26	24

Notes to the financial statements for the year ended 30 September 2021 (continued)

7 Trustee and employee information

The monthly average number of persons employed by the Trust during the year was 18 (2020: 18).

Staff costs (for the above persons)	2021 £000s	2020 £000s
Gross salaries and wages	720	708
Social security costs	78	71
Employer pension contributions	70	64
Other employee benefits	32	26
	900	869

The number of employees whose total emoluments (i.e. salary and taxable benefits) exceeded £60,000 were:

	2021 Number	2020 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

Pension contributions towards a money purchase scheme paid in the year for the above staff whose total emoluments exceeded £60,000 amounted to £30,000 (2020: £29,000).

No remuneration was paid to the trustees of The Thalidomide Trust Company Ltd (2020: £nil). Travel and subsistence expenses of £2,500 (2020: £1,900) were reimbursed to 4 (2020: 4) trustees of The Thalidomide Trust Company Ltd during the year.

The total remuneration and benefits received by the Trust's key management personnel was £270,000 (2020: £254,000) for 3 employees (2020: 3).

Notes to the financial statements for the year ended 30 September 2021 (continued)

8 Tangible assets

Tangible assets comprise the following:

	Motor Vehicles £000s	Furniture & equipment £000s	Building £000s	Total £000s
Cost				
At 1 October 2020	52	5	465	522
Additions	-	12	-	12
Disposals	-	(5)	-	(5)
At 30 September 2021	52	12	465	529
Accumulated depreciation				
At 1 October 2020	10	5	165	180
Charged	13	1	10	24
Disposals	-	(5)	-	(5)
At 30 September 2021	23	1	175	199
Net book value				
At 30 September 2021	29	11	290	330
At 30 September 2020	42	-	300	342

All tangible fixed assets are unrestricted.

9 Investments

	2021 £000s	2020 £000s
Listed Investments		
UK Equities	-	15,384
US Equities	-	1,221
Europe Equities	-	808
Other Equities	-	2,598
Unlisted investments		
Global Unit Trusts (Equities)	137,236	98,046
Global Unit Trusts (Fixed Income)	30,631	29,767
UK Charity Funds	17,461	2,541
Open Derivatives Positions	-	(35)
Cash held for investments (including accrued investment income)	806	1,435
Total per Balance Sheet	186,134	151,765

All investments are held as unrestricted funds.

Notes to the financial statements for the year ended 30 September 2021 (continued)

9 Investments (continued)

The movement on investments in the year was as follows:

	2021 £000s	2020 £000s
Market value b/fwd 1 October 2020	151,765	167,977
Less: Disposal proceeds/ share exchanges	(45,463)	(9,370)
Add: Purchases at cost/share exchanges	40,954	7,316
Realised and unrealised gains/(losses)	39,506	(13,217)
Increase/(decrease) in cash held for investment (including accrued investment income)	(628)	(941)
Market value at 30 September 2021	186,134	151,765
Historical cost at 30 September 2021	142,189	147,142

The market value of investments has recovered this year, after dropping considerably in 2019/20 due to the effect of the pandemic on the stock markets. In October 2020, trustees moved £30m of funds into a new ESG fund with Legal & General Investment Management (LGIM). Following this change, the remaining directly-held equities with Schroders reached a size where it was deemed preferable to move the portfolio to a pooled approach rather than segregated. Therefore, these remaining £11m of UK equities were moved to a holding in the SUTL Cazenove Charity Equity Value Fund.

The trustees believe that the carrying value of the listed investments is supported by the underlying net assets.

Derivatives

Derivatives are initially recognised at transaction value and subsequently measured at their settlement value. The following table shows derivatives in relation to investments.

	2021 £000s	2020 £000s
Cash offset index futures	-	-
Open currency forward agreements	-	(35)
Equities Futures	-	-
Open Derivatives Positions	-	(35)

Notes to the financial statements for the year ended 30 September 2021 (continued)

10 Subsidiary

ValidATE Trust was established on 7 August 2019 as a Private Limited Company by guarantee. The Thalidomide Trust has taken advantage of the exemption under section 24.13A of the Charities SORP, and not consolidated the results of ValidATE Trust in the Group financial statements.

All costs associated with the establishment of the company were incurred by the Trust and recharged to the company.

At the 30 September 2021, ValidATE Trust owed the parent company, The Thalidomide Trust, £33,000 (2020: £51,000).

The results of ValidATE Trust for the period ended 30 September 2021 are shown below.

Audited Accounts are filed with the Registrar of Companies.

	2021
	£
Turnover and other income	23,920
Cost of sales and expenses	(21,845)
Profit for the year	2,075
Profit and loss reserves	(19,629)

11 Trust Fund including comparatives

	Unrestricted funds			
	Designated Beneficiary Memorandum Accounts £000s	General Fund £000s	Restricted Fund £000s	Total Trust Funds £000s
Balance as at 1 October 2020	3,802	137,160	(173)	140,789
Net incoming/(outgoing) resources as per Statement of Financial Activities	-	33,790	57	33,847
Adjustment for net increase in beneficiary memorandum accounts (note 12)	(549)	549	-	-
Balance as at 30 September 2021	3,253	171,499	(116)	174,636
	Note 12		Note 5	

Notes to the financial statements for the year ended 30 September 2021 (continued)

11 Trust Fund including comparatives (continued)

	Unrestricted funds			
	Designated Beneficiary Memorandum Accounts £000s	General Fund £000s	Restricted Fund £000s	Total Trust Funds £000s
Fixed Assets				
Tangible	-	330	-	330
Investments	2,732	183,402	-	186,134
Current Assets				
Debtors and Prepayments	-	100	-	100
Advance of Grants	-	1,963	-	1,963
Cash at Bank and in Hand	521	2,742	4,985	8,248
Creditors: amounts falling due within one year				
Beneficiary nominee accounts	-	(16,807)	(5,101)	(21,908)
Creditors and accrued expenses	-	(231)	-	(231)
Balance as at 30 September 2021	3,253	171,499	(116)	174,636
	Note 12		Note 5	

	Unrestricted funds			
	Beneficiary Memorandum Accounts £000s	General Fund £000s	Restricted Fund £000s	Total Trust Funds £000s
Comparatives				
Balance as at 1 October 2019	2,619	155,529	(291)	157,857
Net incoming/(outgoing) resources as per Statement of Financial Activities	-	(17,187)	118	(17,069)
Adjustment for net increase in beneficiary memorandum accounts	1,183	(1,183)	-	-
Balance as at 30 September 2020	3,802	137,160	(173)	140,789
	Note 12		Note 5	

Notes to the financial statements for the year ended 30 September 2021 (continued)

11 Trust Fund including comparatives (continued)

Comparatives	Unrestricted funds		Restricted Fund £000s	Total Trust Funds £000s
	Beneficiary memorandum Accounts £000s	General Fund £000s		
Fixed Assets				
Tangible	-	342	-	342
Investments	3,180	148,585	-	151,765
Current Assets				
Debtors and Prepayments	-	103	-	103
Advance of Grants	-	2,373	-	2,373
Cash at Bank and in Hand	622	1,513	3,894	6,029
Creditors: amounts falling due within one year				
Beneficiary nominee accounts	-	(15,351)	(4,067)	(19,418)
Creditors and accrued expenses	-	(405)	-	(405)
Balance as at 30 September 2020	3,802	137,160	(173)	140,789
	Note 12		Note 5	

12 Beneficiary accounts

	Beneficiary memorandum accounts £000s	Beneficiary nominee accounts £000s	Beneficiary Health Grant accounts £000s	Total 2021 £000s	Total 2020 £000s
As at 1 October 2020					
Balance Sheet- Beneficiary Nominee Accounts		15,351	4,067	19,418	18,442
Balance Sheet- Beneficiary Memorandum Accounts	3,802				
Annual Grant Allocations	910	18,334		19,244	20,947
Health Grant Allocations			11,112	11,112	10,721
Payments from Beneficiary Accounts	(1,459)	(16,878)	(10,078)	(28,415)	(29,509)
Transfers between Nominee and Memorandum Accounts	-	-			
Adjustment for net decrease/ (increase) in Beneficiary Memorandum Accounts				549	(1,183)
As at 30 September 2021:					
Balance Sheet- Beneficiary Nominee Accounts		16,807	5,101	21,908	19,418
Balance Sheet- Beneficiary Memorandum Accounts	3,253				
	Note 11				

12 Beneficiary accounts (continued)

Beneficiary Memorandum Accounts are all designated funds and include: accounts for beneficiaries who lack capacity to manage their financial affairs (as detailed at note 5) and backdated grants allocated to beneficiaries. On the death of a beneficiary, any funds held in Memorandum Accounts revert to the General fund to be used for the benefit of the wider community.

Beneficiary nominee accounts include the grant funds to which a beneficiary has absolute entitlement and which have not been requested by beneficiaries at the year-end (as detailed in note 5).

Beneficiary Health Grant accounts include the Health Grant funding made available, but not requested by beneficiaries (as detailed in note 5).

13 Taxation

The Trust is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

During the current and prior years, all distributions to beneficiaries were paid under the terms of Statutory Instrument 2004 No 1819, which allows distributions from the Trust to be paid free of income tax, and therefore no income tax liability arose.

14 Pension obligations

Defined contribution scheme

Permanent staff are eligible to receive a pension provision equivalent to 10% of gross salary under a defined contribution scheme. During the year employer contributions to this scheme amounted to £70,000 (2020: £67,000).

At the end of the year other creditors and accruals included £8,900 (2020: £9,600) payable in respect of employer pension contributions.

15 Debtors

	Total funds 2021 £000s	Total funds 2020 £000s
Advances of Grants		
amounts falling due within one year	625	548
amounts falling due after one year	1,338	1,825
Other debtors	32	51
Prepayments and accrued income	68	52
Total	2,063	2,476

Notes to the financial statements for the year ended 30 September 2021 (continued)

15 Debtors (continued)

As set out in note 5, the trustees will consider requests for Major Advances and Emergency Advances. The Advances consist of Major Advances and Emergency Advances balances as at 30 September 2021. Advances are recoverable from future Annual Grant allocations. Emergency Advances are recoverable within one year, Major Advances are recoverable up to a maximum of ten years.

16 Creditors

	Total funds 2021 £000s	Total funds 2020 £000s
Creditors: amounts falling due within one year		
Beneficiary nominee accounts (note 12)	21,908	19,418
Other creditors and accruals	231	405
Total	22,139	19,823

17 Net Debt Disclosure

	At 1 October 2020	Cash-flows	Other non- cash changes	At 30 September 2021
	£	£	£	£
Cash	6,029	2,219	-	8,248
Cash held for investment	1,435	(629)	-	806
Total	7,464	1,590	-	9,054

18 Related Party Transactions

Other than expenses paid to Trustees (see note 7), there were no related party transactions during the year.

During the period, the charity made payments for expenditure of its subsidiary, ValiDATE Trust, of £8,000 (2020: £70,000).

At the year end, the Trust was owed £33,000 (2020: £51,000) from the ValiDATE Trust. This balance is presented within other debtors.

There is no parent undertaking. The ultimate controlling party is The Thalidomide Trust Company Ltd.

Notes to the financial statements for the year ended 30 September 2021 (continued)

19 Comparatives for Statement of Financial Activities

Comparatives	Note	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2020 £000s
Income from:				
Diageo donations	3	14,605	-	14,605
Health Department Grants	5	-	11,153	11,153
Investment income	2	2,577	7	2,584
Other income		122	-	122
Total		<u>17,304</u>	<u>11,160</u>	<u>28,464</u>
Expenditure on:				
Raising funds (solely investment management fees)	6	(442)	(2)	(444)
Charitable activities	6	(20,831)	(11,040)	(31,871)
Total		<u>(21,273)</u>	<u>(11,042)</u>	<u>(32,315)</u>
Net gains/(losses) on investments	9	(13,217)	-	(13,217)
Net income (expenditure)		<u>(17,186)</u>	<u>118</u>	<u>(17,068)</u>
Reconciliation of Funds				
Fund balances brought forward At 1 October 2019	11	158,148	(291)	157,857
Fund balances carried forward at 30 September 2020	11	<u>140,962</u>	<u>(173)</u>	<u>140,789</u>