



Guts UK Charity

Annual Report and Financial Statements

31 December 2018

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
Patron	Lord Carrington (Deceased 9 th July 2019)
Trustees	Professor R Arasaradnam* MB BcH, C Clin Ed, PhD, FRCP, FEBGH (EU) (Appointed 12 th March 2019) Mrs K Au BSc Professor M Brookes* MBChB PhD FRCP (Resigned 10 th December 2018) Mr G Christian-Lim BSc Dr J Eaden MBChB MD FRCP - Co-Chairman (Resigned 31 st December 2018) Dr A Emmanuel BSc MBBS MD FRCP – Medical Director (Resigned 10 th December 2018) Mr Q Hamid BA FCCA – Co-Chairman (Resigned 31 st December 2018) Professor C Hawkey DM FRCP FMedsci – President Professor J McLaughlin MBChB PhD FRCP Ms S Murray Dr P Smith BMedSci BMBS MRCP MSc Mr H Tran BSc FCA – Honorary Treasurer * nominee of the British Society of Gastroenterology (BSG)
Chief Executive	Ms J Harrington
Principal office	3 St Andrews Place Regent's Park London NW1 4LB
Telephone	0207 486 0341
Website	www.gutscharity.org.uk
E-mail	info@gutscharity.org.uk
Company registration number	07274105 (England and Wales)
Charity registration number	1137029

Reference and administrative information

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 2018. 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 Award 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 the Chief Executive 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 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.

Achievements and performance

A) Research grant funding

Guts UK had research commitments at the start of the year totalling £503,218 (2017: £462,909). In 2018 the charity further awarded grants totalling £873,371 (2017: £320,915) with payments totalling £195,035 (2017: £256,034) and commitments no longer required of £33,593 (2017: £24,572). Research commitments still to be paid at the end of the year were £1,147,961 (2017: £503,218).

In 2018 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, nutrition and obesity.

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 2018:

Guts UK/Parabola Grant (Colorectal Cancer Prevention)

Professor Colin Rees, based at the University of Newcastle & South Tyneside NHS Trust, has been awarded a grant of up to £1,249,831 for his Colorectal Cancer Cohort Study. The aim of this study is to help to develop a model to predict which patients are most likely to have polyps and/or cancer and therefore need to have a colonoscopy. This will benefit patients as those at low risk will be able to avoid an unnecessary colonoscopy.

Achievements and performance (continued)

A) Research grant funding (continued)

Upper GI, Barrett's oesophagus

Dr Sara Jamal, based at Imperial College London, has been awarded a grant of £210,000 for the Olympus Guts UK Endoscopy Fellowship. Her research project entitled "Profiling of Dysplastic Changes in Barrett's Oesophagus and Early Oesophageal Cancer Using Non-Invasive Volatile Organic Compound Analysis of Exhaled Breath" will look to introduce a new non-invasive and cost-effective breath test to monitor people with Barrett's. This will provide a more comfortable investigation for patients, enable earlier diagnosis of those at risk and improve treatment success rates.

Pancreatitis

Mr James O'Kelly, based at the University of Edinburgh, has been awarded a grant of £179,423 for the Guts UK Amelie Waring fellowship. His project entitled "Single cell definition of the mechanistic role of kynurenine monooxygenase at the innate immune interface in acute pancreatitis" aims to discover how inflammation caused by acute pancreatitis (AP) is regulated by the body's immune system and to find out how new medicines that are being developed for AP work at the molecular level. This will help to make better medicines, improve health and save lives.

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.

- Dr Marc Emmanuel-Dumas, based at Imperial College London, has been awarded £49,797 for his project: "Precision medicine through integrative metagenomics and phenomics in a human NAFLD cohort". This study aims to better understand why 30% of people with obesity do not develop a fatty liver despite dramatically increased fat mass and how chemicals produced by gut microbes can be used as early warning signs of fatty liver disease that could one day form the basis of a simple, inexpensive and rapid blood test for the early detection of disease.
- Dr Gwo-tzer Ho, based at the University of Edinburgh, has been awarded £26,100 for his study entitled: "Resolving Inflammation in IBD: Developing a new therapeutic approach by targeting pro-inflammatory mitochondrial formylated peptides on neutrophil FPR1-pathway". The plan is to develop a treatment that is aimed at healing and returning the bowel to a normal state in both adults and children with IBD.
- Dr Varinder Athwal, based at the University of Manchester, has been awarded £33,011, for his project investigating fibrosis pathobiology in cystic fibrosis related liver disease to improve clinical detection and management.

Achievements and performance (continued)

A) Research grant funding (continued)

In collaboration with forCrohns we awarded two grants specifically focusing on Crohn's Disease.

- Dr Konstantinos Gerasimidis, based at the University of Glasgow, has been awarded £49,916 for a pilot study to assess the clinical efficacy of the novel CD-TREAT diet in patients with active Crohn's disease. The research team hope that the findings of this study will inform an application for a large research grant to explore how CD-TREAT compares directly against the liquid-only diet used in many centres looking after patients with CD.
- Dr Nick Powell, based at King's College London, has been awarded £48,737 for his project entitled: "TNF α responsive transcriptional networks in the human intestinal epithelium - the key to predicting therapeutic response to anti-TNF α in Crohn's disease". The aim of this study is to develop a biomarker able to predict response to medicines targeting TNF α which will empower patients and health professionals to make better choices in selecting the therapy with the highest likelihood of success.

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 to award three small grants of up to £5,000 each to trainee doctors:

- King's College London/ Gastroenterology London Investigative Network for Trainees (GLINT) - Quality of care transition in adult IBD patients transferring between healthcare providers: a multicentre audit
- The Oxford and Thames Valley Young Gastroenterologists Network (OxYGEN) - Effect of diet, nutritional status, and body composition on biologic therapy in IBD
- Dr Suneil Raju, Sheffield - Review of current diagnostic procedure and management of patients with microscopic colitis: Are we getting it right?

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 reward those who bring new insight to gastroenterology and hepatology, and the collaboration that furthers 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.

Achievements and performance (continued)

A) Research grant funding (continued)

Guts UK/Dr Falk Awards (continued)

The Guts UK/Dr Falk 2018 award winners were:

◆ *Medical Student Essay Prize £1,000*

Awad Mahalhal, Gastroenterology Research Unit, University of Liverpool

Influence of Iron Supplementation on Gut Microbiota and the Natural History of Inflammatory Bowel Disease

◆ *Medical Student Prizes £1,500 each*

Jocelyn Cheuk, Faculty of Medicine, University of Southampton

The Development of Obesity and Type 2 Diabetes harnessing the Gut Microbiota and Host Genetics

Claudia Cipriano, Faculty of Biology, Medicine and Health, University of Manchester

Assessment of Body Composition and The Gut Hormone And Cytokine Profile Of Anorexic and Cachexia Upper Gastrointestinal Cancer Patient

Ratnam Gandhi, Centre for Liver Research, University of Birmingham

The clearance of dead cells by hepatocytes: mechanism and clinical implications

Lauren Marks, Gastroenterology Department, Royal Hallamshire Hospital / University of Sheffield

Biopsy Avoidance Strategy in Adult Coeliac Disease

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

Emily Hughes, Department of Discovery and Translational Science, University of Leeds

Inflammatory crosstalk between adipose tissue and the liver

Camilla Rhead, Institute of Liver and Digestive Health, Royal Free Hospital / UCL

An analysis of the incidence of bacterial infection, antibiotic use and resistance in patients with decompensated liver disease

Achievements and performance (continued)

A) Research grant funding (continued)

Guts UK/Dr Falk Awards (continued)

◆ *Dietitian Prize £1,000*

Miranda Lomer, Reader in Dietetics, King's College London

A dietary management pathway for irritable bowel syndrome

◆ *SpR Trainee Audit / Quality Improvement Awards*

Dr Laith Al Rubaiy, University Hospital of Wales and University Hospital of Llandough in Cardiff

Using Patients' endoscopy educational Videos to improve their Experience and Outcomes (P-VIDEOS) study

Awarded: £4,600

Dr Misha Kabir, St Mark's Hospital and Academic Institute

Developing a personalized patient decision aid to improve the quality of shared decision-making between Ulcerative Colitis patients diagnosed with dysplasia and their clinicians.

Awarded: £2,800

Dr Dipesh Vasant, Salford Royal, Pennine Acute Hospitals NHS Trust

Anorectal dysfunction in ulcerative colitis: a cross sectional survey

Awarded: £2,600

Completed research projects: The Results

Trainee awards

Dr Laith Al Rubaiy has produced endoscopy videos for patients that are available on the Guts UK website. His study found that these videos helped improve patients' knowledge and alleviated some of their concerns hence improving their experience. He is currently working to develop similar videos in other endoscopic procedures and will encourage more hospitals and clinicians to use videos as part of their clinical practice.

Dr Ashwin Dhanda's research at the Plymouth University Peninsula Schools of Medicine and Dentistry assessing whether global immune function can predict outcome and response to corticosteroid treatment in patients with severe alcoholic hepatitis found that a simple blood test to measure immune function could be helpful to predict survival of patients with alcoholic hepatitis. The team have secured funding to carry out a larger study.

Achievements and performance (continued)

B) Completed research projects: The Results (continued)

Trainee awards (continued)

Dr Reenam Khan, based at the University of Birmingham, aimed to develop a new model of alcoholic hepatitis. She used the data to apply for PhD funding. She has been awarded an MRC fellowship and plans to use the model in the testing of a new potential treatment for alcoholic hepatitis, as part of her PhD project.

Dr Paolo Biancheri, based at the University of East Anglia, looked at biologic treatments for IBD and the mechanisms that contribute to non-responsiveness. Ultimately the team hope to use this information to identify those patients who are – and those who are not – likely to respond to biologic treatment. This would have the benefit of achieving better treatment results and avoiding unnecessary exposure to potentially harmful treatments.

Diverticular disease

Dr David Humes' research at the University of Nottingham aimed to advance understanding and management of diverticular disease. Dr Humes said: "This grant allowed us to provide much needed information to clinicians and patients on how frequently the complications of diverticular disease occur and what the consequences of these are. It also provided information on the outcomes of current treatments used to treat these complications, which better inform patients and clinicians when making decisions regarding which treatment to use."

Scientific engagement

In June 2018 Guts UK charity hosted a session at the BSG Annual Meeting which focussed on informing BSG members how to get involved in research and obtain funding. The session also covered the new Guts UK research strategy and funding opportunities for the year. Speakers included renowned clinical researchers and academics.

C) Public education and awareness



- **Brand launch**

The new Guts UK brand was launched at the BSG Annual Meeting in June 2018 and was well received. This new branding has been incorporated into a new website, on all our information leaflets and fundraising support materials including new cycling jerseys and running vests.

Achievements and performance (continued)

C) Public education and awareness (continued)

- **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.

With the help of specialist gastroenterology nurses and consultants, all Guts UK's patient information has been updated including input and feedback from lay readers and people affected by these conditions. The information available on the website has been expanded and 174,000 patient information leaflets covering 15 digestive conditions were sent out to 102 hospitals around the UK and Ireland.



- **Public awareness events**



Our inflatable 'Colin the Colon' was out and about at Berry Brow Carnival in Huddersfield where children, babies and adults alike were fascinated by the pedunculating polyps!





Guts UK also had a stall at Huddersfield Food Festival where locals were surprised to learn that a charity promoting research into, and awareness of, digestive conditions had a base in their town, and snapped up the newly updated Guts UK range of leaflets.



Our first Kranky Panky Campaign aimed to raise awareness of the symptoms and effects of non-cancerous pancreatic diseases and involved tweeting a pancreatitis story and fact every day for the month of November. This gathered a huge momentum and was supported by patients or their relatives but also specialists working in the subject area. The full stories were also posted on Facebook and highlighted on the website. As a result of the profile of this campaign activity on all social media under our new name we increased footfall, followers and fundraisers bringing new supporters on board and reengaged former supporters.

Risk management

Guts UK maintain 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 annually 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.

Long term decline in 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.

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. In addition to maintaining a good working relationship with the BSG for any future relocation, the trustees will be actively investigating alternative options for office space.

Fundraising

Growing our income through fundraising is vital to enabling us to fund more much needed research and provide information to improve the lives of people affected by digestive disorders.

Guts UK is committed to working to a best practice framework and is a 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 2018 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, Ebay 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.

Income generation

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 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.

The charity is committed to developing a digital platform so our information is accessible for all. In 2018 we have made great leaps in developing our social media presence promoting our website, Facebook pages and Twitter. Growing our community with relevant content that our supporters share and channel. Our twice yearly newsletters to supporters who prefer print are key communications as are our regular e-newsletters.



Income from grant-making trusts totalled £35,095 with an encouraging response to applications for funding the popular Development Awards. Community fundraising has more than doubled from last year due to our increased visibility. The Guts UK Ride London team raised over £16,000. General individual donations have also increased due to our enhanced digital presence as have legacy gifts and in-memoriam donations.



Financial review

The charity recorded income for the year of £1,040,147 (2017: £2,194,521) and expenditure of £1,281,920 (2017: £698,045). This resulted in net expenditure before investment losses of £241,773 (2017: £1,496,476 gain). The loss is due to increased investment in research.

In line with the performance of investments globally the investment portfolio contributed unrealised losses of £482,447 and realised losses of £29,301 (2017: unrealised gains of £215,542 and realised losses of £9,763). Of this amount, total realised and unrealised losses of £241,745 related to the endowment fund.

As at 31 December 2018, Guts UK had net assets of £5,640,224 (2017: £6,393,745) a decrease of £753,521 of which £5,688,851 was held in investments. These include the Derek Butler endowment fund for research into upper gastrointestinal conditions of £2,820,003. The income from this fund will continue to finance the three year fellowship awarded in 2017 to be completed in 2020.

Financial review (continued)

Unrestricted funds which can be spent at the discretion of the trustees were £3,015,421 of which £1,506,027 has been designated to contribute to research grants awarded by the charity.

General funds amounted to £1,509,394. 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 £1,147,961 at 31 December 2018 as set out in detail in note 18. Of these commitments, £333,447 is covered by endowed or designated funds, £90,200 is due from funding partners and £724,314 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 2019, the desired minimum reserve amounting to six months administration, net public education costs and fundraising expenditure is £300,000. Currently general unrestricted funds total £1,509,394, of which free reserves equal £784,909 being general unrestricted funds less amounts held as fixed assets and earmarked for research projects. Additional funds are to be utilised for increased research expenditure, building capacity and expanding the public information programme going forward.

Investment policy

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.

Plans for 2019

Research and Science Engagement

Guts UK/Dr Falk Awards - Investing In Future Researchers

(£23,000)



These awards encourage and recognise outstanding talent in the field of gastroenterology. There are 10 separate awards including £1,000-£1,500 for medical students, nurses and dietitians, £2,500 research awards for F1/F2 doctors, and a £10,000 Audit/QI grant for gastroenterology specialty trainees.

Guts UK/BSPGHAN Grants – Childhood Gut and Liver Disease

(£40,000 x 2 = £80,000)



A call to award two grants up to £40,000 each for research studies on paediatric gastrointestinal, hepatological and nutritional disorders.

Guts UK/Bowel & Cancer Research - PhD for Research into Diverticular Disease and Diverticulitis

(£75,000 PhD Award)



Bowel &
Cancer
Research



This new research stream follows on from a previous collaboration with Bowel & Cancer Research into Diverticular Disease and recognises the need for funding in this relatively neglected area of research. Proposals of up to £75,000 are sought to support a three year PhD student research project into diverticular disease. Support will be given to: new ideas in diagnostics, therapeutics or devices, experimental medicine and pilot studies; outcomes research.

Guts UK Research Support Network for Nurses

(£5,000)



Guts UK aims to encourage more nurses to become involved within research by developing a support network called Nurses Gut Together.

Plans for 2019 (continued)

Research and Science Engagement (continued)

Guts UK Patient and Public Involvement and Engagement (PPIE)

(£18,000 x 2 = £36,000)

Guts UK also plans to develop our Patient and Public Involvement and Engagement (PPIE) function by organising two new priority setting partnerships (PSP). PSPs involve patients and researchers getting together to work out the top ten unanswered questions on a specific disease area. This process and the resulting questions then help focus research priorities going forward.



Guts UK/BSG Trainee Awards (Individual and Network)

(£5,000 x 4 = £20,000)

Four grants up to £5,000 each are available to gastroenterology specialty trainees who would like to conduct research or Audit/QI in any area of gastroenterology (including pancreatology and hepatology) or nutrition. Trainees can apply individually or as networks.



Guts UK Development Grants

(£50,000 x 5 = £250,000)

Five grants of up to £50,000 each are available to clinicians and scientists for translational or proof of concept research in any area of gastroenterology (including pancreatology and hepatology).



Guts UK Nutrition Development Grants

(£50,000 x 2 = £100,000)

Two grants up to £50,000 each are available to research-established clinicians (including gastroenterology specialist dietitians) for research on any aspect of nutrition that is related to gastroenterology (including hepatology and pancreatology).



Guts UK/forCrohns Development Grants

(£50,000 x 2 = £100,000)

Following on from a successful collaboration with forCrohns in 2018 we will announce two grants of up to £50,000 each for research-established clinicians specifically focusing on translational or proof of concept research in Crohn's Disease.



Plans for 2019 (continued)

Fundraising, patient engagement and awareness raising

- ◆ Further develop and promote Guts UK website as a source of information, inspiring stories and up to date research.
- ◆ Develop public awareness and profile of the new Guts UK brand with dedicated communications resources and strategy with a commitment to developing and delivering via an improved digital presence.
- ◆ Drive an increased programme in outreach, patient engagement and information with a dedicated, experienced staff member.
- ◆ Embed “the M62 Gut Club” regional development model to increase outreach and support
- ◆ Develop our public Science of Digestion events for different audiences.

Staff, Resources and Capacity building

The charity will need increased capacity with dedicated experience and skills in 2019. Key appointments proposed to achieve our strategic goals will be in the areas of research, fundraising, patient information and engagement, and communications.

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
- ◆ 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.

Trustees' Report 31 December 2018

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:

Mr H Tran

Trustee

Approved by the trustees on: 24 July 2019

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 2018 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 2018 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 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 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

2 September 2019

Statement of financial activities Year ended 31 December 2018
(including the income and expenditure account)

		Unrestricted funds £	Restricted funds £	Endow- ment funds £	2018 Total funds £	2017 Total funds £
Income and expenditure						
Income						
Donations and legacies	1	332,257	8,100	—	340,357	1,862,464
Other trading activities	2	42,948	—	—	42,948	44,302
Investment income	3	103,693	91,296	—	194,989	167,942
Charitable activities	4					
. Grants for research		—	461,853	—	461,853	73,000
Other income		—	—	—	—	46,813
Total income		478,898	561,249	—	1,040,147	2,194,521
Expenditure						
Cost of raising funds	5	175,530	11,641	—	187,171	147,420
Expenditure on charitable activities	6					
. Grants for research		261,324	693,949	—	955,273	414,607
. Public education and Science of Digestion		139,476	—	—	139,476	136,018
Total expenditure	8	576,330	705,590	—	1,281,920	698,045
Net expenditure before transfers	9	(97,432)	(144,341)	—	(241,773)	1,496,476
Transfers between funds	19	(210,889)	210,889	—	—	—
Net (expenditure) / income after transfers		(308,321)	66,548	—	(241,773)	1,496,476
Net losses on investments	14					
. Realised		(15,317)	—	(13,984)	(29,301)	(9,763)
. Unrealised		(254,686)	—	(227,761)	(482,447)	215,542
Net (expenditure) / income and net movement in funds for the year		(578,324)	66,548	(241,745)	(753,521)	1,702,255
Reconciliation of funds:						
Funds balances brought forward		3,593,745	89	2,799,911	6,393,745	4,691,490
Fund balances carried forward		3,015,421	66,637	2,558,166	5,640,224	6,393,745

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 2017 is shown as note 28 to the financial statements

Balance sheet 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible fixed assets	13		171		730
Investments	14		5,688,851		6,107,537
			5,689,022		6,108,267
Current assets					
Debtors: due within one year	15	204,921		150,949	
Short term cash deposits		624,319		654,254	
Cash at bank and in hand		297,516		21,148	
		1,126,756		826,351	
Liabilities:					
Creditors: amounts falling due within one year	16	(564,931)		(331,740)	
Net current assets			561,825		494,611
Total assets less current liabilities			6,250,847		6,602,878
Liabilities:					
Creditors: amounts falling due after one year	17		(610,623)		(209,133)
Total net assets			5,640,224		6,393,745
The funds of the charity					
Unrestricted income funds					
. General			1,509,394		1,749,943
. Designated funds	20		1,506,027		1,843,802
Restricted funds	19		66,637		89
Endowment fund	21		2,558,166		2,799,911
			5,640,224		6,393,745

Approved by the trustees
and signed on their behalf by:

Mr H Tran

Trustee

Approved on: 24 July 2019

Guts UK Charity

Registered Company Number: 07274105 (England and Wales)

Statement of cash flows 31 December 2018

	Notes	2018 £	2017 £
Cash inflow from operating activities:			
Net cash provided by operating activities	A	144,506	560,366
Cash inflow / (outflow) from investing activities:			
Dividends and interest from investments		194,989	167,942
Purchase of tangible fixed assets		—	(510)
Proceeds from the disposal of investments		220,684	1,182,858
Purchase of investments		(220,108)	(1,683,188)
Net cash provided by / (used in) investing activities		195,565	(332,898)
Change in cash and cash equivalents in the year		340,071	227,468
Cash and cash equivalents at 1 January	B	999,780	772,312
Cash and cash equivalents at 31 December	B	1,339,851	999,780

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

A Reconciliation of net movement in funds to net cash inflow from operating activities

	2018 £	2017 £
Net movement in funds (as per the statement of financial activities)	(753,521)	1,702,255
Adjustments for:		
Depreciation charge	559	887
Losses / (gains) on investments	511,748	(205,779)
Transfer from National Research Fund (NRF)	—	(819,962)
Dividends and interest from investments	(194,989)	(167,942)
Increase in debtors	(53,972)	(52,737)
Increase in creditors	634,681	56,831
Taxation	—	46,813
Net cash provided by operating activities	144,506	560,366

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	297,516	21,148
Short term cash deposits	624,319	654,254
Cash held by investment managers	418,016	324,378
Total cash and cash equivalents	1,339,851	999,780

Principal accounting policies Year ended 31 December 2018

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 2018 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 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.

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.

Assessment of going concern (continued)

The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 December 2019, 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 been transferred to the charity.

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

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.

Fixed asset investments (continued)

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.

Notes to the financial statements 31 December 2018

1. Donations and legacies

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Donations	107,405	7,165	114,570
Legacies	146,457	935	147,392
Subvention from the British Society of Gastroenterology (BSG)	78,395	—	78,395
2018 Total funds	332,257	8,100	340,357

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<i>Donations</i>	<i>100,694</i>	<i>10,200</i>	<i>110,894</i>
<i>Legacies</i>	<i>23,536</i>	<i>—</i>	<i>23,536</i>
<i>Transfer of assets from the Nutritional Research Foundation (NRF) – Note 27</i>	<i>1,599,871</i>	<i>—</i>	<i>1,599,871</i>
<i>Subvention from the British Society of Gastroenterology (BSG)</i>	<i>78,163</i>	<i>—</i>	<i>78,163</i>
<i>Additional donation from the BSG</i>	<i>50,000</i>	<i>—</i>	<i>50,000</i>
2017 Total funds	1,852,264	10,200	1,862,464

The subvention from the British Society of Gastroenterology comprised £56,856 (2017: £61,079) cash and £21,539 (2017: £17,084) in services.

2. Other trading activities

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Public education	42,948	—	42,948
2018 Total funds	42,948	—	42,948

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<i>Public education</i>	<i>44,302</i>	<i>—</i>	<i>44,302</i>
2017 Total funds	44,302	—	44,302

Notes to the financial statements 31 December 2018

3. Investment income

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

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<i>Interest – fixed interest securities</i>	<i>486</i>	<i>288</i>	<i>774</i>
<i>Dividends - UK and international equities</i>	<i>53,961</i>	<i>51,276</i>	<i>105,237</i>
<i>Bonds - UK and international</i>	<i>7,198</i>	<i>12,097</i>	<i>19,295</i>
<i>Multi asset funds</i>	<i>8,772</i>	<i>18,051</i>	<i>26,823</i>
<i>Charities property fund</i>	<i>2,761</i>	<i>5,358</i>	<i>8,119</i>
<i>Other funds</i>	<i>4,654</i>	<i>2,280</i>	<i>6,934</i>
<i>Interest on cash deposits</i>	<i>760</i>	<i>—</i>	<i>760</i>
2017 Total funds	78,592	89,350	167,942

4. Income from charitable activities

	Unrestricted funds £	Restricted funds £	2018 Total funds £
New grants for research	—	461,853	461,853
2018 Total funds	—	461,853	461,853

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<i>New grants for research</i>	<i>—</i>	<i>73,000</i>	<i>73,000</i>
2017 Total funds	—	73,000	73,000

5. Cost of raising funds

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

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<i>Fundraising costs</i>	<i>5,545</i>	<i>—</i>	<i>5,545</i>
<i>Investment manager's fees</i>	<i>5,237</i>	<i>6,363</i>	<i>11,600</i>
<i>Support costs (note 8)</i>	<i>130,275</i>	<i>—</i>	<i>130,275</i>
2017 Total funds	141,057	6,363	147,420

6. Expenditure on charitable activities

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

	Direct costs £	Research grants awarded (note 7) £	Support costs (note 8) £	2017 Total funds £
<i>Gastroenterology research</i>	<i>3,219</i>	<i>296,572</i>	<i>114,816</i>	<i>414,607</i>
<i>Public Education</i>	<i>31,868</i>	<i>—</i>	<i>83,464</i>	<i>115,332</i>
<i>Science of Digestion</i>	<i>5,716</i>	<i>—</i>	<i>14,970</i>	<i>20,686</i>
2017 Total funds	40,803	296,572	213,250	550,625

7. Research grants awarded

	2018 Total funds £	2017 Total funds £
New research grants	873,371	320,915
Less grants no longer required	(19,184)	(24,343)
Research grants awarded (note 6)	854,187	296,572

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 £	2018 Total funds £
Directly incurred				
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
	49,074	856,825	52,022	957,921
Support costs				
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
	138,097	98,448	87,454	323,999
2018 Total funds	187,171	955,273	139,476	1,281,920

8. Total expenditure (continued)

	Charitable activities			
	Cost of raising funds £	Gastro- enterology research £	Public education and Science of Digestion £	2017 Total funds £
Directly incurred				
Grants payable (see note 7)	—	296,572	—	296,572
Research administration	—	3,219	—	3,219
Fundraising costs	5,545	—	—	5,545
Public education	—	—	37,584	37,584
Investment management fees	11,600	—	—	11,600
	17,145	299,791	37,584	354,520
Support costs				
Staff costs (see note 10)	80,646	58,652	56,207	195,505
Premises and donated facilities	6,379	4,639	4,446	15,464
Postage	806	586	562	1,954
Telephone	471	342	328	1,141
Stationery, printing, design and marketing	745	542	519	1,806
Insurance	300	218	209	727
Bank charges	487	354	339	1,180
Meeting costs	5,242	3,812	3,653	12,707
Subscriptions/publications	1,097	797	764	2,658
Equipment/maintenance and website development	18,696	13,597	13,030	45,323
Depreciation	366	266	255	887
Training and recruitment	4,971	3,615	3,465	12,051
Governance costs:				
. Auditor's remuneration	2,846	2,070	1,984	6,900
. Professional fees	1,668	9,613	1,163	12,444
. Bookkeeping costs	2,020	1,469	1,407	4,896
Social research consultancy	—	7,639	7,639	15,278
Brand development	3,535	6,605	2,464	12,604
	130,275	114,816	98,434	343,525
2017 Total funds	147,420	414,607	136,018	698,045

9. Net income before transfers

This is stated after charging:

	2018 Total funds £	2017 Total funds £
Staff costs (note 10)	205,776	195,505
Depreciation	559	887
Auditor's remuneration (including VAT)		
. Statutory audit services – current year	7,597	6,900

10. Staff costs and remuneration of key management personnel

	2018 Total funds £	2017 Total funds £
Salaries and wages	184,418	175,785
Social security	15,580	14,609
Pension costs	5,778	5,111
	205,776	195,505

The average number of employees during the period at Head Office was 6 (2017 – 6.4). One employee earned between £60,001 and £70,000 during the year. (2017 - No employee earned more than £60,000).

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 £ 154,355 (2017 - £135,366).

11. Trustees' remuneration and expenses

No remuneration (2017 - £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 £3,951 during the period (2017 - six trustees: £3,442).

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 2018 and 31 December 2018	4,341
Depreciation	
At 1 January 2018	3,611
Charge for the year	559
At 31 December 2018	4,170
Net book value	
At 31 December 2018	171
At 31 December 2017	730

Notes to the financial statements 31 December 2018

14. Investments

	Endowment portfolio £	General portfolio £	2018 £	2017 £
At valuation				
Balance brought forward at 1 January	2,742,434	3,040,725	5,783,159	4,257,088
Transfer from Nutritional Research Fund (NRF) – Note 27	—	—	—	819,962
Additions	130,130	89,978	220,108	1,683,188
Disposal proceeds	(172,639)	(48,045)	(220,684)	(1,182,858)
Investment gains				
. Realised losses	(13,984)	(15,317)	(29,301)	(9,763)
. Unrealised (losses) gains	(227,761)	(254,686)	(482,447)	215,542
Total investment (losses) gains	(241,745)	(270,003)	(511,748)	205,779
Balance carried forward at 31 December	2,458,180	2,812,655	5,270,835	5,783,159
Cash held by investment managers	361,823	56,193	418,016	324,378
Total investments	2,820,003	2,868,848	5,688,851	6,107,537
Analysis by Type				
Listed investments at market value				
. UK Equities	1,200,308	1,463,013	2,663,321	3,148,926
. Overseas Equities	516,304	435,858	952,162	934,237
. UK Bonds	235,031	304,865	539,896	566,394
. Overseas bonds	40,110	25,652	65,762	68,977
. Multi-asset funds	279,935	351,060	630,995	667,587
. Property funds	130,712	167,058	297,770	289,701
. Other	55,780	65,149	120,929	107,337
Total investments	2,458,180	2,812,655	5,270,835	5,783,159
Historic cost of listed investments (all are listed in the UK) - excluding cash held by investment managers	2,213,604	2,737,203	4,950,807	5,022,258

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 Equity Income Trust for Charities	473,054	764,444	1,237,498	23%
Majede UK Equity Fund (Income)	370,263	346,202	716,465	14%
Trojan Income Fund (Class O Inc)	356,991	352,367	709,358	13%
LF Ruffer Total Return Fund	137,023	169,258	306,281	6%
Trojan Income Fund (Class S)	142,912	181,802	324,714	6%
Charities Property Fund	130,712	167,058	297,770	6%

Notes to the financial statements 31 December 2018

14. Investments (continued)

The total unrealised gains as at 31 December 2018 constitute movements on revaluation and are as follows:

	2018 £	2017 £
Unrealised gains included above:		
On investments	320,028	760,901
Total unrealised gains at 31 December	320,028	760,901
Reconciliation of movements in unrealised gains:		
Unrealised gains at 1 January	760,901	681,004
Gains/(losses) in respect to disposals in the year	41,574	(135,645)
	802,475	545,359
Add: net (losses)/gains arising on revaluation in the year	(482,447)	215,542
Total unrealised gains at 31 December	320,028	760,901

15. Debtors

	2018 £	2017 £
Prepayments, accrued income and sundry debtors	114,721	100,684
Commitments due from funding partners	90,200	50,265
	204,921	150,949

16. Creditors: amounts falling due within one year

	2018 £	2017 £
Other creditors	5,227	5,977
Accruals	22,366	31,678
Research grants payable (see note 18)	537,338	294,085
	564,931	331,740

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

	2018 £	2017 £
Research grants payable (see note 18)	610,623	209,133

Notes to the financial statements 31 December 2018

18. Research grants payable

	2018 Total funds £	2017 Total funds £
At 1 January	503,218	462,909
Research grants awarded in the year	873,371	320,915
Research grants no longer required	(33,593)	(24,572)
Paid during the year	(195,035)	(256,034)
At 31 December	1,147,961	503,218
Research grants at 31 December are payable as follows:		
Within one year (see note 16)	537,338	294,085
After more than one year (see note 17)	610,623	209,133
	1,147,961	503,218

Details of research grants payable are provided overleaf.

Notes to the financial statements 31 December 2018

18. Research grants payable (continued)

			At 1 January 2018 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2018 £
Ongoing research							
Various	Falk Pharma		211	-	(176)	(20)	15
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	26,858	-	(3,164)	-	23,694
Professor Laurence Lovat	Development award	Salivary EpigeNetics to Stratify Oesophageal Cancer Risk (SENSOR)	50,000	-	-	(7,870)	42,130
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?	4,715	-	-	(2,970)	1,745
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	-	-	-	5,000
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	5,000	-	(780)	(3,418)	802
Dr Conor McCann	Core-Derek Butler Fellowship	Enteric neural stem cell therapy for Oesophageal Achalasia and Diabetic Gastroparesis	210,000	-	-	(55,976)	154,024
Professor Sarah Ennis	Core-BSPGHAN Development Grant	Metabolo-genomic interactions in paediatric Crohn's Disease (CD)	33,400	-	-	(20,128)	13,272
Professor Chris Probert	Core-BSPGHAN Development Grant	Characterisation of the gut mycobiome in an inception cohort of paediatric inflammatory bowel disease patients	35,000	-	-	-	35,000
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)	10,000	-	(303)	(4,697)	5,000
			384,984	-	(4,423)	(95,079)	285,482

Notes to the financial statements 31 December 2018

18. Research grants payable (continued)

			At 1 January 2018 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2018 £
New Commitments							
Various	Dr Falk Pharma		-	13,000	-	(13,000)	-
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	-	-	49,916
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	-	2,800	-	(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	-	-	2,600
Dr Laith Alrubaiy	Guts UK-Dr Falk SpR Trainee Audit/Quality Improvement Award	Using patients' endoscopy educational videos to improve their experience and outcomes (P-VIDEOS) study	-	4,600	(640)	(3,960)	-
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	-	-	26,100
Dr Varinder Athwal	Guts UK Development Award	Investigating fibrosis pathobiology in cystic fibrosis related liver disease to improve clinical detection and management	-	33,011	-	-	33,011
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			-	230,561	(640)	(18,360)	211,561

Notes to the financial statements 31 December 2018

			At 1 January 2018 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2018 £
Balance brought forward			-	230,561	(640)	(18,360)	211,561
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	-	-	4,000
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	-	-	4,995
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?	-	5,000	-	(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	-	199,392	10,608	-	210,000
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
			-	873,371	9,968	(20,860)	862,479

Notes to the financial statements 31 December 2018

18. Research grants payable (continued)

			At 1 January 2018 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2018 £
Research completed in during the year							
Professor Krish Ragunath	Olympus Fellowship	Evaluation of novel and existing minimally-invasive endoscopic imaging tools to screen for Barrett's Oesophagus and Oesophageal Varices	10,608	-	(10,608)	-	-
Dr James Evans	Derek Butler Fellowship	Investigating the clonal origins and dysplasia risk in Barrett's oesophagus	6,100	-	-	(6,100)	-
Dr Neil Henderson	Children's Liver Disease Foundation	Investigation of myofibroblast αv integrins as an anti-fibrotic target in biliary atresia and fibrosis	36,044	-	(3,978)	(32,066)	-
Mr Alastair Hayes	Amelie Waring Fellowship	Defining the mechanistic role of kynurenine 3-monooxygenase (KMO) inhibition in the resolution of organ dysfunction in severe acute pancreatitis	20,466	-	-	(20,466)	-
Dr John Louis-Auguste	NRF Fellowship	Effects of multiple micronutrient and amino acid supplementation on intestinal function and microbiome-host interactions in environmental enteropathy: a study in Zambian adults	4,675	-	-	(4,675)	-
Dr Emer Fitzpatrick	BSPGHAN award	LiverMultiScan™ for the assessment of graft fibrosis in children post liver transplant	2,501	-	-	(2,501)	-
Dr Gordon Moran	BSPGHAN award	Anabolic resistance and abnormal muscle function across the nutritional spectrum: a pilot study in Crohn's disease	7,766	-	-	(7,766)	-
Mr David Humes	Bowel & Cancer Research	What are the short and long term outcomes of minimally invasive approaches (e.g. percutaneous radiological drainage, laparoscopic washout and drainage) to managing complicated diverticulitis?	24,486	-	(24,486)	-	-
Dr Michael McFarlane	Trainee Research Award	The use of Electronic noses in assessing volatile organic substances in the urine and stools of colorectal cancer patients, their blood relatives and individuals with whom they share dwellings	1,000	-	-	(1,000)	-
Balance carried forward			113,646	-	(39,072)	(74,574)	-

Notes to the financial statements 31 December 2018

			At 1 January 2018 £	Research grants awarded £	Grants no longer required £	Grants paid in the year £	At 31 December 2018 £
Balance brought forward			113,646	-	(39,072)	(74,574)	-
Dr Paolo Biancheri	Trainee Research Award	Proteolytic degradation of anti-tumour necrosis factor (TNF) - alpha agents and other biologic agents: correlation with response to treatment in inflammatory bowel disease (IBD)	3,741	-	(66)	(3,675)	-
Dr Lennard Lee	Trainee Research Award	Colon Cancer Metastasis - identifying patients at risk to developed personalised therapies	847	-	-	(847)	-
			<u>118,234</u>	<u>-</u>	<u>(39,138)</u>	<u>(79,096)</u>	<u>-</u>
Total Research Grants payable			503,218	873,371	(33,593)	(195,035)	1,147,961

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 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

	At 1 January 2017 £	Income £	Expenditure £	Transfers £	At 31 December 2017 £
Research grants	—	18,000	(23,000)	5,000	—
Restricted research grants	—	55,000	(87,915)	44,760	11,845
Trust application donations	—	10,200	—	—	10,200
Derek Butler Endowment Income fund	105,057	89,350	(216,363)	—	(21,956)
	105,057	172,550	(327,278)	49,760	89

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.
- ◆ Trust application donations: development grants.
- ◆ 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. A three-year commitment was made from this fund in 2017 resulting in a deficit at 31 December 2017. This was reversed in 2018 upon receipt of investment income.

20. Designated Funds – Amelie Waring

	At 1 January 2018 £	Income £	Expenditure/ transfers £	Investment gains £	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

	At 1 January 2017 £	Income £	Expenditure £	Investment gains £	At 31 December 2017 £
Investments	1,761,120	54,908	(34,145)	81,547	1,863,430
Other income	—	838	—	—	838
Research Commitments	(75,367)	—	54,901	—	(20,466)
	1,685,753	55,746	20,756	81,547	1,843,802

The Amelie Waring fund represents monies 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.

21. Endowment fund

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

	At 1 January 2017 £	Income £	Expenditure £	Investment gains £	At 31 December 2017 £
Derek Butler Endowment	2,681,282	—	—	118,629	2,799,911

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 £	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

	Fixed assets £	Investments £	Net current assets £	Long-term Liabilities £	2017 Total £
Unrestricted funds					
. General	730	1,256,704	492,509	—	1,749,943
. Designated funds	—	1,863,430	(19,628)	—	1,843,802
Restricted funds	—	187,492	21,730	(209,133)	89
Endowment funds	—	2,799,911	—	—	2,799,911
	730	6,107,537	494,611	(209,133)	6,393,745

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 continued to subvent 20% of its membership income to Guts UK, amounting to £78,396 (2017 - £78,163), which was paid partly in cash £56,856 (2017: £61,079) partly in services £21,307 (2017 - £17,084).

In addition BSG provided a grant of £5,000 (2017 - £15,000) to support trainee research grants. In 2017 an additional grant of £50,000 was also paid.

24. Contingent asset and liability

The charity has secured provisional funding amounting to £1,000,000 for the Colorectal Cancer Research Grant, of which £250,000 would be receivable within one year. This funding is contingent on a satisfactory annual report being approved by the funding partner and Guts UK was therefore not entitled to these funds at 31 December 2018. Should the next stages of funding be received, Guts UK has agreed to make a sub-grant of £1,000,000, of which £250,000 would be payable within one year.

25. Related party transactions

During the year the charity received donations of £240 from trustees (2017 - £60). Transactions with the British Society of Gastroenterology are detailed in note 23.

There were no further related party transactions during the period requiring disclosure (2017 – 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. Nutritional Research Foundation (NRF)

During the prior year, on 31 December 2017 and following the closure of the Trust, the Nutritional Research Foundation (NRF) transferred assets with the value of £1,599,871 to Guts UK.

	At transfer date £
Investments – Note 14	819,962
Investments – Capital and Income	412,288
Short term cash deposits	<u>367,621</u>
	<u>1,599,871</u>

28. Comparative Statement of Financial Activities for the year ended 31 December 2017

		Unrestricted funds £	Restricted funds £	Endow- ment funds £	2017 Total funds £
Income and expenditure					
Income					
Donations and legacies	1	1,852,264	10,200	—	1,862,464
Other trading activities	2	44,302	—	—	44,302
Investment income	3	78,592	89,350	—	167,942
Charitable activities	4				
. Grants for research		—	73,000	—	73,000
. Public Education		—	—	—	—
Other income		46,813	—	—	46,813
Total income		<u>2,021,971</u>	<u>172,550</u>	<u>—</u>	<u>2,194,521</u>
Expenditure					
Cost of raising funds	5	141,057	6,363	—	147,420
Expenditure on charitable activities	6				
. Grants for research		93,692	320,915	—	414,607
. Public education and Science of Digestion		136,018	—	—	136,018
Total expenditure	8	<u>370,767</u>	<u>327,278</u>	<u>—</u>	<u>698,045</u>
Net income / (expenditure) before transfers	9	1,651,204	(154,728)	—	1,496,476
Transfers between funds	19	(49,760)	49,760	—	—
Net income / (expenditure) after transfers		<u>1,601,444</u>	<u>(104,968)</u>	<u>—</u>	<u>1,496,476</u>
Net gains (losses) on investments	14				
. Realised		(10,157)	—	394	(9,763)
. Unrealised		97,307	—	118,235	215,542
Net income / (expenditure) and net movement in funds for the year		<u>1,688,594</u>	<u>(104,968)</u>	<u>118,629</u>	<u>1,702,255</u>
Reconciliation of funds:					
Funds and balances brought forward		1,905,151	105,057	2,681,282	4,691,490
Fund balances carried forward		<u>3,593,745</u>	<u>89</u>	<u>2,799,911</u>	<u>6,393,745</u>