

ANNUAL REPORT and ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016



The **Dunhill Medical Trust**



A company limited by guarantee

Registered Company Number 07472301
Registered Charity Number 1140372

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REFERENCE AND ADMINISTRATIVE INFORMATION

The Dunhill Medical Trust is a charitable company limited by guarantee registered in England (Company Number 07472301; Charity Number 1140372)

TRUSTEES

The following Trustees served during the year ended 31 March 2016

Professor Sir Roger M Boyle CBE	
The Right Reverend Christopher T J Chessun	
Mrs Helen C S Davies	
Professor Deborah Dunn-Walters	<i>(appointed 03.09.15)</i>
Mrs Kay Glendinning MBE	
Professor Roderick J Hay	<i>Chairman of Grants and Research Committee</i>
Ms Claire Keatinge	<i>(appointed 03.09.15)</i>
Professor Peter R Lansley MBE	
Professor James McEwen	<i>Chairman of Trustees (from 01.06.16)</i>
John A Ransford CBE	<i>Chairman of Investment Committee</i>
Ronald E Perry	<i>Chairman of Trustees (to 01.06.16)</i>
Professor Alison Petch OBE	<i>(appointed 03.09.15)</i>
Professor Martin P Severs OBE	

EXECUTIVE OFFICERS

Mrs Claire Large	<i>Executive Director (to 30.06.16)</i>
Ms Susan Kay	<i>Executive Director (from 01.07.16)</i>
Mrs Sarah Allport	<i>Director of Grants and Research</i>
Ms Shirley Jones	<i>Administration and Governance Officer</i>
Ms Jenna Horsfield	<i>Grants Officer</i>

Registered Office

5th Floor, 6 New Bridge Street, London EC4V 6AB

Auditors

Williamson Morton Thornton LLP	St Albans Herts AL1 3AW
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Accountants

Rouse Partners LLP	Beaconsfield HP9 1QL
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Solicitors

Veale Wasbrough Vizards LLP	London EC4A 1AD
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Bankers

C Hoare & Co	London EC4P 4DQ
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Investment Advisers

Stanhope Consulting	London W1H 6LR
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Investment Managers

Cazenove Capital Management (Schroder & Co Ltd)	London EC2V 7QA
Cedar Rock Capital Fund plc	London W1U 3RW
The Charities Property Fund c/o Savills Investment Management LLP	London W1G 0JD
Colchester Global Investors Ltd	London W1S 3PR
Dalton Capital (Guernsey) Ltd	Guernsey GY1 1DB
Findlay Park Partners LLP	London W1K 2BU
Heronbridge Investment Management LLP	Bath BA1 1HE
Rathbone Brothers plc (to 06.04.16)	London W1J 5FB
Silchester International Investors Ltd	London W1J 6TL
Somerset Capital Management LLP	London SW1W 9SA
Troy Asset Management Ltd (from 16.05.16)	London W1K 4BP



1 REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

The Trustees of the Dunhill Medical Trust present their report and audited financial statements for the year ended 31 March 2016. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities published in 2015. Advantage has been taken of the exemptions available to small companies in the preparation of this report.

This report is a Directors' Report as required by s417 of the Companies Act 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

BACKGROUND TO THE DUNHILL MEDICAL TRUST

The funds comprised in The Dunhill Medical Trust originated from the Will Trust of Herbert Edward Dunhill who died on 8th November 1950. The funds were intended to be used for the furtherance of medical knowledge and research, in the light of Herbert Dunhill's own experience of some twenty five years of ill-health resulting from the effects of tuberculosis.

With the agreement of the Charity Commissioners, the funds comprising the Charitable Trust previously contained in Clause 17(B) of the Will of Herbert Edward Dunhill were reconstituted by a Declaration of Trust dated 15 April 1986, which broadened the charitable objects to include research into care of the elderly and the provision of accommodation and care for the elderly.

By a Scheme dated 15 April 1988, the Charity Commissioners for England and Wales directed that the property hitherto administered under the terms of Clause 17(B) of the Will of Herbert Edward Dunhill should thenceforth be administered and managed as part of the property of the Charity called The Dunhill Medical Trust.

In 2010 the Trustees resolved that, in line with best practice for charities with substantial assets, it would be more appropriate for the Trust to adopt a corporate form and become a charitable company limited by guarantee. As a result, a process for incorporation of the Trust was put into effect, with the Articles of Association being adopted on 16 December 2010 and all assets and undertakings of the Trust being transferred to the new corporate entity on 1 April 2011. The operation of the Trust was unaffected by the change of structure and the charitable objects remained unchanged. All Trustees of The Dunhill Medical Trust are also Directors and Members of the charitable company.

Connection with the tobacco industry:

The Dunhill Medical Trust promotes the highest ethical practices in scientific and medical research. It does not receive or seek funds from any external body and has had no connection with the tobacco industry for many years. The Trust fully complies with the Joint Protocol of Cancer Research and Universities UK on Tobacco Industry Funding to Universities (2004) which states that:

The following do not constitute tobacco funding for the purposes of this Code: funding from a trust or foundation no longer having any connection with the tobacco industry even though it may bear a name that (for historical reasons) has tobacco industry associations.

THE BOARD OF TRUSTEES AND ITS SUB-COMMITTEES

Under the Articles of Association, the Trustees are responsible for the charity, its property and funds and are appointed by the Board of Trustees. Trustees serve for four years, after which period they may put themselves forward for reappointment for one further term of office. Although the Articles provide for a minimum of three Trustees, no maximum number is specified to ensure the Board's ability to have access to a wide range of expertise appropriate to the strategic development of the Trust.

In January 2016, a minor amendment was made to the Articles of Association with regard to the appointment of a Chair in order to allow for more flexibility with regard to potential nominees amongst the Board of Trustees. Whereas Trustees may serve a maximum of two consecutive terms of four years, a Trustee who is elected Chair may now be reappointed for one further term of four years. As required by law, the revised Articles have been filed with the Charity Commission and Companies House.

Trustees' meetings are held quarterly (normally in June, September, December and March of each year). At these meetings, the Trustees agree the broad strategy and areas of activity for the Trust in relation to grant-making, investment, risk management, policies and procedures etc. The day-to-day administration and management is delegated to the Executive Director, who is supported by the Director of Grants and Research, Administration and Governance Officer and Grants Officer. This includes the administration of grants and processing of grant applications, and administration relating to finance and investments, prior to their consideration by the relevant sub-committee appointed by the Board of Trustees.

Having reviewed the current and future composition of the Board of Trustees during 2015/16, the Trustees decided to hold an open process to recruit an additional Trustee conversant with the current challenges and opportunities in the field of ageing and older people. Given the complex nature of this field, the precise area of expertise being sought was deliberately kept very broad, ranging from the biology of ageing to the use of new technologies in health and social care in the organisation and delivery of services. The recruitment process attracted a considerable number of very high calibre applicants and, as a result, the Trustees took the decision to appoint three new Trustees, with effect from 3rd September 2015:

- Professor Deborah Dunn-Walters (*Professor of Immunology, University of Surrey*)
- Ms Claire Keatinge (*past Commissioner for Older People for Northern Ireland*)
- Professor Alison Petch OBE (*past Director, Institute for Research & Innovation in Social Services*)

All of the new Trustees have expertise of direct relevance to DMT's focus on ageing and older people which will be of great value to the Trust and its future strategic development.

Grants and Research Committee

To assist the Trustees in ensuring rigorous appraisal of grant applications, a Grants and Research Committee has been established as a sub-committee of the Board. The Committee is chaired by a medically/scientifically qualified Trustee and includes a number of external medical/scientific advisers with expertise appropriate to the interests of the Trust. It meets quarterly (normally at least one month prior to a Trustees' meeting) to consider grant applications which meet the criteria and priority areas for support, and to make recommendations to the Trustees. The Committee also advises the Trustees on the on-going development of DMT's research funding strategy and its implementation, and acts as a reference point in matters relating to the monitoring of grants awarded by DMT and to developments in research which have implications for the grant-making programmes.

The Trustees would like to express their thanks to Professor Catherine Sackley (whose term of office as an external adviser came to end in November 2015) for all the help and support she has given to the Grants and Research Committee. The experience and insight Professor Sackley has brought to the Committee, not only to the critique of grant applications but also to the wide range of other research-related issues, have been invaluable to DMT's grant-making.

During 2015/16, two additional external advisers were appointed to the Grants & Research Committee:

- Professor Christopher Burton (*Noreen Edwards Chair of Rehabilitation & Nursing Research, University of Bangor*)
- Dr Kate Walters (*Clinical Senior Lecturer, Primary Care & Population Health, University College London*)

Professor Burton's and Dr Walters' areas of expertise (rehabilitation and epidemiology & primary care) are of particular relevance to DMT and their willingness to serve on the Committee is much appreciated by the Trustees.

Investment Committee

The Board has also established an Investment Committee, the purpose of which is to provide strategic direction on investment matters appropriate to meeting the Trust's charitable aims, and to recommend to the Trustees any changes in investment arrangements which the Committee considers appropriate. The Committee is also responsible for monitoring the performance of the Trust's investment managers. It meets quarterly and includes Trustees and external advisers with relevant investment/financial expertise, as well as a senior representative from the Trust's accountants *ex officio*. In June 2014, the Trustees appointed Stanhope Consulting as investment advisors to the Trust and representatives from Stanhope also attend Investment Committee meetings to provide appropriate input and advice on investment matters.

GOVERNANCE

The Trust has a conflict of interest policy and code of conduct based on the Nolan Principles of Good Governance. In accordance with this policy, conflicts of interest arising from agenda items are declared and minuted at the beginning of each Board or sub-committee meeting, with the Trustee or committee member in question declaring his/her interest being required to withdraw from any subsequent discussion as deemed appropriate by the Chairman.

All Trustees and sub-committee members are required to declare all relevant interests, details of which are kept in a Register of Interests which is verified and updated regularly to ensure its completeness and accuracy. A code of conduct has also been agreed which sets out what is expected from Trustees as members of the Board and its sub-committees.

Additionally, the Grants and Research Committee has its own code of conduct which sets out how conflicts of interest relating to grant applications will be dealt with and provides rigorous governance arrangements. Whilst the code does not prevent external advisers (most of whom are active researchers) from being able to be named applicants on research proposals, it ensures that they have no involvement in the decision-making process relating to these proposals. As Trustees may not benefit from the charity, Trustee members of the Committee may not apply for funding, either as lead or co-applicants.

Trustees and external advisers give their time on a voluntary basis, with out-of-pocket expenses being reimbursed in line with an agreed expenses policy. Details of Trustees' expenses and related party transactions for the year 2015/16 are disclosed in Notes 10 and 22 to the accounts. Grants to institutions and charities where Trustees or external advisers have a significant interest are noted in the list of grants (page 42 *et seq*).

RECRUITMENT, INDUCTION AND TRAINING OF NEW TRUSTEES

The Dunhill Medical Trust has a policy and process for the appointment of Trustees which is based on the Charity Commission's requirements to demonstrate openness and good governance. Regular reviews of the existing skill mix are carried out by the Board of Trustees, in order to identify any gaps which may require to be filled. Whilst nominations may be put forward by current Trustees, open advertisement is also used to ensure that the widest possible range of potential candidates is reached. A formal selection process is followed, including interview of the shortlisted candidates. The preferred candidate is then asked to confirm in writing that they are eligible to become a Trustee (under the terms of Charity Commission guidance) and director (under the terms of company law) and is invited to attend the next available Trustees' meeting, at which he/she is formally proposed and appointed as a Trustee, Director and Member of The Dunhill Medical Trust.

New Trustees are provided with a comprehensive induction pack (including a copy of the Memorandum and Articles of Association, the latest Annual Report and Accounts and minutes of meetings held by the Board of Trustees and its sub-committees during the last year), as well as a copy of the Trust handbook which contains a wide range of information on the administration of the Trust. Induction meetings with other Trustees and members of staff are arranged as appropriate. Any requirements for training for the new Trustee are identified as part of the induction process and suitable courses identified as necessary.

RISK MANAGEMENT

The Trustees have adopted a formal risk policy and undertake an annual risk assessment for each of the principal areas of the Trust's operations. In addition, the Investment Committee reviews risks specifically related to finance and investments at their quarterly meetings, with any issues raised being reported to the Trustees.

In the opinion of the Trustees, the Trust has established resources and review systems which, under normal conditions, should allow the risks identified by them to be mitigated to an acceptable level in its day-to-day operations. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

POLICY ON STAFF PAY

The Trustees acknowledge the importance of employing high quality and appropriately qualified staff to ensure both the development and efficient administration of the charity. The overall aim of the Trust's policy is to offer fair pay to attract and retain appropriately qualified staff to lead, manage and administer the charity and to fulfil the charitable objects on behalf of the Trustees. The Board wishes to ensure that staff are valued and encouraged to develop appropriate skills in order to provide optimal support to the Executive Director and the Board and its sub-committees.

The Chairman of the Board is responsible for reviewing staff salaries on behalf of the Board. Relevant benchmarking information (such as Croner Charities Rewards) and the achievements of staff as demonstrated by annual appraisals are taken into account when determining pay awards. Advice is also taken from appropriate human resources professionals on appropriate and competitive levels of remuneration.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives, in setting grant-making policy and in planning future activities. In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set.

Under the terms of the governing document, the charitable objects of the Dunhill Medical Trust are:

- the furtherance of medical knowledge and research and the publication of the useful results thereof and the provision of medical care and facilities in such manner as the Trustees shall from time to time in their absolute discretion think fit; and
- research into the care of the elderly and the publication of the useful results thereof and the provision of accommodation and care for the elderly.

In line with the charitable objects, the overall strategic aim of the Trust is to support schemes (both large and small) which help the furtherance of medical knowledge and its dissemination or application, or which improve the environment in which older people live.

The Dunhill Medical Trust carries out this aim by:

- providing research project and programme grants relating to the main priority areas identified for support, i.e.
 - care of older people, including rehabilitation and palliative care
 - research into the causes and treatment of diseases, disability and frailty related to ageing;
- supporting pilot and proof-of-concept research studies in these priority areas which could establish whether major funding is justified;
- supporting non-research projects that seek to provide innovative services or facilities relating to the designated priority areas which can subsequently be evaluated to establish their effectiveness and transferability;
- supporting research fellowships and other research training opportunities aimed at expanding research capacity in the designated priority areas;
- exceptionally, providing endowments for innovative academic posts within the designated priority areas;
- where appropriate, developing special initiatives (both research and non-research) aimed at improving the health and well-being of older people.

During 2015/16, key activities have included:

- continuing to maintain the current grant-making programmes, developing them as appropriate in the light of available funding dependent on investment performance;
- initiating and developing a succession plan, both for the Board and the staff of the Trust, with the aim of ensuring that the Trust has the relevant skills, knowledge and expertise at a strategic, management and administrative level and can continue to develop and innovate in the future;
- as part of DMT's Older People's Care Improvement Initiative, issuing a call for proposals to invest up to £1m in creating a bottom-up, asset-based approach, using all the resources in a local area, to support the health and wellbeing of older people;
- implementing a further round of Research Training Fellowships for young clinicians and allied health professionals with the aim of expanding research capacity within DMT's priority areas of ageing, health and social care for older people and palliative care.

GRANT-MAKING POLICY

DMT's strategic aims and objectives underpin its grant-making policy, which is kept under regular review to ensure its continued appropriateness and clarity in terms of public benefit.

The main beneficiaries of the Trust's grant-making programmes are ultimately older people within the UK and those with age-related diseases, or with disabilities, or requiring rehabilitation as a result of ageing. This focus on ageing and the need to improve the health and well-being of older people reflects the ongoing demographic changes towards increased life expectancy and a rapidly increasing proportion of older people in the population. It applies to both research and general (i.e. non-research) programmes and projects. The Trust's research programmes support researchers at all levels within higher education institutions (HEIs) and NHS institutions. Any benefit received by researchers, HEIs, health and social care bodies, or charities is purely incidental to the objects of DMT's charitable grants.

General/non-research projects are mainly supported via UK registered charities, with the beneficiaries being the users and carers for whom the projects are designed. In order to ensure the widest benefit for older people from projects supported, an underlying principle of the Trust's grant-making is that applicant organizations should not be unduly restrictive and should operate a policy of inclusiveness, equality and non-discrimination.

The main method by which DMT invites grant applications is via its website at www.dunhillmedical.org.uk.

In addition to the detailed grant-making policy, guidelines for general grants, research grants and research-related infrastructure grants are available, as well as specific guidelines for DMT's Research Training Fellowship scheme and for calls related to special initiatives. All guidelines are regularly reviewed to ensure that they are as 'user-friendly' as possible for potential applicants and are consistent with all other grant making documentation and policies. All documents are available in PDF format and may be downloaded from the website, which also provides access to a range of other information about the Trust, including the latest Annual Report and Accounts, and grants made in the last three financial years.

The Trust aims to provide a prompt response to all grant applications and requests for information. Rather than proceed to formal application at a stage when many applications may not meet the eligibility criteria, potential applicants are asked to provide a brief outline of the proposed project, together with details of the financial support requested. Applicants for research and research-related grants are required to complete a short downloadable outline application form, which includes a focused question as to the difference that the research is expected to achieve within 5 to 10 years in terms of patient benefit/ improving the health and well-being of older people.

Once received, outline applications are subject to initial assessment to ensure that they meet the basic criteria for funding, which is undertaken by staff in consultation with the Chairman of the Grants and Research Committee (and where appropriate a sub-group of the Committee, or the Committee as a whole). Where outline applications meet the eligibility criteria, applicants are invited to submit a formal application for consideration by the Grants and Research Committee, which makes recommendations to the Trustees on those which are deemed worthy of support. Final decisions are taken at Trustees' meetings and applicants are informed as soon as practicable thereafter. The timescale between initial enquiry and decision may vary dependent upon the complexity of the application, but is kept as short as is practically possible, commensurate with the need to ensure all appropriate steps are taken to reach an informed decision.

The Dunhill Medical Trust is a member of the Association of Medical Research Charities (AMRC) and a recognised non-commercial partner of the National Institute for Health Research (NIHR). In line with AMRC and NIHR standards, the Trust follows best practice in maintaining the independence of research funding and in requiring researchers funded by the Trust to abide by research governance regulations and practice. In the case of an application for a research grant involving human participants, organs, tissue or data, DMT requires evidence that ethical approval and NHS R&D approval have been secured before any grant monies can be

released. In addition, written confirmation is required that the research has a formally approved and explicitly stated research sponsor (as required under the terms of the NHS Research Governance Framework ¹) or, alternatively, is not applicable.

DMT also seeks to maintain the highest standards with regard to the use of protected animals in research, with the aim of minimizing the likelihood of harm to research volunteers and animals, by requiring grant holders to comply with the Animals in Research: Reporting *In Vivo* Experiments (ARRIVE) guidelines published by the National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs). A rigorous system of both external and internal peer review is in operation in respect of all research and research-related grants, with independent opinion being sought from at least two (and normally three) appropriate external referees, both from within the UK and internationally. This is provided by a very wide range of clinicians and academics, identified via literature searches using Europe PubMed Central (EPMC) and PubMed (the US National Institutes of Health National Library of Medicine bibliographic database) to ensure that the most appropriate expert opinion is being sought. When providing a report on an application, referees are asked to declare any conflicts of interest that they might have, to ensure that opinion sought is as independent as possible. Referees' reports are taken into consideration by the Grants and Research Committee alongside the detailed internal scrutiny to which applications are subjected. During 2015/16 DMT took part in the AMRC 5 yearly peer review audit and was one of a minority of members to pass the audit without any issues being flagged up as requiring improvement. The Executive Director Claire Large also served on the AMRC Peer Review Audit Committee which advised on a review of AMRC's peer review guidelines and assessed members' submissions to the audit.

MONITORING, AUDIT AND EVALUATION

All grants awarded by the Trust are monitored through:

- annual reports submitted by grant holders (which must demonstrate appropriate progress to ensure continuation of a grant made for longer than a period of one year);
- where appropriate, visits by DMT executive officers and/or Trustees/members of the Grants and Research Committee, which may be made at any time during the duration of the grant.

Following consideration of a progress report and/or any monitoring visit, the Trustees reserve the right to terminate the grant or to withhold payment of subsequent instalments of the grant as they consider fit in the circumstances. On conclusion of the project, the grant holder is expected to submit a final report within three months of the end of the grant, detailing fully the results and outputs/outcomes from the project.

DMT's grant-making programmes are subject to audit processes to assess their effectiveness and to help inform future grant-making strategy. Progress reports for both research and general grants are requested through completion of an audit form and a financial statement for the period, in lieu of conventional progress reports, with the purpose of achieving more focused, comparable information to assess how well DMT funding is being used and whether the aims and objectives of work supported are being met by grant recipients. This system has proved to be a useful and effective grant-making tool.

The Trust is also keen to encourage rigorous independent evaluation of all general project developments and initiatives it supports to ensure that the best possible use is made of the charitable funds at the Trustees' disposal. Plans for sustainability of projects seeking support and the financial viability of applicant organisations are important elements in the assessment of general grant applications received.

¹ The NHS Research Governance Framework is due to be superseded in late 2016 by the UK Policy Framework for Health and Social Care Research. The implications for DMT of the new Policy Framework are currently being considered and any changes to arrangements will be implemented as appropriate.

ACHIEVEMENTS AND PERFORMANCE

MAINTENANCE AND DEVELOPMENT OF GRANT PROGRAMMES

During 2015/16, the Trust has maintained its current grant programmes which include:

Research grants:

- Project and programme grants
- Research-related building and equipment grants
- Joint Research Fellowships with partner organisations
- Research Training Fellowships

General grants:

- Core and staffing grants
- Building grants
- Equipment grants
- Small grants under £20,000

Research grants

In line with recent years, the year to 31 March 2016 has seen the number of applications for research project grants continue to increase, with a very wide spread of applications from universities across the UK. In contrast, few applications have been received for programme grants or research-related building and equipment grants. The overall quality of research project proposals has continued to be high, with a notable improvement in applications submitted by some of the newer universities.

General grants

The relatively low level of eligible applications for general (i.e. non-research) grants seen over the last few years has continued during 2015/16, particularly in respect of applications for building grants for capital projects. There have also continued to be fewer applications in relation to innovative approaches to providing services for older people. As in previous recent years, charities have mostly been seeking core funding to keep their organisations afloat, in the light of ongoing cuts to statutory funding. As DMT's grant-making policy precludes the provision of replacement funding of this kind, these applications are largely ineligible for support. As a result, once again this has resulted in fewer general grants being awarded during the year, with a continuing high percentage of grants being awarded to high quality research applications. The current ratio of funding for research grants compared to general grants is approximately 81% : 19%.

Succession planning

During 2015/16, a succession plan was developed by the Board, both in respect of the roles of Chairman of the Board and Executive Director, with the aim of ensuring that the Trust continues to have the relevant skills, knowledge and expertise at a strategic, management and administrative level in order to maintain development and innovation in the future. The Chairman Ron Perry is stepping down having led the Trust with great distinction since 1999. The Executive Director Claire Large is also retiring at the end of June 2016, after a period of 16 years in the role. The co-ordination of these major changes will allow a new Chair and Executive Director to start at the same time and build a working relationship together. Accordingly, the Board has made the following appointments:

- Professor Jim McEwen has been appointed as Chairman of the Board of Trustees with effect from 1st June 2016;
- Ms Susan Kay has been appointed as Executive Director with effect from 1st July 2016.

These new appointments will allow the Trust to continue to develop its unique role as the only UK grant-making charity that supports both peer-reviewed research into ageing and non-research projects and developments aiming to improve the health and well-being of older people.

The Trustees wish to express their sincere thanks to Mr Perry and Mrs Large for their extensive contributions to the Trust over many years.

Older People's Care Improvement Initiative (OPCII)

Work has continued during 2015/16 to implement the next phase of the Older People's Care Improvement Initiative (OPCII), a strategic programme aimed at improving the health and wellbeing of older people. OPCII is a medium term programme that will commit approximately £3-4m over a 4 year period from 2014 to 2018 and consists of four strands which are being implemented on an incremental basis over that period:

- (1) a targeted round of DMT Research Training Fellowships focusing on improved safety, effectiveness and/or satisfaction of care for older people, which resulted in the award in 2014 of five Training Fellowships to applicants with a diverse range of backgrounds (medicine, dietetics, psychology and social policy).
- (2) A call for proposals for a research intervention aimed at improving the care of frail older people in society. This resulted in the award in 2015 of a programme grant of £674,061 to Dr A Gordon *et al* (Department of Health Care for Older People, University of Nottingham) for a proposal entitled *Proactive Health Care for Older People in Care Homes (PEACH) study*² which was presented by a strong multidisciplinary team including primary and secondary care and a range of other stakeholders (managers of care homes, social care staff and other relevant disciplines, e.g. occupational therapists, physiotherapists, dentists etc.). The aim of the PEACH programme is to produce a fundamental shift in the direct care from that currently experienced by most frail older people in care homes to one which is not only well organised, logical, structured, efficient and effective, but also provides a style of direct care which independent observers would recognise as appropriate, responsive and patient-focused.
- (3) The current call for proposals (launched in November 2015) is to develop a network of care and support for older people at a local level, creating a bottom-up, asset based approach, using all the resources in a local area, to provide care and/or support to ensure the health and wellbeing of older people. Proposals are being sought from local consortia for an innovative approach aimed at achieving a radical change in public sector provision from one founded not just on technical excellence, but also on a human framework that will provide for the specific wishes of older people, such as adequate time in providing care and interacting on a personal basis with the person being supported. For a bid to be successful, it will need to have a clear and achievable aim of improving the care and support provided to older people on a local basis and have outcomes that could be reproduced/adapted in other local areas as appropriate³.
- (4) The fourth and final strand of the programme (to be launched during 2016/17) will be a call for improvement in educational programmes for medical, health and care professionals. Applications submitted for this call will be expected to show developments in best practice in dealing with older people, reflecting their special needs, in particular, maintenance of dignity and the provision of high standards of care, delivered with the key qualities of kindness and respect. Students should be involved in direct patient interaction and experience of care in the widest sense including, for example, exploring the role of social services and the voluntary sector, as well as the use of novel approaches to improve care in the home environment.

² The outcome of the 2nd strand of the OPCII was reported on in the 2014/15 Annual Report but as the grant was awarded beyond the end of the 2014/15 financial year, it is being accounted for in the 2015/16 financial year.

³ The 3rd strand of the OPCII will be decided during 2016/17 and will be reported on and accounted for in the next Annual Report.

DMT Research Training Fellowships: 4th round ⁴

DMT Research Training Fellowships (RTFs) are personal training fellowships to provide opportunities for talented clinicians, health professionals and scientists who would like a future career in research in the fields of ageing, rehabilitation or palliative care. Whilst the Fellow is expected to undertake a practical research project, the main focus of the Training Fellowship is on the completion of a robust training programme in research methods.

A fourth round of RTFs was launched in October 2015, resulting in 31 high quality applications (almost twice as many as had been received in previous rounds). Four Research Training Fellowships were awarded, demonstrating a good geographical and disciplinary spread (two physiotherapists; one doctor and one orthoptist).

DMT Research Fellow	Institution	Title of project
Mr Mark McGlinchey	King's College London	<i>Improving the quality of physical rehabilitation for survivors of severe stroke: a preliminary investigation</i>
Miss Susanne Finnegan	University of Warwick	<i>Life After Falls prevention Therapy involving Exercise (LAFTER)</i>
Mrs Jignasa Mehta	University of Liverpool	<i>Impact of visual impairment on falls and fear of falling</i>
Ms Joanna Davies	King's College London	<i>Understanding the social determinants of outcomes important to older people at the end of life: reducing social inequality in palliative care</i>

Joint Fellowship schemes with other partner organisations

DMT has had a long-standing and highly successful partnership with the Royal College of Surgeons of England (RCS). In the light of this, Trustees approved the funding for a sixth round of Joint Fellowships between DMT and the College, to continue to provide talented young surgeons to benefit from the advantage of spending a period out of specialist training to undertake high quality surgical research focused on diseases and conditions that affect older people.

At present, the joint arrangement with the RCS is DMT's only active partnership, although in the past schemes have been carried out jointly with other Royal Colleges and professional societies. DMT is always open to proposals for joint funding arrangements from appropriate organisations that fit with the Trust's priorities and mission in improving the health and wellbeing of older people.

Outputs/outcomes from DMT grants during 2015/16

DMT is a member of a consortium of funders supporting Europe PubMed Central (EPMC), a web-based resource which offers open access to more than three million peer reviewed full text biomedical research publications previously only available to academic researchers. Linked to EPMC membership, DMT has also established an open access policy which requires (i) all outputs resulting from DMT grants to be made freely available within 6 months of publication; and that (ii) the papers should be linked to individual DMT grants in EPMC, thus facilitating the assessment of grant outputs. Although this remains an on-going development, it is clear that there are undoubted benefits arising from DMT's commitment to supporting EPMC in respect of the Trust's ability to fulfil one of its charitable objects relating to the publication of the useful results of the research supported.

The nature of research means that most outcomes and resulting benefits to the population group being studied are of necessity long-term. However, the data given overpage provide some indicators in respect of recent DMT grants in terms of outcomes/outputs for the period 1 April 2015 to 31 March 2016.

⁴ As the 4th round Research Training Fellowships were awarded in early 2016/17, they are being reported on in the 2015/16 Annual Report, but will be accounted for in the next Annual Report.

Table A Outputs and outcomes arising from DMT grants for the year ending 31 March 2016

Publications:

- 72 Peer reviewed publications
- 132 Academic presentations
- 67 Posters, abstracts and other publications

Career promotion for Dunhill researchers:

- 1 Senior Lectureship
- 1 Lectureship
- 1 Research Fellow
- 1 Associate Professor

Grants awarded to take forward research funded by DMT include:

- Medical Research Council
- National Institute for Health Research
- Biotechnology and Biological Sciences Research Council
- Mason Medical Research Trust
- Imperial College Healthcare Charitable Trust
- British Kidney Patient Association
- Life Sciences Research Network Wales

Prizes and other awards:

- Wellcome Trust Image Award 2015
- MRC Confidence in Concept Award
- New York Venous Symposium Fellowship
- American College of Surgeons Poster of Exceptional Merit
- DMT grant findings helped inform a BBSRC case funded PhD studentship investigating poly specific antibodies
- European Respiratory Society distinguished poster award, science bursary award and young scientist sponsorship.

Patient and public involvement:

- GP surgery posters communicating research findings have informed a NHS England, Public Health England and the Department of Health pilot *Inflammatory Arthritis Awareness Campaign*.
- Raised awareness of research project on *Listening for Pleasure After Stoke* at the Glasgow Science Festival.
- Project presented at the World Museum *Meet the Scientists* event
- Interactive workshop with older people at the Derby and Nottingham Summer Schools
- DMT project featured at Edinburgh *Brightest Watts 2015*, Glasgow *Soapbox Science 2015*, *Live Well in Later Life* and *Spring Fling* engagement events.

Other developments:

- Research on using positive written disclosure to improve the wellbeing of older caregivers of people with psychosis has been included in the University of Birmingham MSc Musculoskeletal Health course and also the Birmingham Phenome Centre training workshop.
- DMT funded research has been featured in a number of national media including The Telegraph, The Times, The Daily Mail, The Sun and BBC Radio 2 and Sky News.

GRANTS AWARDED DURING 2015/16

The Trust received approximately 320 grant applications over the year 1 April 2015 to 31 March 2016. As in previous years, a higher proportion of research applications were received (58% research; 42% general applications). Overall, approximately 85% of applications met the basic criteria for funding. Of those meeting the criteria, 74% were within the priority areas designated by the Trustees.

In 2015/16, grants awarded totalled £4,449,810 (2014/15: £3,995,560).

Figure A below shows the distribution of grants awarded by grant category during 2015/16, with 69% of funds (£3,053,030) being dedicated to research project and programme grants; 12% (£550,000) to Joint Research Fellowships with partner organisations; 18% (£821,780) to services relating to care for older people; and 1% (£25,000) to provision of accommodation for older people. Figure B shows the distribution of current grants (both research and non-research) in the London area. Figure C on page 16 shows the distribution of grants made across the UK.

Figure A Grants awarded 2015/16 by grant category

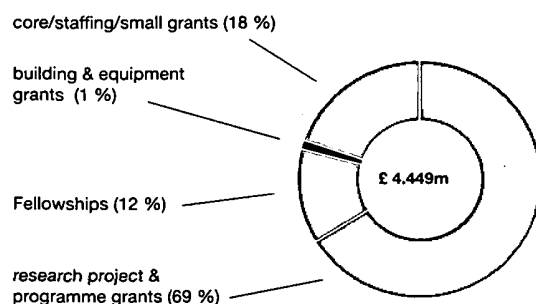
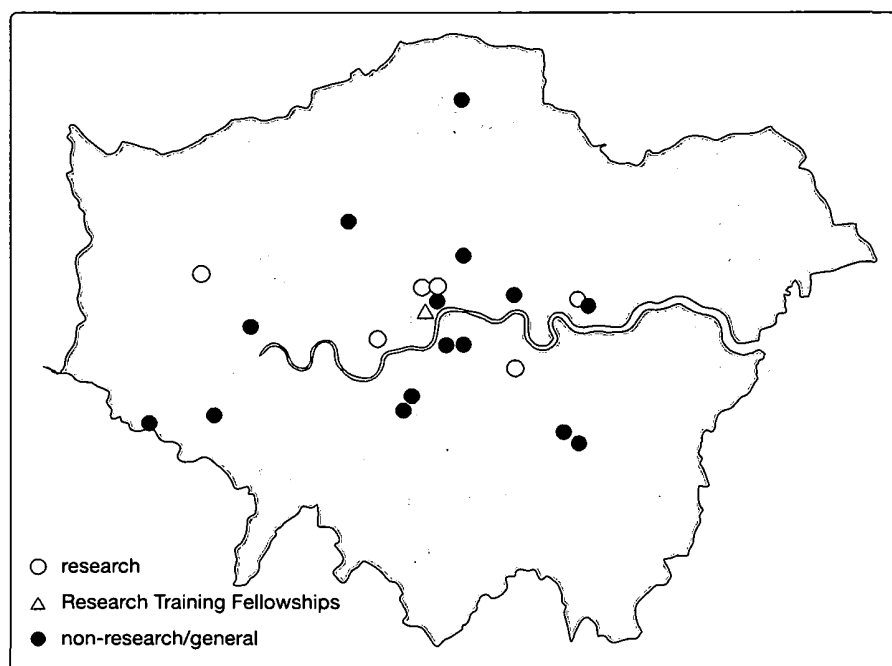
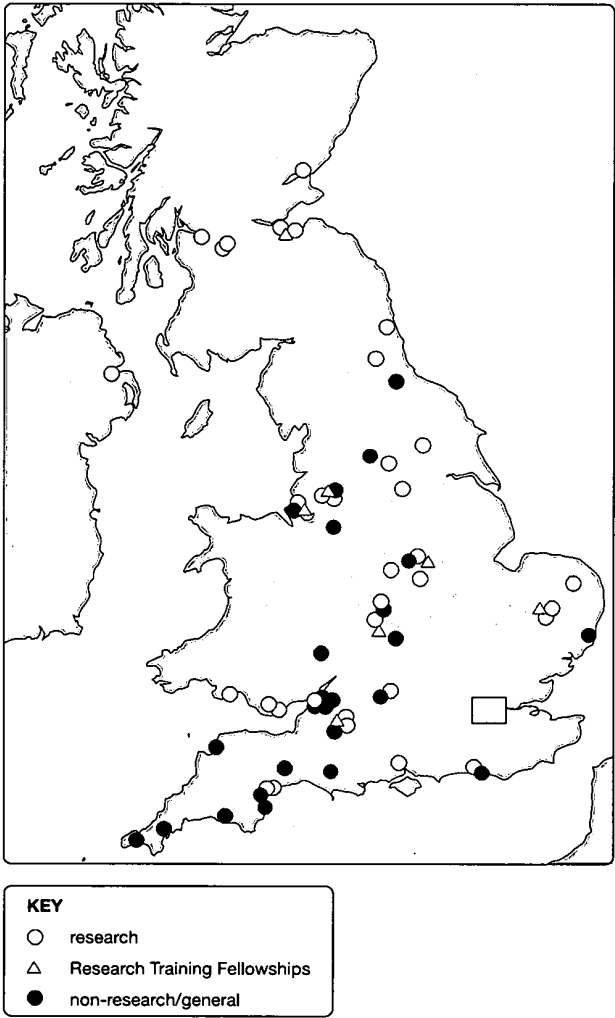


Figure B Distribution of current grants in the London area⁵



⁵ Current grants include both grants awarded in 2015/16 and ongoing grants awarded in previous years.

Figure C Distribution of current grants across the UK⁵



⁵ Current grants include both grants awarded in 2015/16 and ongoing grants awarded in previous years.

EXAMPLES OF GRANTS AWARDED DURING 2015/16

Below are examples of some of the grants awarded during 2015/16, demonstrating different aspects of DMT's research and non-research grant-making programmes. All of these have a clear link to the priority areas of ageing and older people. A full list of grants awarded is available in Section 3 (page 42 *et seq*).

RESEARCH AND RESEARCH-RELATED GRANTS

Dr E Cole *et al*, Queen Mary University of London

Title: *Characterising the burden of organ dysfunction after traumatic injury in older patients*

Grant awarded £236,045

The number of older people suffering traumatic injuries is increasing, but many of those who initially survive their injuries go on to develop complications such as organ dysfunction (OD) whilst in hospital. Whilst OD affects all ages, younger people seem to recover quickly, whilst older people suffer for longer. OD keeps older people in hospital for extended periods and increases their risk of dying. After discharge from hospital, recovery can be greatly delayed and return to their pre-injury state can be severely diminished as a result. It is not known why OD is worse for older people: it may be due to changes to the immune system, or changes associated with increasing age or frailty. This 3 year grant has been awarded to allow the research team at Barts Centre for Trauma Sciences to identify factors that will assist rehabilitation and enhance recovery and well-being for older people who have suffered traumatic injuries.

Professor L Rhodes *et al*, University of Manchester

Title: *Sunlight exposure and Vitamin D status in the UK's ageing population*

Grant awarded £161,579

Vitamin D is essential for healthy bones and muscles, particularly in older people where low levels contribute to weak bones and the likelihood of falls. Exposure of the skin to sunlight is the major sources of vitamin D, but it is possible that older adults may have reduced capacity of the skin to make vitamin D. This 18 month grant has been awarded for the study of vitamin D production in 65-84 year old people following exposure to low amounts of simulated sunlight that will be in line with UK national policy on summer exposure. The research team will also assess naturally-gained sunlight exposure levels and vitamin D. Datasets of younger adults using identical methods will be used for comparison to establish age-group differences in skin production of vitamin D. This information will facilitate the production of appropriate guidance on sun exposure in order to improve bone and muscle health in older people.

Dr A Ross *et al*, University of Glasgow

Title: *Improving Systems of Care for the Older Person (I-SCOPE)*

Grant awarded £132,796

This 2 year project aims to improve the health and well-being of older people living in care homes through an innovative application of Human Factors Science. Good care in areas such as medications, nutrition, oral health, pressure sore management and dementia is not just a matter of training staff in following different procedures, but is also influenced by important organisational elements such as design, teamwork, planning and the use of resources. These organisational influences on quality will be explored, using a structured 'Human Factors' approach recommended by key healthcare bodies. The study will identify how many important aspects of care fit together and how teamwork and communication can be improved and how competing demands can be balanced when resources are limited, with the aim of improving the health and well-being of care home residents through the application of Human Factors and Ergonomics (HFE).

Dr J Williams et al, University of Nottingham

Title: *Prerehabilitation HIIT: improving fitness for major surgery within 31 days from decision of treat*

Grant awarded £99,636

Currently, access to major surgical procedures drops sharply between the ages of 65 and 75, with a reduction of up to 35% for some operations, and yet many conditions requiring major surgery become more common with age. Physical fitness is one reason why older people are often denied operations they need and as surgery frequently needs to be performed soon after diagnosis, there is currently little chance to improve older people's fitness quickly, beyond optimising medication and stopping smoking. The Nottingham research team have previously shown that a type of exercise training called High Intensity Interval Training (HIIT) can produce rapid gains in fitness in younger and healthy older people within 31 days. This 3 year study now aims to assess if HIIT could be used in older patients with significant medical conditions before surgery. It is hoped that improvements in fitness will lead to fewer postoperative problems, allowing greater access to surgical treatments for older people with pre-existing health problems who are currently often denied surgery.

Dr A Sloan et al, Cardiff University

Title: *Preventing aseptic loosening of cemented joint replacements in older adults: delivery of osteogenic molecules from PMMA bone cement to encourage bone repair and implant osseointegration*

Grant awarded £84,103

Joint-related problems are common in older people, usually requiring surgical intervention in the form of joint replacements, particularly of hips and knees. Although metallic implants coated with bioactive molecules can encourage bone growth, such a technology has not been developed for cemented implants, which are the preference for treating older patients with severe joint degeneration, as they often have poor bone strength and this technique normally results in a shorter hospital stay. However, approximately 10% of joint replacements fail after 10 years, mainly due to implant loosening as a result of bone loss around the implant. This 18 month grant has been awarded to carry out an in vitro study to investigate the release of bioactive molecules from bone cement (using a delivery system previously developed for antimicrobials) to encourage the natural repair of bone around cemented joint replacements. This would greatly enhance current bone cements which simply act as a grout between the implant and the bone, with the potential to increase implant longevity, reduce failure rates, enhance patient quality of life and reduce costs for the NHS.

Dr S Thies et al, University of Salford

Title: *Are older people putting themselves at risk of falling when using a walking frame?*

Grant awarded £74,907

Fall-related injuries in older adults are a major health problem. Walking aids are designed to provide stability, yet their use has been associated with an increased risk of falling, injuries have been directly related to their use and users have raised concerns over walking aid stability. The research team at Salford have developed a Smart Walker to assess walking frame users' stability and this 18 month grant has been awarded to allow them to use the Smart Walker in home settings to measure walking frame use, how stable older people are when using frames at home, and also to evaluate the views of clinical staff, walking frame manufacturers and users as to how the Smart Walker technology meets their needs. It is envisaged that the improvements of walking aid design will enhance mobility whilst reducing falls in walking frame users.

Dr Daniel Lasserson et al, University of Oxford

Title: *An ethnographic study of frail, older patients' health care journeys through, and experience of, Emergency Multidisciplinary Units (EMUs)*

Grant awarded £68,163

Evidence suggests that acute hospital environments are not well suited to older, frail patients. The acute care pathway at Emergency Multidisciplinary Units (EMUs) has been designed to be an alternative to emergency admission to an acute hospital for this patient group in particular, delivering care closer to patients' homes.

This 15 month grant has been awarded to explore the experiences of older people visiting EMUs, to find out about their journeys through care and how the service they receive fits their needs. A research method called ethnography will be used, whereby the researcher will closely follow and observe what happens to patients who attend an EMU and who agree to take part in the study. In the EMU, the researcher will interview the patient's family and the health care professionals involved in their care. After they have been discharged, patients will then be interviewed at home. EMUs have the potential to be of great benefit to older patients by enabling them to be assessed and treated closer to where they live at times of acute illness and by co-ordinating their longer-term health and social care needs. The aim of the study is to gain a better understanding of frail older patients' experiences of this new model of care and whether it has made a positive difference in their lives and well-being.

Professor G Wannamethee et al, University College London

Title: *Dietary patterns, nutritional status, frailty and the development of disability: defining pathways and optimising prevention*

Grant awarded £65,488

Ageing can involve complex physical changes leading to muscle loss, frailty, decline in functional capacity and reduced quality of life for people. Poor diet and nutrition may play a significant role in functional decline, although optimal dietary patterns to prevent this are not well defined for older people. Advanced glycation end products (AGEs) are bioactive molecules found in foods and generated in the body and have been implicated in age-related diseases, muscle loss and frailty leading to disability. This 14 month study aims to identify the role of AGEs as a potential therapeutic target and to identify specific dietary patterns related to AGEs in older people to prevent age-related muscle loss and improve physical functioning. These findings could then be used for evidence-based dietary interventions which are effective in delaying or preventing frailty and disability in older people.

Dr Jonathan Smallwood and Professor E Jefferies, University of York

Title: *Understanding the significance of age-related declines in spontaneous thought for normal functioning in daily life*

Grant awarded £37,374

As we age, we lose the ability to think spontaneously about things other than the here and now. This is an important life skill as it helps us navigate the complex world in which we live (such as planning the future, creativity and problem-solving). This raises the possibility that changes in the capacity for spontaneous thought in later life could explain some of the problems that older adults experience in independent living. This 18 month study will use the tools of cognitive psychology and neuroscience to build a comprehensive picture of how age-related changes in spontaneous thought predict how effectively people function in later life. The research team will also examine whether those people who retain the capacity for imagination into later life tend to do better than those who do not, and will aim to identify a potential biomarker for age-related cognitive decline. The advances made in this project can then form the basis for a larger and more in-depth study in the future.

GENERAL (NON-RESEARCH) GRANTS

Tower Hamlets Friends & Neighbours, London E2 9PL

Grant awarded £93,528

This 3 year cost costs grant has been awarded to support befriending and advocacy work with older people in the London Borough of Tower Hamlets to ensure that they are not alone, have the opportunity to go out and meet other people, but also have access to, and benefit from, health care and support as and when they need it. Many of the communities served by Tower Hamlets Friends & Neighbours (THFN) have had an expectation that their younger people will look after their elders, but this has changed over time such that for those isolated without family where their condition is too complex for such informal support, reliance on health services becomes critical. THFN's clients often lack family and friends, leaving them at risk of physical

and emotional ill-health as they age. The solution provided is one-to-one support from befrienders and advocates who champion their needs to ensure they get the appropriate medical treatment, housing or social care that they need. Clients are matched to befrienders who can speak to and for them and who understand the medical, emotional and cultural differences that can exclude people, providing support for clients for as long as they need it.

Shared Lives Plus Ltd, Liverpool L3 9JR

Grant awarded £69,995

This 3 year staffing grant is to support a part-time development worker for a new service to offer intermediate care to older people leaving hospital as part of the Shared Lives schemes. It is well documented that older people are staying in hospital well past the point where they need acute care due to the shortage of appropriate support for them either in their own homes or elsewhere. This new scheme offers alternative service provision for older people who need short term support to help them gradually get back to their everyday lives. Staying with a Shared Lives carer will enable the older person to be in a family home and participate in normal activities, whilst remaining embedded within their community, gradually doing things for themselves (such as making a cup of tea or eventually going shopping). These things are much harder to achieve in a residential setting where everything is done by staff, making it very easy for the older person to become institutionalised and lose confidence. With support from Shared Lives, the development worker and wider development and support team aim to demonstrate how good models of intermediate care can be delivered through four local schemes, with a view to establishing and promoting intermediate care as part of Shared Lives core provision by the end of the grant.

Plymouth Music Zone, Plymouth PL1 4NQ

Grant awarded £48,625

This 2 year core and staffing grant has been awarded for a Sounds with Soul project to enhance the quality of life of older people living in residential care homes (particularly those with dementia or in palliative care) through the power of music. In this project, PMZ is taking forward the experience gained from a previous project aimed at reducing isolation and enhancing wellbeing in older people whereby participants who suffer from memory loss 'remember to learn again' through songs and music. The emphasis is on people making their own choices as to what they sing, rather than having it imposed by the music leaders, with people adopting 'their particular song' which then becomes associated with them. The grant will support training for existing music leaders to become specialists in interacting with people with dementia, as well as the recruitment and training of additional music leaders in this specialised work.

WE Care & Repair, Bristol BS2 0BH

Grant awarded £41,00

Compulsive hoarding is a debilitating condition that has a serious impact on an individual's health, well-being and quality of life and overcoming the impulse to hoard is a difficult and long process. People who are compulsive hoarders are sometimes unable to use their kitchen or sleep in their bedroom due to the cluttered and dangerous environment in which they live. This 2 year grant will cover the core costs of running a project to assist older and disabled people for whom compulsive hoarding is preventing essential house repairs, or adaptations, or who need to move to more suitable housing or to return home from hospital. A case worker will be employed to work directly with clients in a therapeutic relationship to address their hoarding behaviour and to provide training for other staff (such as handypersons) who come into contact with people who are compulsive hoarders. The project will provide an opportunity to support older people identified as in danger of self neglect through hoarding, and will work closely with local health and social care professionals. The project will be evaluated with support from local academics to assess participants' perceptions of the benefits they have gained in addressing their compulsive hoarding, and whether there is evidence of improvement in health and quality of life.

Brain & Spinal Injury Centre (BASIC), Salford M5 5AP

Grant awarded £30,690

This one-off staffing grant will support the salary of a physiotherapist and associated costs to work with 100 older people recovering from stroke, using a power-assisted exercise facility based on Virtual Reality. Stroke is a condition that can improve over time if the patient receives ongoing specialised rehabilitation. However, many stroke patients are discharged following a short course of NHS physiotherapy and are expected to continue to exercise in their own homes, which is often difficult (if not impossible) for them. BASIC has been donated two pieces of state-of-the-art equipment (The Dynstable and the Re-Gait) which can be stimulating and motivating to patients as each one works on both physical and cognitive recovery concurrently. The former provides innovative balance training using virtual reality and the latter is a dynamic learning environment that can improve walking patterns, prevent falls and help patients learn to adapt their walking pattern to a given environment (such as stepping over objects or avoiding puddles). The user of the equipment can interact with the simulations that may be in the form of games, tasks, navigation, exploration etc., forgetting about their real world scenario and his/her present situation. At present, there is greater demand from stroke and other patients to be able to use these innovative facilities than can be sustained by BASIC and this grant will help towards improving this situation.

Rowland Hill Almshouses Charity, Ashford TW15 2DS

Grant awarded £25,000

The Rowland Hill Almshouses Charity (RHA) was established in 1811 by the Reverend Rowland Hill to provide housing for women of limited means over the age of 55 living in the local area in Ashford, Middlesex (although the average age of residents is now 75, reflecting present day demographics). This one-off building grant has been awarded towards the cost of installing doubled glazed windows as part of a project to improve the insulation of the early 19th Century buildings and the thermal comfort of the residents and to minimise the likelihood that they will experience fuel poverty. These improvements are the result of ongoing and regular consultation with the residents, in which draughts were flagged up as a key concern. The residents have also had input into the design and other matters related to the project. As part of RHA's three year business plan, an Active Ageing Programme will be developed to help keep residents independent for longer, thus complementing the improvement in their physical environment.

Community Concern Erewash, Ilkeston DE7 8NH

Grant awarded £8,300

Dementia is one of the biggest health and social care challenges of the present day. This one-off small grant is to support an 8 month Dementia Proofing Erewash pilot project to provide practical solutions to allow residents with dementia living in the borough of Erewash in Derbyshire to remain living in their own homes for longer. A Home Comforts Team will provide practical support with small tasks that can make a big impact, such as improving signage, using colour coding, providing better lighting and safer flooring to minimise the risk of falls. All of these fairly simple improvements can help keep the person in their own home and reduce the likelihood of needing residential care or even eviction if they are unable to cope due to physical or mental health issues. This gap in service provision has been identified through consultation with local statutory services, charities, carers and residents.

FINANCIAL REVIEW AND INVESTMENT POLICY

Under the terms of the Articles of Association of the charitable company, the Trustees have full powers to hold the Trust Funds in any form of investment which they deem to be suitable in furtherance of the charitable objects.

The strategic aim of the Trust is to achieve long term overall return and, in order to minimise risk from market turbulence, a diverse range of assets are held by a number of mostly specialist investment managers.

As required by the Trustee Act 2000, the Investment Policy is reviewed annually by the Investment Committee, with any subsequent changes being recommended to the Trustees for approval. As the policy continues to meet the overall investment objectives of the Trust, no significant changes have been made since it was originally approved in June 2001. The policy outlines the Trust's current long and medium term objectives, as well as restrictions with regard to capital, income and financial investments, and establishes the broad parameters within which fund managers are appointed and individual mandates given.

Performance against the Investment Policy is monitored by the Investment Committee on an on-going basis. DMT's investment advisors, Stanhope Consulting, provide detailed quarterly performance reports to the Investment Committee and the Trustees which also include any specific issues which require consideration and/or any proposals for changes which might be made to DMT's portfolio. Recommendations based on this advice are made by the Committee to the Board of Trustees, with the final approval resting with the Trustees.

Regular presentations to the Committee are made by the Trust's investment managers, including question and answer sessions to inform the Committee's assessment of performance, process and personnel. The Committee also holds 'beauty parades' of potential new/replacement managers as and when required, based on advice provided by Stanhope Consulting.

The majority of DMT's investments have returned consistently good performances in recent years. 2015/16 was, however, a particularly turbulent period for the financial markets, not least as a result of dramatic falls in the Chinese stock market and the uncertainty surrounding the UK's membership of the European Union ('Brexit'). These factors have resulted in some volatility in the value of the Trust's quoted investments, which, in March 2016, were valued at £121.2m (March 2015: £122.7m). The Trustees' opinion is that the Trust's financial health and stability is robust but they remain vigilant, being aware of the continuing uncertain future of the global economy and their role as guardians of the Trust's assets.

During the year, the Investment Committee carried out a review of investment returns over a 20 year period from 1995 to 2015 which showed that the overall growth in the period was 80.2%, (exceeding RPI by 5.9%). This demonstrated that the principal financial objective of maintaining the real value of the investment funds whilst maximising distributions over the period, had been met. In view of this, the Trustees accepted the Committee's recommendation to maintain the current policy of making distributions based on total return from investments and that the indicative distribution level for 2015/16 should accordingly be increased from £4.2m to £5m.

Income received by the Trust during 2015/16 was slightly higher than the amount for the previous year, with total net income amounting to £3,406,882 (2014/15: £3,342,189). £3,388,459 of this amount arose from income from quoted securities.

Charitable grants awarded by the Trustees during 2015/16 totalled £4,449,810. Details of grants awarded in the year may be found in Section 3 and are shown statistically in Figure D (page 23). The overall capital value of the fund over recent years is shown in Figure F (page 24).

The total funds of the charity at the year end were represented as follows:

	£m	%
Fixed Assets	0.19	0.16
Investments:		
Quoted – Other	109.75	90.89
Quoted – Property	11.79	9.76
Property	0.88	0.73
Bank Balances	5.97	4.94
Net Current Liabilities	(4.42)	(3.66)
Long Term Liabilities	(3.41)	(2.82)
	120.75	100.00

Figure D Number of grants by type and value awarded in 2015/16

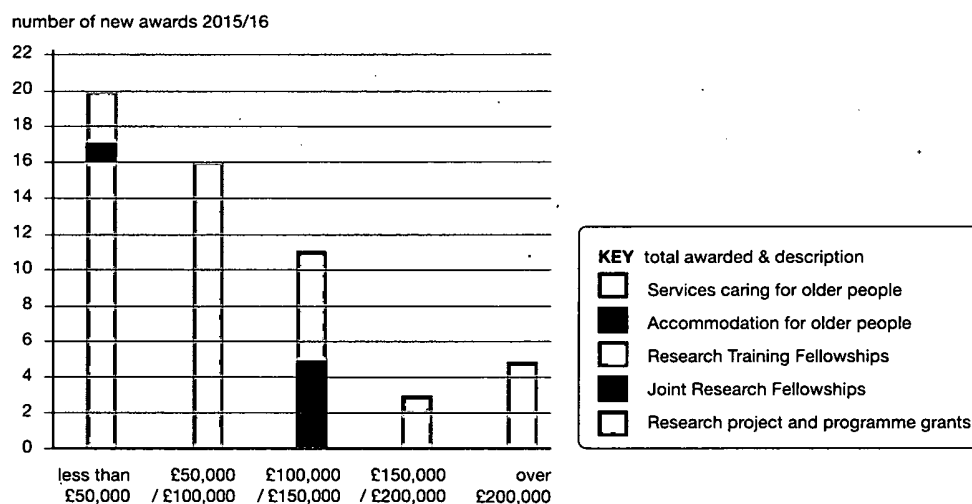


Figure E Value and type of grants awarded between 2005/06 and 2015/16

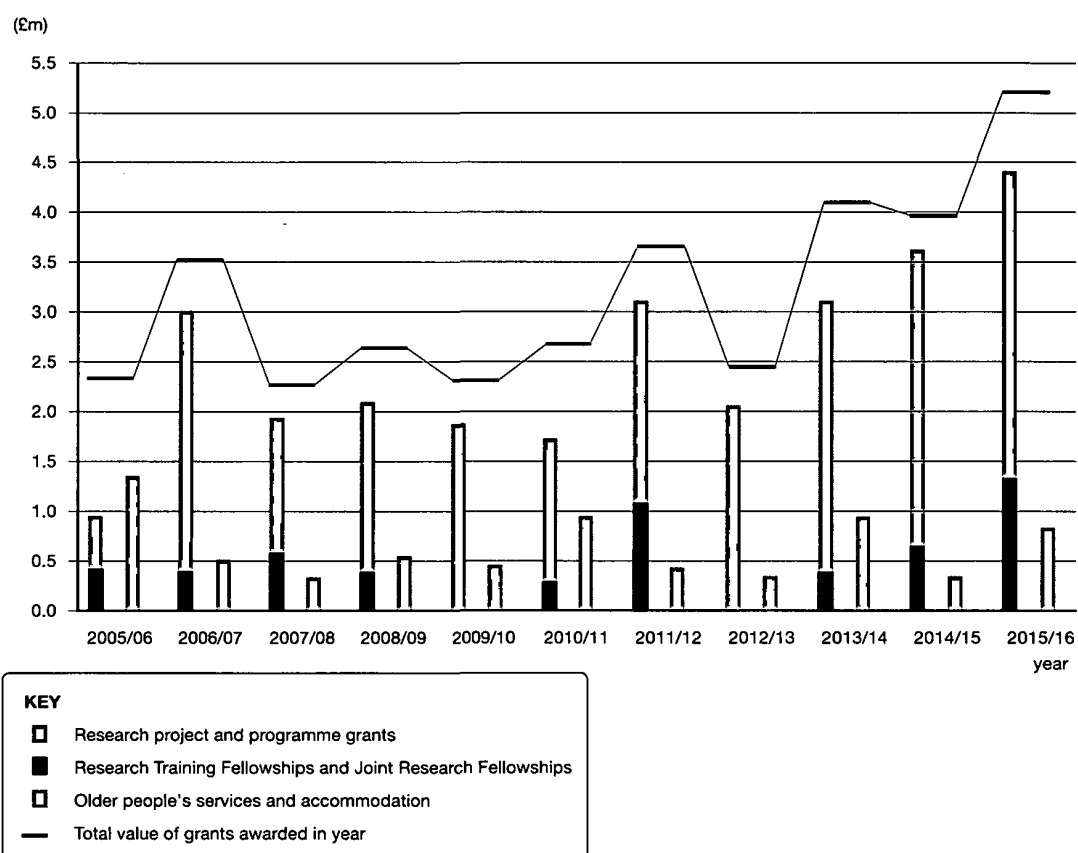
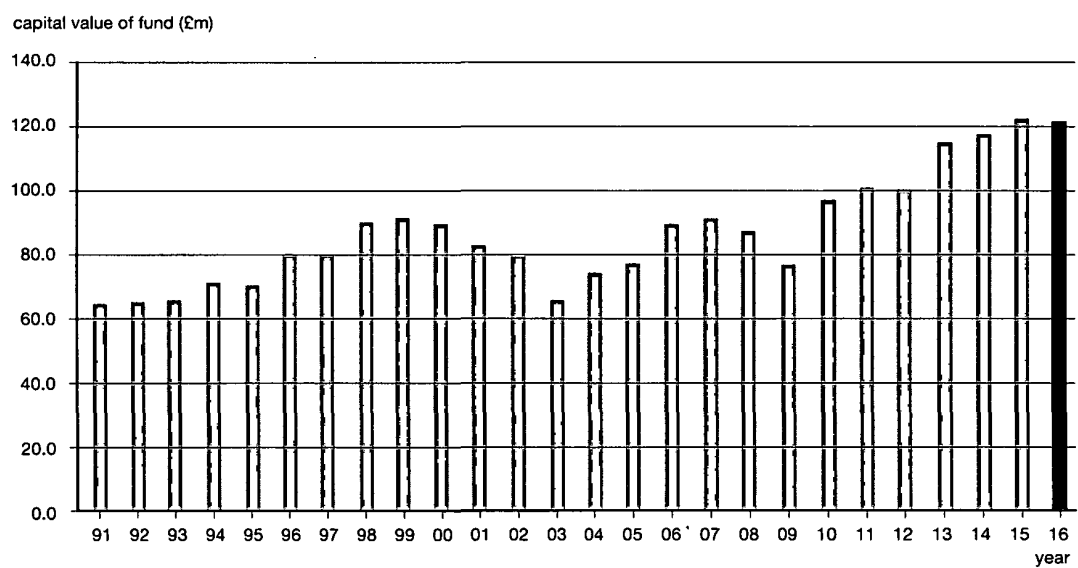


Figure F Capital value of fund (£ millions) over recent years



FINANCIAL RISK

The Board of Trustees considers the Trust's risk profile on an annual basis, with specific risks relating to finance and investments being reviewed by the Investment Committee at their quarterly meetings, and any additional risks being brought to the attention of the Board. The Trust's principal material financial risks, including foreign exchange exposures, relate to its investment portfolio and are in line with similar long-term endowment funds in the sector. Overall investment risk management is predicated on running a diversified portfolio of high quality assets across a wide variety of asset classes and markets. In recent years, the longer term strategic asset mix has been set by the Investment Committee, based upon principles employed by reputable investment advisory companies. With the appointment of Stanhope Consulting in 2014, independent external advice on asset allocation provides another layer of risk management for the Trust. Individual investment mandates are awarded to specialist managers after scrutiny by both Stanhope Consulting and the Investment Committee.

The Trustees are aware that there are currently specific and possibly major risks related to the UK having voted to leave the European Union ('Brexit') in the referendum held on 23 June 2016. Whilst the matter has been considered carefully at recent Investment Committee meetings (and will continue to be monitored on an ongoing basis), the Trustees accept that the consequences are at present largely uncertain and may remain so for some time. However, the Trustees consider that DMT has protected its assets in as far as this is possible through maintaining and enhancing the diversification of its portfolio.

RESERVES POLICY

It is the policy of the Trustees to distribute the annual net income each year in the form of grants to charitable institutions and organisations. At the Trustees' discretion, grants may also be made out of capital of the Trust.

The Trust holds a very large proportion of its assets in cash or relatively liquid equity and fixed income instruments. These are unrestricted assets, the value of which greatly exceeds current annual grants, annual running costs and the current financial commitments of the Trust.

PLANS FOR THE FUTURE

Whilst the main emphasis will be on maintaining DMT's mainstream grant-making activities, the Trustees continue to place a strong emphasis on using the resources at their disposal to improve the care that older people receive, both in health care settings and in the community. The Trustees also wish to ensure that the charity has the most appropriate framework for it to continue to develop and meet its charitable objects in the future.

The main objectives for the year will be:

- To continue to maintain an appropriate range of grant-making programmes, developing them in the light of available funding dependent on investment performance.
- As the final part of DMT's Older People's Care Improvement Initiative, to issue a call for proposals in respect of educational improvement awards that develop best practice in treating and caring for older people.
- To continue to support the careers of researchers in order to sustain and develop research capacity in DMT's areas of focus and priority.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of The Dunhill Medical Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

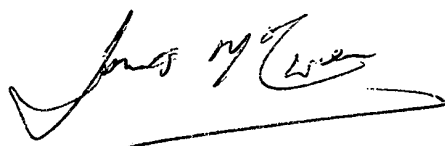
The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company'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 Board of Trustees on 1st September, 2016 and signed on its behalf by:



Professor JAMES McEWEN

Chairman of Trustees

Dated 30 September 2016



2 AUDIT REPORT AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DUNHILL MEDICAL TRUST

We have audited the financial statements of The Dunhill Medical Trust for the year ended 31 March 2016 which comprise the Statement of Financial Activity, the Balance Sheet, the Statement of Cash Flows, and the related notes numbered 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity'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 charity'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 charity and the charity'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

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- *give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including 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.*

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- *adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; 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 take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' Annual Report.*



Elizabeth Irvine

Dated 30 September 2016

Senior Statutory Auditor

**For and on behalf of WMT
Chartered Accountants
Statutory Auditor**

2nd Floor
45 Grosvenor Road
St Albans
Hertfordshire
AL1 3AW

BALANCE SHEET

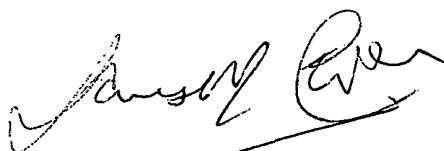
Total funds as at 31 March		2016	2015
	Note	£	£
FIXED ASSETS			
Tangible assets	12	188,170	206,280
Investments	13	122,425,001	124,356,300
		<u>122,613,171</u>	<u>124,562,580</u>
CURRENT ASSETS			
Debtors	14	79,351	86,047
Cash at bank and in hand		5,970,299	6,327,692
		<u>6,049,650</u>	<u>6,413,739</u>
Creditors: amounts falling due within one year	15	4,556,815	3,327,099
Net current assets / (liabilities)		<u>1,492,835</u>	<u>3,086,640</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>124,106,006</u>	<u>127,649,220</u>
Creditors: amounts falling due after more than one year	16	3,351,665	2,960,702
Net assets / (liabilities)		<u>120,754,341</u>	<u>124,688,518</u>
CHARITY FUNDS			
Endowment funds			
Expendable endowment	19	120,667,001	124,694,561
Unrestricted funds	19	87,340	(6,043)
TOTAL CHARITY FUNDS / (deficit)		<u>120,754,341</u>	<u>124,688,518</u>

Under the Companies Act 2006, s454, on a voluntary basis the Trustees can amend these financial statements if they subsequently prove to be defective.

The notes on pages 32 to 41 form part of these accounts.

The financial statements were approved and authorised for issue by the Board on 1st September, 2016.

Signed on behalf of the Board of Trustees



Professor JAMES McEWEN

Chairman of Trustees

Dated 30 September 2016

Company Registration Number: 07472301

Charity Registration Number: 1140372

STATEMENT OF FINANCIAL ACTIVITIES

INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Note	Unrestricted income fund £	Expendable endowment £	Total funds 2016 £	Total funds 2015 £
Investment income	2	3,406,882	–	3,406,882	3,342,189
TOTAL INCOME AND ENDOWMENTS		3,406,882	–	3,406,882	3,342,189
Expenditure on:					
Raising funds	3	–	194,379	194,379	205,550
Charitable activities	4	3,313,499	1,707,368	5,020,867	4,440,526
TOTAL EXPENDITURE		3,313,499	1,901,747	5,215,246	4,646,076
Net gains / (losses) on investments		–	(2,471,734)	(2,471,734)	11,576,122
Loss on disposal of investment		–	(23,830)	(23,830)	–
NET INCOME / (EXPENDITURE)	7	93,383	(4,397,311)	(4,303,928)	10,272,235
OTHER RECOGNISED GAINS / (LOSSES)		–	369,751	369,751	821,568
NET MOVEMENT IN FUNDS		93,383	(4,027,560)	(3,934,177)	11,093,803
Reconciliation of funds:					
Total funds brought forward		(6,043)	124,694,561	124,688,518	113,594,715
TOTAL FUNDS CARRIED FORWARD	19	87,340	120,667,001	120,754,341	124,688,518

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended relate to the charity's one main activity, which is that of grantmaking. This activity is a continuing operation.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Cash flow from operating activities	21	218,416	676,064
Net cash flow from operating activities		<u>218,416</u>	<u>676,064</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(11,545)	(38,294)
Receipts from sales of tangible fixed assets		-	12,249
Payments to acquire investments		(8,149,819)	(14,949,246)
Receipts from sales of investments		7,107,890	10,527,265
Net cash flow from investing activities		<u>(1,053,474)</u>	<u>(4,448,026)</u>
Net decrease in cash and cash equivalents		(835,058)	(3,771,962)
Cash and cash equivalents at 1 April 2015		7,121,863	10,893,825
Cash and cash equivalents at 31 March 2016		<u>6,286,805</u>	<u>7,121,863</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		5,970,299	2,600,980
Bank balances controlled by Investment Managers	13	(53,245)	794,171
Change in bank balance controlled by Investment Managers due to exchange rate movements	13	369,751	-
Short term deposits		-	3,726,712
Cash and cash equivalents at end date 2016		<u>6,286,805</u>	<u>7,121,863</u>

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information and basis of preparation

The Dunhill Medical Trust is a charitable company limited by guarantee registered in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the Reference and Administrative Information at the front of the Annual Report. The nature of the charity's operations and principal activities are the furtherance of medical knowledge and research including research into care of the elderly and the provision of accommodation and care for the elderly.

The charity constitutes a public benefit entity as defined by FRS 102. 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 UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 23.

(b) Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

The charity has a single expendable endowment and the Trustees distribute the income therefrom as grants. At the Trustees' discretion grants may also be made out of the endowment.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Other income includes the conversion of endowment funds into income which arises when capital funds are released to an income fund from expendable endowments or when a charity has authority to adopt a total return approach to its permanent endowment fund. It also includes other income such as gains on disposals of tangible fixed assets.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or

constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes investment managers fees;
- Expenditure on charitable activities includes grants payable to charities and institutions as well as support and governance costs; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

The Trust makes grants to a variety of applicants in line with their policy stated in the Trustees' Report and on the fulfilment of certain specific conditions. The Trustees approve these grants at their quarterly meetings following a rigorous assessment of the viability of the projects. The full cost of the grant commitment is recognised on approval by the Trustees and, where appropriate, is recognised as a long term liability within the financial statements. It is on this basis that they are included in the accounts and charged against income or endowment as appropriate.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at the Trust's central office. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises overheads have been allocated on an actual basis and other overheads have been allocated on an actual basis to the relevant support expense heading.

The analysis of these costs is included in note 5.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold property	Over life of the lease
Fixtures and fittings	20% reducing balance
Motor vehicles	25% straight line

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Investments in subsidiaries are measured at cost less impairment. The DMT (Fontwell Land) Limited is a dormant company as at 31 March 2016. No consolidated accounts are prepared as the subsidiary is not material to the charity.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount

exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

(j) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(k) Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

(l) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(m) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity provides a defined contribution to the employees' personal pensions. Contributions are expensed as they become payable.

(n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(o) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2 INCOME FROM INVESTMENTS

	2016	2015
	£	£
Dividends and interest on quoted investments	3,388,459	3,311,793
Rental income	4,804	5,339
Bank interest	13,619	25,057
	<u>3,406,882</u>	<u>3,342,189</u>

Income from investments was £3,406,882 (2015: £3,342,189) all of which was attributable to unrestricted funds.

3 INVESTMENT MANAGEMENT COSTS

	2016	2015
	£	£
Investment managers' fees	194,379	205,550
	<u>194,379</u>	<u>205,550</u>

£194,379 (2015: £205,550) of the above costs were attributable to endowment funds.

4 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	2016	2015
	£	£
Grants (net)	4,324,312 [§]	3,859,884
Support costs	696,555	580,642
	<u>5,020,867</u>	<u>4,440,526</u>

[§] £4,449,810 less £125,498 withdrawn or amounts returned during the year.

£1,707,368 (2015: £1,096,746) of the above costs were attributable to endowment funds, and £3,313,499 (2015: £3,343,780) of the above costs were attributable to unrestricted funds.

5 ALLOCATION OF SUPPORT COSTS AND OVERHEADS

Unrestricted Income Fund				
	Charitable activities	Governance costs	Total Year ended 31.03.16	Total Year ended 31.03.15
	£	£	£	£
Establishment expenses				
Rent, rates, water and service charge	104,604	–	104,604	66,465
Repairs and renewals	1,046	–	1,046	977
Insurance	3,976	–	3,976	3,000
Cleaning	2,762	–	2,762	3,003
Electricity	7,062	–	7,062	–
	119,450	–	119,450	73,445
Administration expenses				
Salaries and National Insurance	180,903	45,226	226,129	226,759
Staff recruitment & training	39,546	9,886	49,432	1,199
Pension contributions	16,698	4,175	20,873	20,871
Telephone	1,650	–	1,650	1,798
Stationery & postage	9,631	–	9,631	12,262
Advertising	–	–	–	3,722
Subscriptions	4,805	–	4,805	5,284
Computers & photocopiers	32,826	–	32,826	38,765
Motor and petrol expenses	3,892	–	3,892	4,616
Travel and subsistence expenses	6,817	–	6,817	5,488
Catering, trustee, & management meetings	4,687	1,172	5,859	1,996
Depreciation				
Motor vehicles	6,538	–	6,538	9,599
Office equipment	178	–	178	222
Leasehold	22,939	–	22,939	21,785
Profit on disposal of motor vehicle	–	–	–	(9,188)
Sundry	7,457	–	7,457	8,641
Equipment rental	3,736	–	3,736	4,237
Insurance	4,490	–	4,490	7,777
	346,793	60,459	407,252	365,833
Finance expenses				
Bank charges	560	–	560	398
Legal and professional	11,348	–	11,348	4,308
Accountancy & audit fees	17,175	3,450	20,625	20,583
	29,083	3,450	32,533	25,289
Expendable Endowment				
Legal, accountancy and audit fees	126,970	10,350	137,320	116,075
Total per SOFA	622,296	74,259	696,555	580,642
	Note 6			

6 GOVERNANCE COSTS AND SUPPORT COSTS ALLOCATION

The breakdown of support costs and how these were allocated between Governance and Charitable activities is shown in the table below

Cost type and basis of analysis

	Total	Governance costs	Support
	£	£	£
Staff Salaries and NI (staff time)	226,129	45,226	180,903
Staff Pension (staff time)	20,873	4,175	16,698
Catering, trustee & management meetings	5,859	1,172	4,687
Staff recruitment & training	49,432	9,886	39,546
Audit fees (Finance expenses)	3,450	3,450	–
Audit fees (Expendable endowment)	10,350	10,350	–
	316,093	74,259	241,834
		Note 5	(included in note 5)

7 NET INCOME / (EXPENDITURE) FOR THE YEAR / PERIOD

Net income / (expenditure) is stated after charging / (crediting)

	2016 £	2015 £
Depreciation of tangible fixed assets	29,655	31,606
Operating lease rentals	100,131	62,376
Net (gains) / losses on foreign exchange	369,751	821,568
(Profit) / loss on fair value movement of investments	2,471,734	(11,576,122)

8 AUDITOR'S AND ACCOUNTANT'S REMUNERATION

	2016 £	2015 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	15,870	13,800
Fees payable to the charity's accountant for other services:		
Taxation	9,500	9,500
Management accounts, book-keeping, consultancy fees and financial statements	82,661	100,433
	108,031	123,733

9 TRUSTEES' LIABILITY INSURANCE

	2016 £	2015 £
Premiums charged in year	696	4,499

10 TRUSTEES' AND KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES

The Trustees neither received nor waived any remuneration during the year (2015: £Nil).

Eight Trustees were reimbursed travel expenses of £4,606 (2015: £3,658) during the year.

The total amount of employee travel expenses received by key management personnel is £3,928 (2015: £4,970). The Trust considers its key management personnel comprise of one member of staff, Claire Large.

11 STAFF COSTS AND EMPLOYEE BENEFITS

The average monthly number of employees and full time equivalent [FTE] during the year was as follows:

	2016 no. [FTE]	2015 no. [FTE]
Charitable activities	3 [3]	3 [3]
Governance	1 [1]	1 [1]
	<u>4</u>	<u>4</u>

The total staff and employees' benefits was as follows:

	2016 £	2015 £
Directors' emoluments	74,742	88,077
Employees' emoluments	129,318	116,501
Social security	22,069	22,180
Pension contributions	20,873	20,871
	<u>247,002</u>	<u>247,629</u>

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2016	2015
£60,001 - £70,000	–	–
£70,001 - £80,000	1	–
£80,001 - £90,000	–	1
	<u>1</u>	<u>1</u>

12 FIXED ASSETS – TANGIBLE

Cost / Valuation	Short leasehold property £	Motor vehicles £	Office equipment £	Total £
At 1 April 2015	217,847	26,150	42,989	286,986
Additions in the year	11,545	–	–	11,545
Disposals in the year	–	–	–	–
At 31 March 2016	<u>229,392</u>	<u>26,150</u>	<u>42,989</u>	<u>298,531</u>
Depreciation				
At 1 April 2015	32,070	6,537	42,099	80,706
Charge for the year	22,939	6,538	178	29,655
On disposals	–	–	–	–
At 31 March 2016	<u>55,009</u>	<u>13,075</u>	<u>42,277</u>	<u>110,361</u>
Net Book Value				
At 31 March 2016	<u>174,383</u>	<u>13,075</u>	<u>712</u>	<u>188,170</u>
At 31 March 2015	<u>185,777</u>	<u>19,613</u>	<u>890</u>	<u>206,280</u>

13 FIXED ASSET INVESTMENTS

	Quoted investments	Development land	Bank balances controlled by Investment Managers	Investment in subsidiary	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2015	122,709,217	852,911	794,171	1	124,356,300
Additions	8,125,114	24,705	–	–	8,149,819
Disposals	(7,131,719)	–	(477,665)	–	(7,609,384)
Revaluation	(2,471,734)	–	–	–	(2,471,734)
At 31 March 2016	121,230,878	877,616	316,506	1	122,425,001
Carrying amount:					
At 31 March 2016	121,230,878	877,616	316,506	1	122,425,001
At 31 March 2015	122,709,217	852,911	794,171	1	124,356,300
Revaluation of Quoted Investments:					
Unrealised loss	(1,984,824)				
Realised loss	(486,910)				
	<u>(2,471,734)</u>				

Investments at fair value comprise:

	2016 £	2015 £
Managed funds		
UK – Property fund	11,794,287	7,264,443
UK Investments	5,511,991	5,906,841
International Investments	73,262,333	72,418,320
Equities & Fixed Interest Securities		
UK	20,434,539	22,838,068
International	10,227,728	14,281,545
	<u>121,230,878</u>	<u>122,709,217</u>

None of the direct holdings in equities and fixed interest securities exceed 5% of the portfolio and there are no restrictions on realisation. Managed funds exceeding 5% of the portfolio valuation can be seen in the appendix to the accounts.

The investment in subsidiary above relates to the Trust's investment in The DMT (Fontwell Land) Limited, company number 08464560. The Trust holds 100% of the company's share capital. The DMT (Fontwell Land) Limited was incorporated on 27 March 2013 and was dormant for the period to 31 March 2016.

Development land was valued on an open market value basis, as at 31 March 2013, by an External Valuer, Mr SJ Lush (FRICS, FAAV) of Henry Adams LLP. The valuation was carried out in accordance with the requirements of the RICS Appraisal and Valuation Standards (March 2012 Edition).

14 DEBTORS

	2016	2015
	£	£
Other debtors	79,351	86,047

Other debtors includes £50,000 due from subsidiary undertakings in respect of The DMT (Fontwell Land) Limited.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	95,567	114,338
Other tax and social security	6,483	6,326
Committed grants	4,454,765	3,206,435
	4,556,815	3,327,099

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Committed grants	3,351,665	2,960,702
	3,351,665	2,960,702

17 LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than one year	71,412	71,412
Later than one year and not later than five years	285,648	285,648
Later than five years	178,530	249,942
	535,590	607,002

18 CONTINGENT LIABILITIES / ASSETS

In the opinion of the Trustees, the charity had no contingent liabilities or assets.

19 RESERVES

	Balance at 1 April 2015	Incoming Resources	Resources Expended	Total
	£	£	£	£
Unrestricted Income Fund	(6,043)	3,406,882	(3,313,499)	87,340
Expendable Endowment	124,694,561	369,751	(4,397,311)	120,667,001
	124,688,518	3,776,633	(7,710,810)	120,754,341

Fund descriptions

All of the funds are unrestricted and available to meet the objectives of the Trust.

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Endowment funds £	Total £
Fixed assets	–	122,613,171	122,613,171
Cash	7,916,469	(1,946,170)	5,970,299
Current assets	79,351	–	79,351
Creditors less than one year	(4,556,815)	–	(4,556,815)
Creditors more than one year	(3,351,665)	–	(3,351,665)
Total	87,340	120,667,001	120,754,341

21 RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income / (expenditure) for year	(3,934,177)	11,093,803
Depreciation of tangible fixed assets	29,655	31,606
(Gains) / losses on investments	2,471,734	(11,576,122)
Profit on disposal of tangible fixed assets	–	(9,188)
Loss on disposal of fixed asset investments	23,829	–
(Increase) / decrease in debtors	6,696	(8,421)
Increase / (decrease) in creditors	1,620,679	1,144,386
Net cash flow from operating activities	218,416	676,064

22 RELATED PARTY TRANSACTIONS

- i) Until 30 April 2014, Mr R Perry was a partner in Veale Wasbrough Vizards LLP, and has remained a consultant to the firm since that date. Legal fees amounting to £20,840 (2015: £112,478) were paid by the Trust to Veale Wasbrough Vizards during the year to 31 March 2016. At the year end there is a balance due to Veale Wasbrough Vizards of £1,710 (2015: £2,200).
- ii) Grants paid to institutions where the Trustees of Dunhill Medical Trust have an involvement are disclosed in section 3.

23 FIRST-TIME ADOPTION OF SORP (FRS 102)

The charity has adopted the SORP (FRS 102) for the first time in the year ended 31 March 2016.

The effect of transition from SORP (2005) to SORP (FRS 102) is outlined below.

a) Changes in accounting policies

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016. FRS 102 has also been applied to the comparative information presented in these financial statements for the year ended 31 March 2015.

b) Reconciliation of total charity funds / deficit

There has been no effect on the numbers on transition from SORP (2005) to SORP (FRS 102) as at 1 April 2014 that affects previously reported total charity funds.

3 NEW GRANTS AWARDED BY CATEGORY

RESEARCH

Institution/granholder	Topic of research	Duration	Grant (£)
University of Nottingham◆● Dr A Gordon <i>et al</i>	<i>Proactive Health Care for Older People in Care Homes (PEACH)</i>	2 yrs 6 mths	674,061
Royal College of Surgeons of England	<i>n/a – see page 13 for details of Joint Training Fellowships</i>	2 yrs	550,000
University of Nottingham◆ Dr U Bayraktutan & Prof P Bath	<i>Endothelial progenitor cells: potential biomarkers for diagnosis and prognosis of ischaemic stroke</i>	3 yrs	246,351
Queen Mary University of London Dr E Cole <i>et al</i>	<i>Characterising the burden of organ dysfunction after traumatic injury in older patients</i>	3 yrs	236,045
University of Manchester Prof L Rhodes <i>et al</i>	<i>Sunlight exposure and vitamin D status in the UK's ageing population</i>	18 mths	161,579
Queen's University Belfast Dr P O'Halloran <i>et al</i>	<i>Advance care planning with older patients who had end-stage kidney disease: feasibility of a deferred entry randomised controlled trial incorporating a mixed methods process evaluation</i>	2 yrs	145,103
Swansea University Dr P Willis <i>et al</i>	<i>Gender identity and ageing: investigating dignified and inclusive health and social care for older trans people in Wales</i>	2 yrs 2 mths	142,846
King's College London◆ Dr M Maddocks <i>et al</i>	<i>Improving rehabilitation in palliative care using goal attainment scaling</i>	2 yrs	134,793
University of Glasgow Dr A Ross	<i>Improving Systems of Care for the Older PErson (I-SCOPE)</i>	2 yrs	132,796
University of Strathclyde Dr C Dufès & Dr B Pickard	<i>Development of novel gene delivery systems for brain targeting by intravenous administration</i>	3 yrs	131,583
Queen Mary University of London Prof K Parkinson <i>et al</i>	<i>Developing a marker for ageing cells: can we identify and reverse the age-related disease?</i>	2 yrs	119,914
University of Nottingham◆ Dr J Williams <i>et al</i>	<i>Prerehabilitation High Intensity Interval Training (HIIT): improving fitness for major surgery within 31 days of decision to treat</i>	3 yrs	99,636
University of Leeds Prof J Deuchars <i>et al</i>	<i>Promoting healthy ageing by improving autonomic function through transcutaneous vagus nerve stimulation</i>	2 yrs	86,569
University of Sussex◆ Prof H Smith <i>et al</i>	<i>Positive written disclosure as an intervention to improve the psychological and physical wellbeing of older caregivers of people with psychosis: a feasibility study</i>	22 mths	86,420

notes:

- ◆ charities/institutions where DMT Trustees/External Advisers hold trusteeships or other senior positions
- grants in which DMT Trustees/External Advisers have a significant interest/involvement

Institution/grantherholder	Topic of research	Duration	Grant (£)
Cardiff University ♦ Dr A Sloan <i>et al</i>	<i>Preventing aseptic loosening of cemented joint replacements in older adults: delivery of osteogenic molecules from PMMA bone cement to encourage bone repair and implant osseointegration</i>	18 mths	84,103
Queen Mary University of London Dr N Gavara <i>et al</i>	<i>Effect of cell age on cell migration and cytoskeletal reorganisation</i>	18 mths	74,930
University of Salford Dr S Thies <i>et al</i>	<i>Are older people putting themselves at risk of falling when using a walking frame?</i>	18 mths	74,907
University of Durham Dr A Lane <i>et al</i>	<i>An examination of factors influencing the success of a training app for individuals with partial visual loss</i>	18 mths	68,644
University of Oxford Dr D Lasserson <i>et al</i>	<i>An ethnographic study of frail, older patients' health care journeys through, and experiences of, Emergency Multidisciplinary Units (EMUs)</i>	15 mths	68,163
King's College London ♦ ● Prof J Manthorpe <i>et al</i>	<i>The experiences of the Home Care Workforce in providing care up to the end of life for older people with dementia</i>	18 mths	66,994
University College London ♦ Prof G Wannamethee <i>et al</i>	<i>Dietary patterns, nutritional status, frailty and the development of disability: defining pathways and optimising prevention</i>	14 mths	65,488
University of Bristol Prof A Dick <i>et al</i>	<i>Treatment of diabetic retinopathy by restoring neurovascular health with neuropeptides</i>	3 yrs	52,500
University of York Dr J Smallwood & Prof E Jefferies	<i>Understanding the significance of age related declines in spontaneous thought for normal functioning in daily life</i>	18 mths	37,374
University of Dundee Prof Sir A Cuschieri <i>et al</i>	<i>Synthesis and characterisation of oxygen releasing hydrogels for use in the treatment of bedsores in the elderly</i>	1 yr	37,223
Queen Mary University of London Dr M Capasso & Dr L Keane	<i>Regulation of neuroinflammation in ageing</i>	1 yr	25,008
Total Research Grants awarded			3,603,030

notes:

- ♦ *charities/institutions where DMT Trustees/External Advisers hold trusteeships or other senior positions*
- *grants in which DMT Trustees/External Advisers have a significant interest/involvement*

GENERAL GRANTS

Charity	Purpose	Grant (£)
Building grants: provision of accommodation for older people		
Rowland Hill Almshouses	Building grant (<i>replacement of windows</i>)	25,000
	sub-total	25,000
Core, staffing and small grants: services and care for older people		
Action on Elder Abuse	Core grant (<i>volunteer buddying project to support abused older people</i>)	45,705
Age UK Bath & NE Somerset	Staffing grant (<i>new post of EngAge Manager to expand activities</i>)	60,000
Age UK Bromley & Greenwich	Staffing grant (<i>Men in Sheds project</i>)	90,000
Age UK Dorchester	Staffing grant (<i>expansion of Reach Out service to address social isolation</i>)	40,860
Alzheimer's Support	Core grant (<i>Home & Community Support Service for people with memory problems</i>)	31,626
Arts Depot Trust	Small grant (<i>development of new arts themed lunch club for socially isolated older people</i>)	5,000
Brain & Spinal Injury Centre (BASIC)	Core/staffing grant (<i>Virtual Reality therapy for stroke patients</i>)	30,690
City of London Sinfonia	Core grant (<i>L'Chaim Living Music project for care home residents</i>)	36,000
Community Concern Erewash	Small grant (<i>pilot project to assist residents with dementia to remain at home</i>)	8,300
Cornwall Heritage	Small grant (<i>Cornish Mining Industry project for older people</i>)	17,812
East Devon Volunteer Support Agency	Core grant (<i>Forget Me Not reminiscence services</i>)	47,226
Life Cycle UK	Core grant (<i>Silver Cyclists project</i>)	22,500
Newent Association for the Disabled	Staffing grant (<i>expansion of role of Therapy Activity and Social Care Co-ordinator</i>)	23,698
Plymouth Music Zone	Core/staffing grant (<i>Sounds with Soul music project for people with dementia</i>)	48,625
Relate Brighton, Hove, Eastbourne, Worthing & Districts	Small grant (<i>pilot of specialist relationship counselling for older people</i>)	9,000
SubCo Trust	Small grant (<i>Working with Older Asian Carers project</i>)	12,500
Shared Lives Plus	Staffing grant (<i>intermediate care for older people</i>)	69,995
Totnes Caring	Core/staffing grant (<i>delivery & expansion of volunteer programme</i>)	60,995
Tower Hamlets Friends & Neighbours	Core grant (<i>befriending & advocacy project</i>)	93,528
Volunteering in Health	Staffing grant (<i>carer support worker</i>)	26,720
WE Care & Repair	Core/staffing grant (<i>compulsive hoarding project for older and disabled people</i>)	41,000
	sub-total	821,780
Total General Grants awarded		846,780

SUMMARY OF ALL GRANTS AWARDED FOR THE FINANCIAL YEAR 2015-16

Total Research Grants awarded	3,603,030
Total General Grants awarded	846,780
GRAND TOTAL	4,449,810

4 SCHEDULE OF QUOTED INVESTMENTS AND INCOME

	At 01.04.14 market value £	Additions £	Disposals £	Gain/(Loss) unrealised £	Gain/(Loss) realised £	At 31.03.15 market value £	Net Income received £
Colchester Global Investors Ltd (Global Bond Fund)	18,608,134	2,079,634	(5,310,287)	(588,328)	(486,910)	14,302,243	908,179
Silchester International Investors Ltd (The Calleva Trust – International equities ex US)	30,684,935	45,480	–	(1,277,600)	–	29,452,815	680,601
Cedar Rock Capital Fund plc (High quality branded equities)	16,444,915	–	–	2,174,101	–	18,619,016	233,133
Findlay Park Partners LLP (American Fund)	10,139,855	–	–	485,853	–	10,625,708	–
(Latin American Fund)	1,821,432	–	(1,821,432)	–	–	–	–
Heronbridge Investment Management LLP (UK Equity Fund)	5,906,841	–	–	(394,850)	–	5,511,991	155,511
The Charities Property Fund (Managed property portfolio)	7,264,443	4,000,000	–	529,844	–	11,794,287	407,681
Cazenove Capital Management (Schroder & Co Ltd) (Income Fund)	18,511,478	–	–	(2,151,454)	–	16,360,024	676,671
Rathbone Brothers plc (Active Income & Growth Fund)	7,176,274	–	–	((383,278)	–	6,792,996	176,278
Dalton Capital Ltd (Melchior Selected Trust) (European equities)	2,069,514	–	–	173,880	–	2,243,394	–
Somerset Capital Management LLP (Global Emerging markets Fund)	4,081,396	2,000,000	–	(552,992)	–	5,528,404	104,923
TOTAL	122,709,217	8,125,114	(7,131,719)	(1,984,824)	(486,910)	121,230,878	3,342,977

Unrealised loss on Quoted Investments (above)	(1,984,824)
Realised loss on Quoted Investments (above)	(486,910)

Per Statement of Financial Activities	<u>(2,471,734)</u>
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