

## **Tommy's, the baby charity**

**Financial statements 31 March 2007  
together with trustees' and auditors' reports**

Registered Charity number 1060508

Registered Company number 3266897

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## Trustees and advisors

### Constitution

Registered Chanty No 1060508

Registered Company No 3266897 – Company limited by guarantee

### Patron

Sarah, the Duchess of York

### President

Lord Foster

### Trustees

Ron Dennis CBE

Co Chairman

Sally Tennant

Co Chairman

Cornelius Kelleher

Resigned 24 January 2007

Anthony Kenney FRCS FRCOG

Richard Lapthorne CBE

Dominic Proctor

Stephen Russell

Honorary Treasurer

Tom Shields QC

Resigned 7 March 2007

Anita Charlesworth

Jeffrey Braithwaite

Judith Bollinger

John Hampel

Appointed 7 March 2007

Professor Phillip Bennett BSc PhD MD FRCOG

Appointed 7 March 2007

### Chief Executive

Jane Brewin

### Principal Address

Nicholas House

3 Laurence Pountney Hill

London

EC4R 0BB

### Auditors

PKF (UK) LLP

Farringdon Place

20 Farringdon Road

London EC1M 3AP

### Solicitors

Harbottle & Lewis LLP

Hanover House

14 Hanover Square

London W1S 1HP

### Bankers

National Westminster Bank plc

91 Westminster Bridge Road

London SE1 7ZB

## Trustees' Report

### Objectives and Activities

Our goal remains to reduce the incidence of miscarriage, premature birth and stillbirth which cause so much suffering to more than a quarter of all parents across the UK

We believe that disseminating information can help parents to minimise the risks inherent in pregnancy whilst funding medical research which will increase our understanding of the fundamental causes and hence lead to identifying those most at risk and treating them

Our main objectives for the year were

- To grow our income on a sustainable basis year by year to fund our activities
- To continue to fund medical research at St Thomas' Hospital, London and St Mary's Hospital, Manchester
- To open a third research centre at the University of Edinburgh and Edinburgh Royal Infirmary in April 2008
- To continue to expand our information programme to mothers-to-be

This year we have made progress on our medical research projects and information programme. Further details are included in the **Activities and Performance** section of this report

In the current year grants were awarded to maternal and fetal research groups based at St Thomas' Hospital, Kings College London and St Mary's Hospital, Manchester University. Reports on their activities and proposed budgets were presented to the Trustees by Professors Poston and Baker, who lead the research centres, and were discussed and formally agreed.

### Structure, Governance and Management

The charity operates in the UK with its headquarters based in central London. The charity and trading subsidiary are governed by memorandum and articles of association.

New Trustees are nominated by existing Trustees and selected by majority vote. All new Trustees are inducted, the programme covers

- A meeting with the Co-Chairman
- The role of a Trustee including a copy of the memorandum and articles of association
- A meeting with the Chief Executive, staff and a visit to Tommy's offices
- Tommy's goals, strategy and main activities
- How Tommy's assess and manage risk
- Financial reporting and current performance of the charity including reserves policy
- Main areas of fundraising
- Our pregnancy information programme
- Our approach to communicating with our supporters and beneficiaries
- Our medical research programmes including a visit to one of our maternal and fetal research units
- Completion of Companies House documentation

Every year one third of the Trustees resign and can be nominated for re-election. Trustees meet four times a year and five Trustees sit on the Business Advisory Group which also meets three times a year and concentrates on how we raise funds. The groups' role has been agreed by the full Board of Trustees.

The Trustees have delegated the management of Tommy's to the Chief Executive who, together with the Finance Director, report on the performance against the budget and strategic plan, which are approved annually by the Trustees. Management accounts and the balance sheet are reviewed four times a year at the Trustees meetings and by the Business Advisory Group. Each month the Chief Executive reports to Sally Tennant, Co-Chairman on performance and key items.

The majority of staff are engaged in fundraising activity which is detailed in the fundraising section of this report. Nine staff are employed in our pregnancy information department and PR department. The remaining five are employed in finance, IT support and office management duties.

The charity continues to occupy space owned by a company controlled by a Trustee, Ron Dennis CBE, which he has kindly allowed the charity to lease at a greatly discounted rate to the market place.

## Trustees

Two new Trustees were elected to join the board in February 2007, John Hampel who is a partner of Partners Capital Investment Group LLC and Professor Phillip Bennett BSc PhD MD FRCOG, Professor of Obstetrics and Gynaecology at the Institute of Reproductive and Developmental Biology, Imperial College, London

Tom Shields QC and Cornelius Kelleher decided to stand down this year after their many years service to the charity. The Board of Trustees would like to register their debt of gratitude for the considerable contribution they have made to the charity.

## Internal Financial Control and Risk Assessment

The Trustees report that the charity's internal financial controls conform to guidelines issued by the Charity Commission.

The systems of financial control are designed to provide all reasonable assurance against material misstatement or loss. They include:

- A fundraising plan and annual budget approved by the Trustees
- Regular consideration by the Trustees of actual results compared with budgets and forecasts
- Authority to spend within defined limits
- Segregation of duties
- Consideration of risks by Trustees and line managers
- Compliance reviews by expert advisors

Risks are formally reviewed by the Chief Executive, Finance Director and key staff each month and actions documented for follow up.

## Activities and Performance

### Research

Tommy's, the baby charity is committed to funding high quality medical research into the problems women experience during pregnancy which lead to the death of the baby or the birth of a low birth-weight baby. We aim to reduce the incidence of conditions such as miscarriage, pre-eclampsia and pre-term labour and help women reduce the risks inherent in pregnancy.

Tommy's research aims to understand the underlying mechanisms in both 'healthy' and 'problem' pregnancies so we can:

- Identify those most at risk of having a pregnancy problem
- Find ways to diagnose problems early on in pregnancy before they become medical emergencies
- Test treatments and interventions that are safe and effective for women during pregnancy

Tommy's has invested £935,485 this year in medical research including:

- Maternal and Fetal Research Unit at St Thomas' Hospital, London - £399,999
- Maternal and Fetal Research Unit at St Mary's Hospital, Manchester - £485,000
- Defining our research performance indicators – Rand Europe - £26,837

The funds Tommy's invests often generate preliminary results. These results help the groups to attract funding for larger studies, effectively multiplying our contribution to up to ten times over the initial investment.

### Maternal and Fetal Research Unit at St Thomas' Hospital, London headed by Professor Lucilla Poston and Professor Andrew Shennan

- We retain a key interest in understanding the mechanisms which control the onset of labour and have made progress in understanding how complex channels in cell walls control the inflow of calcium into the cell which in turn controls contractions of the uterus. It now means that we can start to look for medicines which can block these channels and so delay the early onset of labour.
- The PULSE trial has concluded and results are expected in May/June 2007 – our aim is to make the augmentation of labour safer and we hope to improve clinical practice as a result of this study.
- The CIRCLE study has concluded that inserting cervical stitches based on the status of the cervix is not effective in reducing the number of premature births – this information will help clinicians rationalise the number of women receiving this intervention needlessly.

- We have begun a project called MAPS which aims to collect samples from pregnant women at several centres around the world. These samples will be used to develop definitive screening tests for pre-eclampsia, pre-term labour and growth restriction.
- We continue to develop our interest in understanding the consequences of maternal obesity and poor nutrition in pregnancy on the outcome of the pregnancy and the future health of the child. We are investigating the physiological processes and the cellular and molecular mechanisms whereby a baby's exposure to an aberrant hormonal or nutritional environment in pregnancy gives rise to increased risk of obesity and associated disorders in later life.

#### Maternal and Fetal Research Unit at St Mary's Hospital, Manchester headed by Professor Philip Baker

- We are investigating the role of maternal stress on the outcome of pregnancies. We hypothesise that stress during pregnancy is associated with pregnancy complications and poor pregnancy outcome – but not everyone agrees. We are studying the results from the Danish National Register to investigate the outcomes of pregnancies of mothers who were exposed to significant stress. Early indications support our hypothesis.
- Poor development of blood vessels in the placenta are implicated in growth restriction and pre-eclampsia. We are investigating the development of these vessels and how we might intervene in pregnancies complicated by inadequate development of the placenta.
- We are investigating the circulating factors in the blood that are responsible for the onset of pre-eclampsia – We have demonstrated that factors which alter blood vessel function are present in the blood before the onset of the disease which suggests that if we could detect it earlier we may be able to improve the outcome for these pregnancies. Our research team is using new and novel techniques, so called 'omics' technology to try and make a breakthrough in the detection of this devastating disease.
- We are investigating the interactions between the embryo and uterus in the early stages of implantation – we know that when this goes wrong it results in miscarriage and problems later on in pregnancy.
- Abnormal cell turnover and death in the placenta is associated with pregnancy problems and we have found a protein which we think is responsible, we are investigating how we can intervene with drugs which suppress this protein.

#### Obesity in pregnancy – a scoping project

Up to 20% of pregnant women are clinically obese in the UK and this figure is projected to rise sharply. Obesity is a serious risk factor in pregnancy, it is more difficult to scan these women and detect problems with the baby, there are more risks in surgery, obese women suffer from more pregnancy complications and there is growing evidence that these women may programme their children for adult disease. If we are to tackle the rise in adult obesity, it makes sense to begin by tackling obesity in pregnancy to mitigate the risk on the unborn child. This project aims to look at the current context of obesity in pregnancy and identify how Tommy's can usefully contribute to reducing the impact of obesity on future generations.

#### Research performance indicators

We commissioned Rand Europe to help us to devise measures for our medical research and pregnancy information remits, so that we can improve the information we provide to our stakeholders and help the charity to ensure we are investing our supporter's money as effectively as possible. We aim to produce our first report later in the year and annually thereafter.

Two important projects are due for completion during 2008.

#### Cost of prematurity project – Oxford NPEU

We have commissioned a project to assess the economic and health costs of being born premature up to the age of 18. We hypothesise that there must be considerable costs involved with caring for premature babies not only in the first few months of life but through-out childhood and into early adulthood not only in healthcare but also in education and social care. If this proves to be the case we think it will help us to highlight the need for more research resources to be dedicated to reducing the number of low-birthweight babies born in the UK.

### Teenage pregnancy project

Our project to assess the impact of diet, growth status and ethnicity in the outcome of teenage pregnancies will be complete in autumn 2007. We have recruited our target 500 participants and we are now completing the analysis of the results. We hope that we will be able to make recommendations to health professionals to improve the health of the babies born to this vulnerable group of women.

### Third Research Centre

The Trustees have made a decision to begin funding our third centre of Maternal and Fetal Health in Edinburgh in partnership with Edinburgh University and the Royal Infirmary. The centre plans to open in 2008 and will focus attention and resources on the detrimental impact that obesity is having upon pregnancy outcome for both mothers and babies in the UK.

### **Education and Information**

We provide pregnancy information, free to the end user, to health professionals and direct to the general public. By improving availability of pregnancy information we aim to help reduce the risks inherent in pregnancy.

Pregnancy information is distributed in the following ways: website [www.tommys.org](http://www.tommys.org), pregnancy information line and publications.

Developments this year include:

- Tommy's continues to improve the information, services and functionality of our website which is often supporters' first experience of the charity. This year we have recruited a dedicated resource to help us to fulfil this objective.
- We have researched our beneficiary's views of the service provided by our information line, staffed by midwives, with an overwhelming positive response. We provide immediate help and support to women who are pregnant, preparing for pregnancy or who have suffered a pregnancy loss.
- We have continued to distribute printed information covering a range of pregnancy conditions as well as our highly successful guides to being pregnant and pre-pregnancy care. We have distributed more than 100,000 guides in the last year through our commercial partners such as Boots and Tesco, through health professionals and directly to parents-to-be.
- We have started a project to disseminate the findings from our teenage pregnancy project, but first we have been researching what information is needed and how best to present that information together with how we distribute the information to the target group. This project is funded with the help of a Department of Health grant.
- We have defined our performance measures and are producing a report for our stakeholders.

Overall demand for our services has increased to about 800 requests per month which represents a 14% increase on last year.

### **Fundraising**

We continue to fund our activities almost entirely from voluntary income from companies, trusts and foundations and individuals.

This year, we launched a new fundraising campaign 'Stop Premature Births' with the support of some of our long term partners, Boots, Jump and New Look. This is an annual fundraising campaign and we have plans to build on the success of this year's activities.

We are very pleased to have the on-going support of some of the leading companies such as Asda, Bella Italia, Environmental Business Products and Johnson & Johnson.

The teenage pregnancy project continues to be funded by the Big Lottery. A key highlight for us this year is our first statutory grant from the Department of Health's Section 64 Grants and our first grant from BBC Children in Need. Both grants will be used to support the dissemination of information from the results of the teenage pregnancy project.

Support from individuals is extremely important to our funding and like previous years it has been a busy time in this area.

- Our annual children's sponsored event Splashathon was a great success this year and our thanks goes to Water Babies.
- Our Bradford regional committee reached a remarkable milestone – 10 years of raising money for us – we would like to extend a huge thank you to them.
- We entered runners in the New York marathon for the first time.

- We held our 13<sup>th</sup> Parent Friendly Awards with the help of many corporate supporters
- We launched our first e-campaign, "12 days of Christmas", and we would like to thank rathergood.com without whose generosity this would not have been possible

Recruiting individual donors is expensive and we are reviewing the efficiency of each campaign. Our priority for improvement for the coming years is to ensure we maximise our growth in income from individual donations and regular gifts from efficient investment in campaign costs.

### **Lobbying Government**

We recognise the increasing priority that the Government is giving to improving the health of children including the realisation that wellbeing during childhood and adulthood starts with a healthy pregnancy and birth. We hope to convince government to make more funds available for research into pregnancy by focussing on highlighting the cost of being born prematurely. The 'cost of prematurity project' will provide useful information about the economic and social impact of babies born before full term.

### **Communication**

We have continued to advertise Tommy's, the baby charity, to the general public to raise awareness about who we are and what we do. We have received very generous help from JWT and MindShare who have donated their services once more. With their support we have been able to reach more people who have helped us to raise more money to fund our information and medical research projects.

Following the success of advertising our pregnancy information service last year, Johnson & Johnson extended their funding of our joint advertising campaign. We continued to see impressive results with sizable increases in demand across our telephone, email and web services.

We have again received the help of some very prominent and committed celebrity supporters who have helped us to publicise our cause. Our thanks go to Penny Lancaster, Tania Bryer, Richard E Grant, Nancy Sorrell, Lucy Pargeter, Amanda Holden, Sammy Winwood and Tamara Beckwith for all their help and their valuable time which they give freely to support our cause.

We have had another excellent year of PR coverage – with Tommy's featured in 15 terrestrial TV programmes and appearing 81 times in national newspapers through the past year. In addition we secured wide coverage across magazines, regional press and radio. Tommy's work was also showcased in a Channel 4, Thirty Minutes documentary.

## **Financial Review**

Income this year stands at £2,952,991 which is £547,009 less than our target for the year and 16% down on last year. This mainly relates to three special events which we expected to occur during the year but due to unforeseen circumstances had to be cancelled. £2,819,205 is from fundraising activities.

A significant part of the charitable activities that Tommy's funds is outsourced to university based research centres, rather than being performed in-house. The charity acts as a fundraising vehicle in order to create the funding for these grants. A consequence of this structure is that a higher proportion of support costs are attributed to fundraising rather than charitable activities, inflating the cost/income ratio compared to other charities. Tommy's fundraising structure is unusual because we raise a relatively high proportion of our income from events which have a higher cost/income ratio and virtually no income from statutory funding or legacies which have a low cost/income ratio. This means that our cost/income ratio seems higher than some other, often much larger and more established organisations, who have a very different structure of fundraising. Our cost/income ratio is 35.6% which is lower than our target of 39%, in line with other grant making charities.

Tommy's continues to invest in attracting and retaining regular donations which will provide the charity with a much needed source of regular income.

We have taken the decision this year to invest in making our processes more efficient including investing in a new finance system and streamlining our processes in readiness for purchasing a new database. We have also invested in a better understanding of our supporters' needs so that we can meet them more effectively.

Of our charitable spend of £2,031,416, £973,927 was invested in research grants and £1,057,489 was invested in our information programme.

Tommy's trading subsidiary made profits of £397,871 which were transferred to the charity.



## Reserves policy

The reserves policy is that seven months anticipated unrestricted fund expenditure should be maintained to cover charitable expenditure, staff salaries, overheads and a proportion of fundraising costs. At the year end funds stood at £1,260,978 in line with this policy. The reserves policy is reviewed each year and reserves are being accumulated in order to fund the set up costs of establishing a third research centre.

## Key Performance Indicators

KPI	Target	Result
Income	£3,500k	Below budget
Expenditure		
Cost of generating funds	£1,382k	Under budget
Charitable	£2,036k	£17k under budget
Cost/income ratio	39%	35.6%
Research performance	<ul style="list-style-type: none"><li>➤ Satisfactory annual reports completed for MFRU's and current project grants</li><li>➤ Successful audit of MFRU's completed</li></ul>	Completed Completed
Information performance	<ul style="list-style-type: none"><li>➤ Publications distributed on target</li><li>➤ Phone enquires answered on target</li></ul>	Completed Completed
Communication	<ul style="list-style-type: none"><li>➤ Coverage maximised in all available media</li></ul>	Completed
Planning & Administration	<ul style="list-style-type: none"><li>➤ Satisfactory audit report</li><li>➤ Annual budget and plan completed</li><li>➤ Risk assessments completed</li></ul>	Completed Completed Completed

## Plans for future periods

The charity's future plans are a continuation of the current strategy:

- To grow our income on a sustainable basis year by year to fund our activities
- To continue to fund medical research at St Thomas' Hospital, London and St Mary's Hospital, Manchester
- To implement a plan to raise enough funds to open our third research centre within two years
- To continue to reach more mothers-to-be with our pregnancy information service

## Statement of Trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group, including its income and expenditure, for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees has confirmed that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

## Auditors

A resolution for the reappointment of PKF (UK) LLP as auditors will be proposed at the annual meeting for the ensuing year

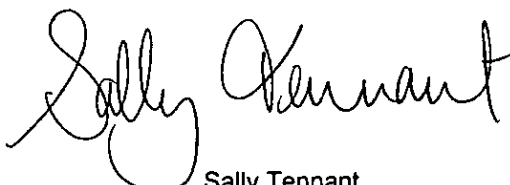
## Chairmen's Statement

"We are still delivering outstanding research programmes which move us closer to our goal of a healthy pregnancy for all and we are proud to have helped many parents through our pregnancy information service. We have faced a difficult year, particularly in our event fundraising, from which we have re-appraised our fundraising strategies for the future. We have also had many successes of the year, particularly launching our new Stop Premature Births campaign. Our heartfelt thanks go to all our supporters - with their help we are making a real difference - and to our staff for their hard work and commitment to managing the charity's resources effectively."

Signed on behalf of the Trustees of Tommy's, the baby charity



Ron Dennis CBE  
Co-Chairman  
26<sup>th</sup> June 2007



Sally Tennant  
Co-Chairman

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TOMMY'S THE BABY CHARITY

We have audited the financial statements of Tommy's the baby charity for the year ended 31 March 2007 which comprise the consolidated Statement of Financial Activities, the Group and Charity balance sheets, the consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

### Basis of audit opinion

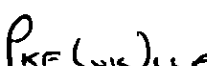
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and the group's affairs as at 31 March 2007 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements.

  
PKF (UK) LLP

Registered auditors

London, UK  
26 June 2007

# Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2007

	Notes	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
<b>Incoming resources</b>					
<i><b>Incoming resources from generated funds*</b></i>					
-Voluntary income	2	1,038,869	344,305	1,383,174	1,679,364
-Corporate sponsorship, promotions and events	3	1,121,815	-	1,121,815	1,296,377
-Regional fundraising		207,489	-	207,489	307,237
-Investment income and interest	4	124,200	9,586	133,786	115,656
<i><b>Incoming resources from charitable activities.</b></i>					
-Big Lottery		-	76,727	76,727	96,266
-Department of Health Funding		-	30,000	30,000	-
<b>Total incoming resources</b>		<u>2,492,373</u>	<u>460,618</u>	<u>2,952,991</u>	<u>3,494,900</u>
<b>Resources expended</b>					
<i><b>Cost of generating funds</b></i>					
- costs of generating voluntary income		664,911	1,331	666,242	655,792
- costs of corporate sponsorship, promotions & events		272,409	535	272,944	595,992
- costs of regional fundraising		110,907	218	111,125	62,352
		<u>1,048,227</u>	<u>2,084</u>	<u>1,050,311</u>	<u>1,314,136</u>
<i><b>Charitable expenditure</b></i>					
Medical research costs	5	743,613	230,314	973,927	926,003
Education and information projects	6	881,298	176,191	1,057,489	1,018,206
		<u>1,624,911</u>	<u>406,505</u>	<u>2,031,416</u>	<u>1,944,209</u>
<b>Governance</b>	7	<u>18,836</u>	<u>11</u>	<u>18,847</u>	<u>35,865</u>
<b>Total resources expended</b>	7,8,9	<u>2,691,974</u>	<u>408,600</u>	<u>3,100,574</u>	<u>3,294,210</u>
<b>Net (outgoing)/incoming resources</b>		(199,601)	52,018	(147,583)	200,690
Gains in investment assets		4,652	-	4,652	4,395
<b>Net movement in funds</b>		<u>(194,949)</u>	<u>52,018</u>	<u>(142,931)</u>	<u>205,085</u>
Fund balances brought forward		1,455,927	218,090	1,674,017	1,468,932
<b>Fund balances carried forward</b>	17	<u>1,260,978</u>	<u>270,108</u>	<u>1,531,086</u>	<u>1,674,017</u>

All results have been derived from continuing activities. The group has no other recognised gains or losses other than those stated above.

The accompanying notes form an integral part of this consolidated statement of financial activities.

# Consolidated balance sheet

31 March 2007

	Notes	Unrestricted funds £	Restricted funds £	Total 2007 £	Total 2006 £
<b>Fixed assets</b>					
Tangible assets	12	31,380	-	31,380	26,159
<b>Current assets</b>					
Current Asset Investments	14	-	-	-	841
Debtors	15	528,385	-	528,385	693,901
Short term deposits		2,455,536	270,108	2,725,644	2,680,140
Cash at bank and in hand		-	-	-	373,362
		2,983,921	270,108	3,254,029	3,748,244
<b>Creditors: amounts falling due within one year</b>	16	(1,754,323)	-	(1,754,323)	(2,065,021)
<b>Net current assets</b>		1,229,598	270,108	1,499,706	1,683,223
<b>Total assets less current liabilities</b>		1,260,978	270,108	1,531,086	1,709,382
<b>Creditors amounts falling due after one year</b>	16	-	-	-	(35,365)
<b>Total Net Assets</b>		1,260,978	270,108	1,531,086	1,674,017
<b>Represented by</b>					
Funds	17	1,260,978	270,108	1,531,086	1,674,017

The financial statements on pages 10 to 25 were approved and authorised for issue by the Trustees on 26 June 2007

Ron Dennis CBE  
Trustee

Sally Tennant  
Trustee

The accompanying notes form an integral part of this consolidated balance sheet The charities own balance sheet is set out in Note 21

## Notes to the financial statements

For the year ended 31 March 2007

### 1 Accounting policies

#### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable accounting standards and "Accounting and Reporting by Charities" (SORP 2005). The apportionment of costs to governance has been reviewed and reclassified during the year to give a clear view of direct governance costs.

#### *b) Basis of consolidation*

The group financial statements include the results for the year ended 31 March 2007 of Tommy's the baby charity and its subsidiary company The Baby Fund Trading Limited. The results of the subsidiary are included on a line by line basis and its own profit and loss account and balance sheet are shown in note 18.

#### *c) Funds accounting*

Unrestricted General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Restricted funds are funds subject to restrictions imposed by donors or the nature of the appeal. The purpose and use of the restricted funds is set out in note 17.

#### *d) Incoming resources*

All incoming resources becoming available to the group during the year are included when there is certainty of receipt. The incoming resources are shown gross except for small events organised by volunteers, where expenses are netted off against income. For legacies, entitlement is the earlier of the charity being notified of an impending distribution and of the legacy being received.

#### *e) Gifts in kind*

Gifts in kind are assets donated to the charity for its own use or for distribution to beneficiaries. They are included at valuation and recognised as income only when they are used or distributed.

#### *f) Medical research grants*

Medical research grants payable within three years are accounted for as expenditure when authorised by the trustees, as advised by the Medical Advisory Group, notwithstanding that the amounts may not be paid in the year.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *g) Allocation of expenditure*

Expenditure is classified under the principal headings of direct charitable and cost of generating funds rather than the type of expense in order to provide more useful information to the users of these accounts. Where costs cannot be directly attributed they have been allocated to activities on an utilisation basis, assessed by staff time on each activity.

Governance costs comprise of cost relating to governance infrastructure of the charity such as audit fees and apportioned costs of senior management time. In accordance with SORP 2005, support costs which include the central functions such as PR, Information Technology and Office operating costs have been allocated to activities on an utilisation basis, assessed by staff time on each activity.

#### *h) Operating Leases*

Operating lease rental are charged to the Statement of Financial Activities on a straight line basis over the lease term.

#### *i) Capitalisation and Depreciation of tangible fixed assets*

Assets costing more than £100 are capitalised and depreciated. Furniture and equipment is depreciated over two years, whilst new systems expenditure is depreciated over three years to reflect their estimated useful economic lives to the charity.

Website development costs are capitalised in line with UITF 29, where there are reasonable grounds for supposing that the economic benefits from future donations will be in excess of website development costs incurred.

#### *j) Current Asset Investments*

Tommy's does, from time to time, receive donated shares which are listed on the AIM market and which are subject to certain time restrictions. Until these restrictions are met the shares cannot be actively traded on the market. Tommy's policy, due to the volatility of these shares is to dispose of them as soon as the time restriction has passed and the shares can be actively traded and sold.

Where such shares are donated and can be valued they are included in the financial statements as current asset investments until such time as they can be sold. Shares held by Tommy's which cannot be valued owing to the absence of an active market in which to sell them are disclosed in note 14 to the financial statements.

#### *k) Taxation*

To the extent that it does not exceed the accounting profit for the period, any taxable profit of the subsidiary, The Baby Fund Trading Limited, is eliminated by gift aid payment in favour of the charity. The activities of the charity fall within the exemptions granted under section 505 of the Income and Corporation Taxes Act 1988.

## Notes to the financial statements (continued)

### *l) Pension Policy*

Tommy's the baby charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered scheme. The pension cost charge represents the amounts payable by Tommy's the baby charity amounting to £12,016 (2006: £13,188).

### **2 Voluntary Income**

	2007 £	2006 £
Public donations	1,035,533	1,364,583
Legacies	2,082	6,986
Corporate	228,344	126,506
Trusts	117,215	181,289
	<u>1,383,174</u>	<u>1,679,364</u>

### **3 Corporate sponsorship, promotions and events**

	2007 £	2006 £
Corporate sponsorship and promotions	1,100,246	793,530
Events	21,569	502,847
	<u>1,121,815</u>	<u>1,296,377</u>

### **4 Investment income and interest**

	2007 £	2006 £
Interest	<u>133,786</u>	<u>115,656</u>



## Notes to the financial statements (continued)

### 5 Grants for medical research

	2007 £	2006 £
The charge for the year for research consists of the following		
Grants awarded during the year		
- Maternal and Fetal Health Team, St Thomas' Hospital, London	399,999	440,827
- Maternal and Fetal Health Team, St Mary's Hospital, Manchester	485,000	362,624
- Long term cost of prematurity project - Oxford NPEU	-	48,007
- Previous years grants not fully taken up	(132,301)	(84,123)
	<u>752,698</u>	<u>767,335</u>
Other research costs	73,382	62,352
Donation of Equipment to St Mary's Hospital, Manchester	71,120	-
The impact of diet on teenage pregnancy outcome – future reimbursements	<u>76,727</u>	<u>96,316</u>
Total research costs	<u>973,927</u>	<u>926,003</u>
Outstanding grants at 1 <sup>st</sup> April 2006	1,742,051	1,685,804
Grants awarded during the year	752,698	767,335
Paid during the year	<u>(1,125,078)</u>	<u>(711,088)</u>
Outstanding grants at 31 March 2007	<u>1,369,671</u>	<u>1,742,051</u>
Grants falling due within one year	1,369,671	1,706,686
Grants falling due after more than one year	<u>-</u>	<u>35,365</u>
	<u>1,369,671</u>	<u>1,742,051</u>

Details of grants awarded in the previous year are available on written request to the principle address detailed on page 1

## Notes to the financial statements (continued)

### 6 Education and information projects

	2007	2006
	£	£
Parent Friendly Awards	102,839	140,062
Pregnancy Health Month & Stop Premature Births Campaigns	232,678	118,850
Pregnancy Accreditation	60,458	52,472
Website	7,789	16,838
Information Publications & Leaflets	625,104	678,883
Preconception Book	7,158	8,122
Smalltalk	-	17
Newsletter	21,463	2,962
	<u>1,057,489</u>	<u>1,018,206</u>

Annual review, newsletter and smalltalk costs are the proportion of the costs which deal with education and information

## Notes to the financial statements (continued)

### 7 Analysis of resources expended

	Staff costs	Direct costs	Allocated support costs	Total 2007	Total 2006 (reclassified)
	£	£	£	£	£
<b>Cost of generating funds</b>					
Donations and Legacies	199,700	401,013	65,530	666,242	655,792
Corporate sponsorship, promotions and events	169,363	50,788	52,792	272,944	595,992
Regional Fundraising	81,770	6,258	23,097	111,125	62,352
	<u>450,833</u>	<u>458,059</u>	<u>141,419</u>	<u>1,050,311</u>	<u>1,314,136</u>
<b>Charitable expenditure</b>					
Maternal and Fetal Health Team, London	-	399,999	-	399,999	440,827
Maternal and Fetal Health Team, Manchester	-	485,000	-	485,000	362,624
Donation of Equipment to St Mary's Hospital Manchester	-	71,120	-	71,120	-
Long term cost of prematurity project - Oxford NPEU	-	-	-	-	48,007
Impact of diet on teenage pregnancy – future reimbursements	-	76,727	-	76,727	96,316
Previous years grants not fully taken up	-	(132,301)	-	(132,301)	(84,123)
Other research costs	22,199	40,643	10,540	73,382	62,352
Parent Friendly Awards	34,005	57,905	10,929	102,839	140,062
Pregnancy Health Month & Stop Premature Births Campaigns	74,251	130,271	28,156	232,678	118,850
Pregnancy Accreditation	38,121	10,603	11,734	60,458	52,472
Information Service	366,529	187,770	107,215	661,514	706,822
	<u>535,105</u>	<u>1,327,737</u>	<u>168,574</u>	<u>2,031,416</u>	<u>1,944,209</u>
<b>Governance</b>	<u>2,896</u>	<u>13,344</u>	<u>2,607</u>	<u>18,847</u>	<u>35,865</u>
<b>Total</b>	<u>988,834</u>	<u>1,799,140</u>	<u>312,600</u>	<u>3,100,574</u>	<u>3,294,210</u>

Details of allocated support costs are set out in note 8

Governance costs include fees paid to our auditors in respect to the audit for the group of £9,800 (2006 £9,000)  
Further costs of £4,500 for other services (2006 £Nil) paid to our auditors are included in allocated costs

The apportionment of costs to governance has been reviewed and reclassified during the year to give a clear view of direct governance costs. The 2006 results have been reclassified accordingly

## Notes to the financial statements (continued)

### 8 Analysis of allocated support costs

	PR & Information Technology £	Office Operating Costs £	Total 2007 £	Total 2006 £
<b>Cost of generating funds</b>				
Donations and Legacies	21,448	44,082	65,530	61,260
Corporate sponsorship, promotions and events	17,278	35,514	52,792	85,694
Regional Fundraising	7,559	15,538	23,097	11,567
	<u>46,285</u>	<u>95,134</u>	<u>141,419</u>	<u>158,521</u>
<b>Charitable expenditure</b>				
Research	3,450	7,090	10,540	25,018
Parent Friendly Awards	3,931	6,998	10,929	32,214
Pregnancy Health Month & Stop Premature Births Campaigns	11,024	17,133	28,156	31,732
Pregnancy Accreditation	4,205	7,529	11,734	12,390
Information Service	40,755	66,460	107,215	158,131
	<u>63,365</u>	<u>105,210</u>	<u>168,574</u>	<u>259,485</u>
<b>Governance</b>	<u>853</u>	<u>1,754</u>	<u>2,607</u>	<u>4,956</u>
<b>Total</b>	<u>110,503</u>	<u>202,098</u>	<u>312,600</u>	<u>422,962</u>

Included in the office operating costs are the office rent, service charges, rates and associated equipment running costs. The costs are allocated based on time allocated by the staff to the associated activities.

## Notes to the financial statements (continued)

### 9 Staff costs

	2007 £	2006 £
Salaries and wages	812,903	677,854
Social security costs	80,766	58,441
Pension costs	12,016	13,188
Temporary staff costs	51,514	21,987
Consultant costs	31,635	26,413
	<u>988,834</u>	<u>797,883</u>

The emoluments for the year of 1 member of staff including benefits in kind are within the range of £100,000 to £109,999 (2006—1 member within the range of £90,000 - £99,999) Contributions amounting to £4,817 (2006 - £4,200) were also made to the personal pension scheme of the employee in the above band

Consultancy costs for the year include the cost of a process-re-engineering project and IT consultancy for a new database and finance system

The average weekly number of persons employed during the year by department was

	2007 Number	2006 Number
Charitable activities	9	6
Cost of generating funds	12	9
Management and administration of the charity	5	4
	<u>26</u>	<u>19</u>

### 10 Trustees

The Trustees received no remuneration or reimbursed expenses during the year (2006 - £Nil)

### 11 Other Commitments

At 31 March 2007 the Charity had annual commitments under operating leases for land and buildings as follows

Expiring within	2007 £	2006 £
One year	-	-
Two and five years	<u>59,000</u>	<u>41,200</u>

## Notes to the financial statements (continued)

### 12 Tangible fixed assets

	Group £	Charity £
<b>Office equipment</b>		
<b>Cost</b>		
1 April 2006	310,914	310,914
Additions	28,376	28,376
<b>31 March 2007</b>	<b>339,290</b>	<b>339,290</b>
<b>Depreciation</b>		
1 April 2006	284,755	284,755
Charge for the year	23,155	23,155
<b>31 March 2007</b>	<b>307,910</b>	<b>307,910</b>
<b>Net book value</b>		
1 April 2006	26,159	26,159
<b>31 March 2007</b>	<b>31,380</b>	<b>31,380</b>

### 13 Fixed asset investments

The charity owns the whole of the issued share capital of £2 in The Baby Fund Trading Limited, a company incorporated in the UK. This company was formed to carry on the trading activities of the charity and profits are covenanted to the charity. The results of the trading subsidiary are shown in note 19.

## Notes to the financial statements (continued)

### 14 Current asset investments

	2007	2006
	£	£
Valuation at 1 April 2006	841	-
Additions to investments at cost	-	249,674
Disposals at carrying value	(920)	(253,228)
Net gain on revaluation	79	4,395
<b>Valuation at 31 March 2007</b>	<b>-</b>	<b>841</b>

The sale above represents the sale of 100 Ordinary shares Group Santander shares

The following donated shares were sold during the year

- 75,000 Ordinary shares Vista Group plc (AIM Listed)
- 50,000 Ordinary shares Soccercity plc (AIM Listed)

These were previously not valued in the account due to the absence of an active market The profit from the sale of these shareholdings was £4,652, disclosed in gains in investment assets

### 15 Debtors

	Group		Charity	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	399,102	267,291	192,333	44,806
Taxation recoverable	8,223	13,578	8,223	13,577
Amounts owed by subsidiary company	-	-	678,351	706,638
Prepayments and accrued income	101,697	318,621	99,908	313,993
Accrued Income from the Big Lottery	19,363	94,411	19,363	94,411
	<b>528,385</b>	<b>693,901</b>	<b>998,178</b>	<b>1,173,425</b>

## Notes to the financial statements (continued)

### 16 Creditors. amounts falling due within one year

	Group		Charity	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	-	-	-	-
VAT payable	28,164	4,497	-	-
Medical grants outstanding	1,369,671	1,706,686	1,369,671	1,706,686
Bank overdraft	175,931	-	236,660	-
Amounts owed to subsidiary company	-	-	-	179,737
Accruals, deferred income and other creditors	180,557	353,838	167,787	151,131
	<u>1,754,323</u>	<u>2,065,021</u>	<u>1,774,118</u>	<u>2,037,554</u>

### Amounts falling due after one year

Medical grants outstanding	<u>-</u>	<u>35,365</u>	<u>-</u>	<u>35,365</u>
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## Notes to the financial statements (continued)

### 17 Statement of funds

	Balance 1 April 2006 £	Income £	Expenditure £	Investment Gain £	Balance 31 March 2007 £
<b><u>Unrestricted funds</u></b>					
General funds	<u>1,455,927</u>	<u>2,492,373</u>	<u>(2,691,974)</u>	<u>4,652</u>	<u>1,260,978</u>
<b><u>Restricted funds</u></b>					
Toxoplasmosis Information Programme	35,097	692	(17,549)		18,240
Impact of diet on teenage pregnancy outcome project	19,199	77,615	(73,385)		23,429
Anti-oxidant therapy study, University of Oxford	47,996	486	(35,656)		12,826
Placental Function study, University of Nottingham	4,025	159			4,184
Information Service	-	10,500	(10,500)	-	-
Johnson & Johnson information provision	40,178	204,219	(133,063)		111,334
Maternal and Fetal Health Team, Manchester	1,299	82,195	(83,494)	-	-
Maternal and Fetal Health Team, London	-	15,700	(15,700)	-	-
Glasgow University Equipment	7,739	-	(7,739)	-	-
PULSE Trials	56,598	1,735	(12,543)	-	45,790
Accounting System	5,959		(5,959)	-	-
Scope	-	15,591	-	-	15,591
Department of Health, Teenage Pregnancy Project	-	48,527	(13,012)	-	35,515
Training	-	1,039	-	-	1,039
Pregnancy Monitoring Equipment	-	2,160	-	-	2,160
Total restricted funds	<u>218,090</u>	<u>460,618</u>	<u>(408,600)</u>	<u>-</u>	<u>270,108</u>
<b>Total funds</b>	<u>1,674,017</u>	<u>2,952,991</u>	<u>(3,100,574)</u>	<u>4,652</u>	<u>1,531,086</u>

#### *Restricted Funds*

These are donations for specific projects as requested by the donors. The restrictions are as detailed above.

## Notes to the financial statements (continued)

### 18 Subsidiary company

The statement of financial activities and the consolidated balance sheet include the results, assets and liabilities of the charity's subsidiary, The Baby Fund Trading Limited, which undertakes fundraising activities on behalf of Tommy's the baby charity. The results of the subsidiary, which are consolidated on a line by line basis, are

#### Profit and loss account

	Corporate 2007 £	Events 2007 £	Total 2007 £	Total 2006 £
Turnover	683,695	21,069	704,764	1,071,484
Cost of Sales	(217,654)	(5,089)	(222,743)	(487,247)
Gross Profit	466,041	15,980	482,021	584,237
Interest Receivable			12,813	14,937
Administration costs			(96,963)	(129,346)
Net profit			397,871	469,828

#### Balance sheet

Fixed assets				
Current assets			719,287	913,843
Current liabilities			(719,285)	(913,841)
Net Assets			2	2

### 19 Related party transactions

In the year Tommy's incurred £41,200 in rent for land and buildings payable to a company wholly owned by Mr Ron Dennis, a Trustee. The rental agreement has been renewed until 23<sup>rd</sup> June 2012 with a rent of £59,000 per annum.

### 20 Commitments

There are no financial commitments other than those shown in the accounts and accompanying notes.

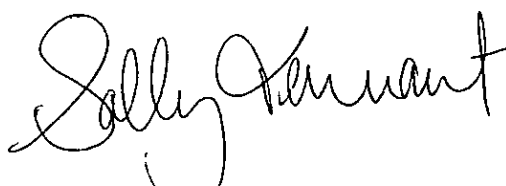
## Notes to the financial statements (continued)

### 21 Charity balance sheet

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>Fixed assets</b>					
Tangible assets	12	31,380	-	31,380	26,159
Investments	13	2	-	2	2
		<u>31,382</u>	<u>-</u>	<u>31,382</u>	<u>26,161</u>
<b>Current assets</b>					
Stock		-	-	-	-
Current Asset Investments	14	-	-	-	841
Debtors	15	998,178	-	998,178	1,173,425
Short term deposits		2,005,536	270,108	2,275,644	2,210,141
Cash		-	-	-	336,368
		<u>3,003,714</u>	<u>270,108</u>	<u>3,273,822</u>	<u>3,720,775</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(1,774,118)</u>	<u>-</u>	<u>(1,774,118)</u>	<u>(2,037,554)</u>
<b>Net current assets</b>		<u>1,229,596</u>	<u>270,108</u>	<u>1,499,704</u>	<u>1,683,221</u>
<b>Total assets less current liabilities</b>		<u>1,260,978</u>	<u>270,108</u>	<u>1,531,086</u>	<u>1,709,382</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,365)</u>
<b>Net Assets</b>		<u>1,260,978</u>	<u>270,108</u>	<u>1,531,086</u>	<u>1,674,017</u>
<b>Represented by</b>					
Funds	17	<u>1,260,978</u>	<u>270,108</u>	<u>1,531,086</u>	<u>1,674,017</u>

The financial statements were approved by the Trustees on 26 June 2007

Ron Dennis CBE  
Trustee

  
Sally Tennant  
Trustee